

Press Release

Sunlight Real Estate Investment Trust ("Sunlight REIT") Interim Results for the Six Months Ended 31 December 2020

Hong Kong, 4 February 2021 — Henderson Sunlight Asset Management Limited (the "**Manager**") announces the interim results of Sunlight REIT for the six months ended 31 December 2020 (the "**Reporting Period**").

Reflecting the unfavourable operating environment attributable to the pandemic outbreak, Sunlight REIT recorded an 8.6% year-on-year decline in revenue to HK\$399.5 million for the Reporting Period, while net property income ("**NPI**") came in at HK\$319.5 million, down 7.6%.

The Board has resolved to declare an interim distribution per unit of HK 12.5 cents, representing a payout ratio of 94.7%, and an annualized distribution yield of 6.6% based on the closing price of HK\$3.77 on the last trading day of the Reporting Period.

The appraised value of Sunlight REIT's portfolio was HK\$18,548.6 million at 31 December 2020, representing a mild decrease of 2.0% from 30 June 2020. Meanwhile, net assets of Sunlight REIT dropped 2.9% to HK\$14,349.7 million, which translates to a net asset value of HK\$8.61 per unit.

Highlights of Interim Results

The overall occupancy rate of Sunlight REIT's portfolio at 31 December 2020 was 91.5% (30 June 2020: 95.7%). The decline was mainly attributable to office occupancy rate which dropped to 90.1% (30 June 2020: 95.6%). In contrast, retail occupancy rate of 94.5% was reasonably satisfactory (30 June 2020: 95.8%), demonstrating some early signs of stability in domestic consumption. For the Reporting Period, the office and retail portfolios registered negative rental reversions of 2.4% and 5.9% respectively, giving rise to an overall negative rental reversion of 4.5%.

In respect of the performance of key properties, Sunlight Tower was inevitably affected by the rental loss due to higher vacancy and slower new letting activities, resulting in a 13.1% decline in NPI. On the bright side, Strand 50 achieved an 8.5% increase in NPI, thanks to a timely refurbishment. On the retail front, NPI of Sheung Shui Centre Shopping Arcade dropped 11.4%, while Metro City Phase I Property has demonstrated its resilience, with NPI recording a moderate decrease of 4.5%.

During the Reporting Period, Sunlight REIT completed its first sustainability-linked loan with an amount of Japanese yen 7,000 million (equivalent to approximately HK\$513 million) for a tenure of seven years, while issuing its maiden HK\$300 million five-year medium term notes. At 31 December 2020, the gearing ratio of Sunlight REIT was 22.4% (30 June 2020: 21.6%), while the percentage of fixed rate borrowings has increased to approximately 79%.

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Mr. Wu Shiu Kee, Keith, Chief Executive Officer of the Manager said, "While lower occupancy rates, negative rental reversions and the impact of rental concessions are set to stay, their adverse effects should be less pronounced, barring unforeseen circumstances. On a more encouraging note, Sunlight REIT stands to benefit from contributions from new tenants such as Dah Sing Bank, Limited, stringent cost containment measures as well as proactive financing initiatives implemented by the Manager. Meanwhile, we welcome the recent amendments to the Code on Real Estate Investment Trusts, which should prove beneficial to the long term development of Sunlight REIT. "

Remarks: Attached financial highlights of FY2020/21 interim results of Sunlight REIT.

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About Sunlight REIT

Sunlight REIT (Stock code: 435) is a real estate investment trust authorized by the Securities and Futures Commission and constituted by the trust deed dated 26 May 2006 (as amended and supplemented by six supplemental deeds) (the "**Trust Deed**"), and has been listed on The Stock Exchange of Hong Kong Limited on 21 December 2006. Sunlight REIT offers investors the opportunity to invest in a diversified portfolio of 11 office and five retail properties in Hong Kong with a total gross rentable area of over 1.2 million sq. ft.. The office properties are primarily located in core business areas, including Wan Chai and Sheung Wan, as well as in decentralized business areas such as Mong Kok and North Point. The key retail properties are situated in regional transportation hubs and new towns including Sheung Shui, Tseung Kwan O and Yuen Long.

About the Manager

The Manager of Sunlight REIT is an indirect wholly-owned subsidiary of Henderson Land Development Company Limited. Its main responsibility is to manage Sunlight REIT and all of its assets in accordance with the Trust Deed in the sole interest of its unitholders.

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Financial Highlights of FY2020/21 Interim Results:

(in HK\$' million, unless otherwise specified)

	Six months ended 31 December 2020	Six months ended 31 December 2019	Change (%)
Revenue	399.5	437.1	(8.6)
Net property income	319.5	345.7	(7.6)
(Loss)/profit after taxation ^{Note}	(194.1)	30.7	N/A
Distributable income	220.0	233.5	(5.8)
Distribution per unit (HK cents)	12.5	13.2	(5.3)
Payout ratio (%)	94.7	93.6	N/A
	At 31 December 2020	At 30 June 2020	Change (%)
Portfolio valuation	18,548.6	18,918.0	(2.0)
Net asset value	14,349.7	14,771.2	(2.9)
Net asset value per unit (HK\$)	8.61	8.89	(3.1)
Gearing ratio (%)	22.4	21.6	N/A

Note: Included a fair value loss on investment properties of HK\$380.2 million (six months ended 31 December 2019: HK\$162.5 million).

Disclaimer: The information contained in this press release does not constitute an offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for units in Sunlight REIT in Hong Kong or any other jurisdiction.

This press release is issued by Strategic Financial Relations Limited on behalf of the Manager. For further information, please contact:

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