

【For Immediate Release】

ChampionREIT

冠君產業信託

Champion REIT Announces 2018 Interim Results

- **Solid distributable income growth of 7.2% driven by strong fundamentals of office and retail market**
- **Three Garden Road: Occupancy reached record high of 98.8%**
- **Langham Place Mall: Retail sales increased 23.5%, outperforming Hong Kong retail market again**

Hong Kong, 16 August 2018 – **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 2018.

Summary of financial results

| | 1H 2018 | 1H 2017 | Change |
|---------------------------------|----------------|----------------|---------------|
| Total Rental Income (HK\$ mil) | 1,303 | 1,183 | + 10.1% |
| Net Property Income (HK\$ mil) | 1,177 | 1,064 | + 10.6% |
| Distributable Income (HK\$ mil) | 812 | 758 | + 7.2% |
| Distribution per Unit (HK\$) | 0.1253 | 0.1171 | + 7.0% |

| Value as at | 30 Jun 2018 | 31 Dec 2017 | Change |
|-------------------------------------|--------------------|--------------------|---------------|
| Gross Value of Portfolio (HK\$ mil) | 80,744 | 76,704 | + 5.3% |
| Net Asset Value per Unit (HK\$) | 11.05 | 10.36 | + 6.7% |
| Gearing Ratio | 18.1% | 18.9% | - 0.8pp |

Overview

For the first half of 2018, Champion REIT recorded another set of solid results, reflecting the team's efforts to deliver sustainable growth. Distributable income increased by 7.2% to HK\$812 million and distribution per unit ("DPU") went up 7.0% to HK\$0.1253.

Three Garden Road

Chinese corporations remained the dominant demand driver for offices in prestigious Central locations, while the demand for business centres and co-working spaces in prime locations has also been on the rise. Rental income for Three Garden Road increased by 12.8% to HK\$672 million, which was attributable to a higher average occupancy rate and increased passing rents. The occupancy rate of the property reached a record high of 98.8% as at 30 June 2018. The latest rents achieved for Three Garden Road reached HK\$130 per sq. ft. (based on lettable area).

Langham Place Office Tower

Langham Place Office Tower has been reinforcing its position as a lifestyle hub. In-house healthcare and beauty tenants continued to show expansion needs while the clustering effect also attracted new lifestyle tenants. Latest rents achieved for Langham Place Office are above HK\$50 per sq. ft. (based on gross floor area). The total rental income was HK\$167 million, with the occupancy rate at 98.3%.

Langham Place Mall

Hong Kong's retail market rebounded in the first half of 2018, supported by the growth in tourist arrival and increased tourist spending attributed to the favourable RMB exchange rate. Rental income from the Mall grew 12.6% to HK\$464 million, driven mainly by a significant increase in turnover rents on the back of solid sales performance of beauty and skincare tenants. Overall tenant sales accelerated and recorded a 23.5% increase year over year, achieving another outperformance against the city's retail market growth of 13.4%.

Financing

The Trust is keeping close monitor on interest rate risks and managing liabilities proactively. During 2018, a total amount of HK\$925 million of medium term notes were issued so far, further raising the fixed rate debt portion while lowering the secured debt portion. The proportion of fixed rate debt increased to 54.2% as of today (50.0% as at 31 December 2017).

Distribution

With all the properties in the portfolio attaining higher passing rents, the Trust's distributable income increased by 7.2% to HK\$812 million and DPU increased 7.0% to HK\$0.1253 (2017: HK\$0.1171). This represents an annualized distribution yield of 5.1% based on the closing price of HK\$5.21 as at 29 June 2018.

Asset Value

The Trust's investment properties were appraised at a total value of HK\$80.7 billion, representing a 5.3% increase from HK\$76.7 billion as at 31 December 2017.

Outlook

The solid economic growth in Hong Kong and favourable office supply-demand dynamics will continue to support office rent and occupancy levels. Global geopolitical tensions and the US-China trade wrangles may cause uncertainties and volatilities in the financial markets, while the depreciation of RMB would potentially dampen the growth trajectory of the retail market in the first half. The Trust will step up its efforts to stay on top of the market and enhance shopping experience and facilities at Langham Place Mall.

In view of the volatile interest rate environment, the Trust will sustain its active management over interest rate risks and keep looking for opportunities to secure more long-term debts so as to gradually increase the fixed rate portion. The Trust will also prudently look at opportunities that might optimize unitholders' value and distribution.

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

Media Contacts : Strategic Financial Relations Limited

Vicky Lee Tel: 2864 4834 Email: vicky.lee@sprg.com.hk

Christina Cheuk Tel: 2114 4979 Email: christina.cheuk@sprg.com.hk

Website: www.sprg.com.hk