



SUNLIGHT REIT

Henderson Sunlight Asset Management Limited

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Press Release

Sunlight Real Estate Investment Trust ("Sunlight REIT") Interim Results for the Six Months Ended 31 December 2017

Hong Kong, 12 February 2018 — Henderson Sunlight Asset Management Limited (the "**Manager**") is pleased to announce the interim results of Sunlight REIT for the six months ended 31 December 2017 (the "**Reporting Period**").

Sunlight REIT reported net property income of HK\$310.2 million for the Reporting Period, up 3.7% year-on-year ("**YoY**"), mainly attributable to higher contribution from its retail properties. Thanks to decent saving on interest expenses, distributable income rose 4.4%¹ YoY to HK\$214.1 million.

The Board has resolved to declare an interim distribution of HK 12.6 cents per unit, which implies a payout ratio of 96.6%. The distribution per unit increased 3.3% YoY, and represented an annualized distribution yield of 4.7%².

The appraised value of Sunlight REIT's portfolio expanded 8.6%³ from six months ago to HK\$18,535.1 million. Meanwhile, its net assets grew 4.5% to HK\$14,526.4 million, which translates to a net asset value of HK\$8.85 per unit.

Through its refinancing arrangement near the end of FY2016/17, Sunlight REIT is equipped with a more flexible funding structure while enjoying a lower loan interest margin. With approximately 66% of debt being hedged to fixed rates, Sunlight REIT is reasonably cushioned from interest rate fluctuations in the short-to-medium term. Furthermore, the acquisition of Fung Shun Commercial Building at Nathan Road of Mong Kok and the disposal of the Palatial Stand Property have demonstrated the Manager's capability and resolve to swiftly conduct accretive transactions.

Operating Highlights

At 31 December 2017, the overall occupancy of Sunlight REIT's portfolio was 97.6% (30 June 2017: 96.9%). The occupancies of its office and retail portfolios were 97.3% and 98.2% (30 June 2017: 97.3% and 96.2%) respectively. Their respective passing rent were HK\$33.4 per sq. ft. and HK\$72.8 per sq. ft. which were supported by rental reversions of 6.5% and 9.8% respectively.

The top three properties of Sunlight REIT performed well with Sunlight Tower recording a rental reversion of 12.0%. Sheung Shui Centre Shopping Arcade made reasonable headway during the Reporting Period as its shopping ambience has obviously been lifted by the renovation and the recent establishment of pop-up stores, while Metro City Phase I Property continued to benefit from its balanced trade-mix with a particular focus on necessity shopping.

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¹ The growth rate would have been 6.3% if the costs relating to the acquisition of Fung Shun Commercial Building (the "**Fung Shun Acquisition**") had been excluded.

² Based on the closing unit price of HK\$5.36 on the last trading day of the Reporting Period.

³ Stripping out the Fung Shun Acquisition, the increase in appraised value of the portfolio would have been 4.8%.



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Mr. Wu Shiu Kee, Keith, Chief Executive Officer of the Manager said, "As the global economy appears to embark on a stable expansionary path, Sunlight REIT is well positioned to capitalize on the evolving trend with a diversified and expanded portfolio. Going forward, we will also continue to place a high priority on asset recycling, with a view to further augmenting the investment footprint while enhancing the value of Sunlight REIT."

Remarks: Attached highlights of the FY2017/18 Interim Results of Sunlight REIT.

- End -

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 since 21 December 2006. Sunlight REIT offers investors the opportunity to invest in a diversified portfolio of eleven office and five retail properties in Hong Kong with an aggregate gross rentable area of approximately 1.2 million sq. ft.. The office properties are primarily located in core business areas, including Wan Chai and Sheung Wan/Central as well as in decentralized business areas such as Mong Kok and North Point. The retail properties are primarily situated in regional transportation hubs and new towns including Sheung Shui, Tseung Kwan O and Yuen Long, as well as in 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 (恒基兆業地產有限公司); its responsibility is to manage Sunlight REIT in the sole interest of the unitholders in accordance with the Trust Deed.

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Highlights of FY2017/18 Interim Results:

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

	Six months ended 31 December 2017	Six months ended 31 December 2016	Change (%)
Revenue	399.3	383.6	4.1
Net property income	310.2	299.2	3.7
Cost-to-income ratio (%)	22.3	22.0	N/A
Profit after taxation	935.1	278.9	235.3
Distributable income	214.1	205.1	4.4
Distribution per unit (HK cents)	12.6	12.2	3.3
Payout ratio (%)	96.6	97.3	N/A
	At 31 December 2017	At 30 June 2017	Change (%)
Portfolio valuation	18,535.1	17,062.4	8.6
Net asset value	14,526.4	13,899.5	4.5
Net asset value per unit (HK\$)	8.85	8.49	4.2
Gearing ratio (%)	22.1	21.5	N/A

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 Cornerstones Communications Ltd. on behalf of the Manager. For further information, please contact:

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