

【For Immediate Release】

# ChampionREIT

## 冠君產業信託

### Champion REIT Announces 2018 Annual Results

- Distributable income grew 8.3%, achieving historical high
- Three Garden Road: Occupancy reached record high of 99.1%
- Langham Place Mall: Tenant sales increased 17.6%, outperforming Hong Kong retail market again

Hong Kong, 21 February 2019 – **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 2018.

#### Summary of financial results

	<b>FY 2018</b>	<b>FY 2017</b>	<b>Change</b>
Total Rental Income (HK\$ mil)	2,677	2,431	+ 10.1%
Net Property Income (HK\$ mil)	2,405	2,166	+ 11.0%
Distributable Income (HK\$ mil)	1,611	1,487	+ 8.3%
Distribution per unit (HK\$)	0.2617	0.2424	+ 8.0%

<b>Value as at</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>Change</b>
Gross Value of Portfolio (HK\$ mil)	83,135	76,704	+ 8.4%
Net Asset Value per Unit (HK\$)	11.42	10.36	+ 10.2%
Gearing Ratio	17.6%	18.9%	- 1.3pp

## **Overview**

Champion REIT posted in 2018 another record year in terms of distributable income, which went up 8.3% to HK\$1,611 million. Distribution per unit rose 8.0% to HK\$0.2617. The sustained satisfactory results were driven by our balanced and complementary nature of property portfolio.

## **Three Garden Road**

2018 saw a harvesting year for Three Garden Road, with occupancy and market rental reaching historic highs. Total rental income increased by 12.9% to HK\$1,390 million. The latest rents achieved for the property exceeded HK\$140 per sq. ft. (based on lettable area), well above the passing rent of HK\$98.61 per sq. ft. (based on lettable area). The property was almost fully-let as the occupancy edged up to another record of 99.1% as at 31 December 2018.

## **Langham Place Office Tower**

The positioning of Langham Place Office Tower as a lifestyle hub was further strengthened. We continued to see expansion and new demand from beauty and medical tenants. Total rental income increased by 1.7% to HK\$350 million. The passing rents rose to HK\$42.68 per sq. ft. (based on gross floor area), which still represented a gap to the latest achieved rents of over HK\$50 per sq. ft. (based on gross floor area). The property was fully occupied as at 31 December 2018.

## **Langham Place Mall**

Thanks to our conscious efforts in active tenant management and robust marketing campaign, the tenant sales of Langham Place Mall increased by 17.6%, outperforming the local retail market growth of 8.8%. Total rental income grew 9.5% to HK\$937 million, mainly driven by the growth in turnover rent. The property remained fully occupied as at 31 December 2018.

## **Distribution**

With a balanced and complementary nature of property portfolio, the Trust's distributable income for 2018 went up 8.3% to HK\$1,611 million (2017: HK\$1,487 million). Distribution per unit rose 8.0% to HK\$0.2617 (2017: HK\$0.2424). Based on the closing unit price of HK\$5.36

recorded on 31 December 2018, the Total Distribution per unit represents a distribution yield of 4.9%.

### **Asset Value**

The Trust's investment properties were appraised at a total value of HK\$83.1 billion, went up by 8.4% compared with HK\$76.7 billion as at 31 December 2017.

### **Outlook**

Though there are uncertainties in the macroeconomic environment, the complementary nature of the portfolio will facilitate us to deliver a steady net property income growth in 2019. Both office properties are expected to maintain a high level of occupancy in 2019 despite possible fluctuations during the year. While risks of retail market are rising, we believe that the influx of visitors brought about by the new infrastructure might mitigate certain downside factors. We will continue to optimise the tenant mix and to introduce more cutting-edge events to strengthen Langham Place Mall's attractiveness to our target customers.

Refinancing of a bank loan maturing this year is in progress with an aim of enhancing the Trust's credit profile. We will continue to drive performance of the existing property portfolio, and to actively look for portfolio rebalancing opportunity to enhance unitholders' value.

**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 2.93 million sq. ft. of prime office and retail properties by way of two landmark properties, 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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