

## Press Release

### Sunlight Real Estate Investment Trust ("Sunlight REIT") Interim Results for the Six Months Ended 31 December 2022

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Hong Kong, 15 February 2023 — Henderson Sunlight Asset Management Limited (the "**Manager**") announces the interim results of Sunlight REIT for the six months ended 31 December 2022 (the "**Reporting Period**").

For the Reporting Period, Sunlight REIT's revenue was HK\$388.5 million, down 3.9% year on year, mainly attributable to lower passing rents and occupancy rates registered at various properties. Net property income ("**NPI**") declined 4.9% year on year to HK\$307.6 million, implying a cost-to-income ratio of 20.8%.

Reflecting a higher interest rate regime, distributable income for the Reporting Period was HK\$198.2 million, down 8.7% from the same period last year. The Board has resolved to declare an interim distribution per unit of HK 11.0 cents, representing a payout ratio of 93.7% and an annualized distribution yield of 6.5% based on the closing price of HK\$3.37 on the last trading day of the Reporting Period.

The portfolio of Sunlight REIT was appraised at HK\$17,649.3 million at 31 December 2022, representing a decrease of 2.5% from 30 June 2022. Meanwhile, net assets of Sunlight REIT was HK\$13,598.8 million, which translates to a net asset value of HK\$8.05 per unit.

#### Operating Highlights

The overall occupancy rate of Sunlight REIT's portfolio at 31 December 2022 was 92.5% (30 June 2022: 94.7%). Office occupancy rate declined to 92.2% (30 June 2022: 94.8%), while the retail portfolio also recorded a decrease in occupancy rate to 93.1% (30 June 2022: 94.5%). For the Reporting Period, the office and retail portfolios registered negative rental reversions of 4.5% and 4.8% respectively.

Despite a still challenging operating environment, the performance of Dah Sing Financial Centre was relatively resilient, as demonstrated by a slight 0.9% year-on-year drop in NPI to HK\$86.9 million. Meanwhile, NPI of Sheung Shui Centre Shopping Arcade and Metro City Phase I Property ("**MCPI**") were down 4.9% and 8.2% to HK\$66.4 million and HK\$61.8 million respectively. In the case of MCPI, the sharper drop in NPI was partially attributable to the rental shortfall caused by the ongoing renovation project.

On 11 January 2023, the Manager announced Sunlight REIT's acquisition of West 9 Zone Kids, a three-storey commercial development located in close proximity to the Olympic station with a gross rentable area of about 58,800 sq. ft, for a total consideration of HK\$748 million (subject to adjustments). Completion of the transaction is expected to take place in April 2023.

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**Mr. Au Siu Kee, Alexander, Chairman** of the Manager said, "The disruptive forces that have undermined global macro stability are likely to remain potent, while interest rates will stay at a higher level than previous years. Gratifyingly, the gradual relaxation of cross-border traffic controls in Hong Kong should prove a boon to the tourism industry, generating more momentum to a nascent economic recovery. We will closely monitor the evolving trend and strive to maintain a prudent and agile management strategy to optimize the performance of Sunlight REIT. Notably, the well-timed acquisition of West 9 Zone Kids indicates our intention to initiate a new chapter of asset recycling, with a view to enhancing the value and quality of the overall portfolio."

*Remarks: Attached financial highlights of FY2022/23 interim 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 five retail properties in Hong Kong with a total gross rentable area of over 1.2 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 Interim Results:

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

	Six months ended 31 December 2022	Six months ended 31 December 2021	Change (%)
Revenue	388.5	404.3	(3.9)
Net property income	307.6	323.4	(4.9)
(Loss)/profit after taxation <sup>Note</sup>	(274.4)	234.2	N/A
Distributable income	198.2	217.2	(8.7)
Distribution per unit (HK cents)	11.0	12.2	(9.8)
Payout ratio (%)	93.7	94.2	N/A
	At 31 December 2022	At 30 June 2022	Change (%)
Portfolio valuation	17,649.3	18,095.2	(2.5)
Net asset value	13,598.8	14,051.4	(3.2)
Net asset value per unit (HK\$)	8.05	8.36	(3.7)
Gearing ratio (%)	23.9	23.3	N/A

Note: Included a fair value decrease of investment properties of HK\$448.4 million (versus a fair value increase of HK\$49.7 million for the six months ended 31 December 2021).

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:*

### Strategic Financial Relations Limited

Keris Leung / Mel Lai / Doris Ho

T: (852) 2864 4863 / 2864 4855 / 2114 4916

E: [sunlightreit@sprg.com.hk](mailto:sunlightreit@sprg.com.hk)