

【For Immediate Release】

ChampionREIT

冠君產業信託

Champion REIT Announces 2024 Interim Results

- Ample undrawn committed facilities to support 2024-2025 refinancing needs
- Langham Place Mall outpaced Hong Kong retail market with increased rental income
- Office rental market pressured by supply conditions
- Three Garden Road became Hong Kong's first "Quadruple Platinum" existing building

(Hong Kong, 19 August 2024) – **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 2024.

Summary of financial results

	1H 2024	1H 2023	Change
Total Rental Income (HK\$ million)	1,115	1,168	- 4.5%
Net Property Income (HK\$ million)	954	995	- 4.1%
Distributable Income (HK\$ million)	544	617	- 11.9%
Distribution per unit (HK\$)	0.0809	0.0927	- 12.7%

	30 Jun 2024	31 Dec 2023	Change
Gross Value of Portfolio (HK\$ million)	61,406	62,950	- 2.5%
Net Asset Value per unit (HK\$)	7.42	7.72	- 3.9%
Gearing Ratio	23.1%	22.8%	+ 0.3pp

Overview

The high interest rate environment continued to affect the results of the Trust in the first half of 2024. While the total number of tourist arrivals recorded solid growth, the strong local currency dampened consumption and prompted an outflow of domestic travellers. While Langham Place Mall continued to outpace the market in retail sales, the Hong Kong office rental market remained under pressure in light of the supply conditions. Following the successful refinancing, we have ample undrawn committed facilities of HK\$4.0 billion to support all the refinancing needs in 2024 and 2025. Amid the challenging macroeconomic

environment, distributable income of the Trust decreased by 11.9% to HK\$544 million and distribution per unit (“DPU”) declined by 12.7% to HK\$0.0809.

Three Garden Road

The occupancy of Three Garden Road remained resilient despite the abundant supply in the market. We observed more enquiries from asset management firms and family offices, and managed to secure some new small-sized tenants during the reporting period. Occupancy stood at 82.3% as at 30 June 2024. Rental income decreased by 9.0% to HK\$571 million (2023: HK\$627 million) as a result of negative rental reversion in the first half of the year.

Langham Place Office Tower

Langham Place Office Tower continues to be a lifestyle and wellness hub with lifestyle tenants occupying 69% of the area as at 30 June 2024. As the recovery of mainland medical beauty tourism after the pandemic was slower than expected, some beauty and medical tenants scaled down their operations. Occupancy was 87.1% as at 30 June 2024. Rental income decreased by 4.5% to HK\$166 million (2023: HK\$174 million).

Langham Place Mall

Langham Place Mall continued to outperform the overall Hong Kong retail market in the reporting period. While Hong Kong retail sales declined by 6.6% in the first half of the year, tenants’ sales of the mall increased by 2.3%. The beauty segment continued to be the growth driver. Occupancy of the mall returned to full occupancy as at 30 June 2024. Rental income improved to HK\$378 million (2023: HK\$366 million).

Distribution

Distributable income of the Trust dropped 11.9% to HK\$544 million (2023: HK\$617 million) and DPU dropped 12.7% to HK\$0.0809 (2023: HK\$0.0927). Based on the closing unit price of HK\$1.57 recorded as at 28 June 2024, the total DPU represented an annualised distribution yield of 10.3%.

Asset Value

The appraised value of the Trust’s property portfolio was HK\$61.4 billion as at 30 June 2024, declining by 2.5% from HK\$62.9 billion as at 31 December 2023.

Sustainability

We continue to advance our commitment to sustainable practices across our properties and value chain. Three Garden Road has become Hong Kong’s first existing building conferred with the prestigious “Quadruple Platinum” after achieving the Platinum certification of Leadership in Energy and Environmental Design (LEED) v4.1 and the Platinum certification of WiredScore v3.1. We also continued to strengthen strategic partnerships with tenants and stakeholders. A key initiative was the ESG Week held in this July which featured a diverse range of impactful activities in collaboration with over 20 partners and organisations.

Outlook

While the market generally expects interest rate cuts to start in the second half of 2024, it remains uncertain about the degree of the adjustment. The global economy outlook is also clouded by geopolitical tensions and policy risks. For the office portfolio, we will stay flexible

in our leasing strategy to tailor to the requirements of tenants. We will also continue to refine the tenant mix of Langham Place Mall and recruit first-in-Hong Kong brands to strengthen the appeal to both local consumers and tourists. We will stay agile and flexible in response to the market dynamics.

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. The Trust was awarded the top five-star rating by the Global Real Estate Sustainability Standard (GRESB) in 2023.

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