



SUNLIGHT REIT

Henderson Sunlight Asset Management Limited

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Press Release

Sunlight Real Estate Investment Trust ("Sunlight REIT") Final Results for the Year Ended 30 June 2023

"Renovate, Recover, Recycle"

Hong Kong, 6 September 2023 — Henderson Sunlight Asset Management Limited (the "**Manager**") announces the final results of Sunlight REIT for the year ended 30 June 2023 (the "**Year**").

While the Hong Kong economy staged a rebound in the second half of the Year, the performance of Sunlight REIT was somewhat marred by a cyclical downswing of the commercial property market, notably the office sector. Consequently, net property income ("**NPI**") exhibited a mild 2.8% year-on-year decrease to HK\$624.0 million. Given a steep increase in interest rates which resulted in a significant surge in interest expense, annual distributable income for the Year was down 11.8% year on year to HK\$380.3 million.

The Board has resolved to declare a final distribution of HK 11.0 cents per unit. Coupled with an interim distribution of HK 11.0 cents per unit, total distribution per unit for the Year would amount to HK 22.0 cents, representing a payout ratio of 97.9% versus 97.4% in the preceding year, while the distribution yield was 7.6% based on the closing price of HK\$2.88 on the last trading day of the Year.

With a maiden contribution from the acquisition of West 9 Zone Kids completed in April 2023, the appraised value of Sunlight REIT's property portfolio increased to HK\$18,512.2 million at 30 June 2023. Its net asset value was HK\$13,669.2 million at 30 June 2023, or HK\$8.06 per unit.

Operating Highlights

At 30 June 2023, the overall portfolio of Sunlight REIT registered an occupancy rate of 93.3% (30 June 2022: 94.7%), with an average rental reversion of negative 2.3%. The average passing rents of the office and retail portfolios were HK\$34.6 per sq. ft. and HK\$65.6 per sq. ft. respectively, down 1.4% and 3.0% as compared to a year ago.

Against the unfavourable office market dynamics, NPI of Dah Sing Financial Centre for the Year was down 4.5% to HK\$170.5 million, while its occupancy rate exhibited a mild rebound from six months ago to 90.4% at 30 June 2023.

In respect of the retail portfolio, NPI of Sheung Shui Centre Shopping Arcade recorded a 3.0% year-on-year decline to HK\$135.4 million. Its occupancy rate achieved a nice rebound to 97.6% at 30 June 2023, principally driven by a spate of quality tenants re-establishing their presence in this well-located retail property. Meanwhile, NPI of Metro City Phase I Property registered a 7.9% year-on-year decline to HK\$124.7 million, while its occupancy rate recorded a drop to 92.2% at 30 June 2023.

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During the Year, the Manager has further sharpened its focus on sustainability and continued to manage the portfolio with a more holistic and greener approach. In particular, Sunlight REIT attained a two-star rating in its first attempt at the 2022 GRESB Real Estate Assessment, while about 70% of its total borrowings at 30 June 2023 were sustainability-linked loans.

Mr. Au Siu Kee, Alexander, Chairman of the Manager said, "In view of the fluidity of the macro environment, prudence remains the strategic priority. Specifically, our effort to ensure a strong financial footing for Sunlight REIT should help it sail through the prevailing tight credit conditions. Better still, we have been able to marshal resources to expand and strengthen the retail portfolio of Sunlight REIT, rendering it greater potential to benefit from a consumption recovery."

Remarks: Attached financial highlights of FY2022/23 final results of Sunlight REIT.

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About Sunlight REIT

Listed on The Stock Exchange of Hong Kong Limited since 21 December 2006, Sunlight REIT (stock code: 435) is a real estate investment trust authorized by the Securities and Futures Commission, and constituted by the amended and restated trust deed dated 10 May 2021 (the "**Trust Deed**"). It offers investors the opportunity to invest in a diversified portfolio of 11 office and six retail properties in Hong Kong with a total gross rentable area of approximately 1.3 million sq. ft.. The office properties are located in both core and decentralized business areas, while the retail properties are situated in regional transportation hubs, new towns and urban areas with high population density.

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 FY2022/23 Final Results:

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

| | 2023 | 2022 | Change (%) |
|--|----------|----------|------------|
| For the Year ended 30 June: | | | |
| Revenue | 783.3 | 802.9 | (2.4) |
| Net property income | 624.0 | 641.9 | (2.8) |
| (Loss)/profit after taxation ^{Note} | (28.4) | 102.9 | N/A |
| Annual distributable income | 380.3 | 431.1 | (11.8) |
| Distribution per unit (HK cents) | 22.0 | 25.0 | (12.0) |
| Payout ratio (%) | 97.9 | 97.4 | N/A |
| At 30 June: | | | |
| Portfolio valuation | 18,512.2 | 18,095.2 | 2.3 |
| Net asset value | 13,669.2 | 14,051.4 | (2.7) |
| Net asset value per unit (HK\$) | 8.06 | 8.36 | (3.6) |
| Gearing ratio (%) | 26.1 | 23.3 | N/A |

Note: Included a decrease in fair value of investment properties of HK\$354.4 million (versus a decrease in fair value of HK\$263.9 million for the year ended 30 June 2022).

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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