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SUNLIGHT REIT

Sunlight Real Estate Investment Trust

(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code : 435)

Managed by
Henderson Sunlight Asset Management Limited
 恒基陽光資產管理有限公司

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the “**Board**”) of Henderson Sunlight Asset Management Limited (the “**Manager**”) announces the unaudited interim results of Sunlight Real Estate Investment Trust (“**Sunlight REIT**”) for the six months ended 30 June 2025 (the “**Reporting Period**”).

FINANCIAL HIGHLIGHTS

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

	Six months ended 30 June 2025	Six months ended 30 June 2024 ^{Note}	Change (%)
Revenue	391.2	411.0	(4.8)
Net property income	307.4	324.9	(5.4)
(Loss)/profit after taxation	(172.2)	79.5	N/A
Distributable income	168.6	171.6	(1.8)
Distribution per unit (HK cents)	9.1	9.1	-
Payout ratio (%)	93.8	90.9	N/A
	At 30 June 2025	At 31 December 2024	Change (%)
Portfolio valuation	17,630.5	17,933.6	(1.7)
Net asset value	12,634.1	13,010.1	(2.9)
Net asset value per unit (HK\$)	7.27	7.53	(3.5)
Gearing ratio (%)	27.4	27.0	N/A

Note : The comparative figures are derived from the condensed interim financial statements for the 12 months ended 30 June 2024.

PORTFOLIO STATISTICS

Property	Occupancy Rate (%)		Passing Rent ¹ (HK\$/sq. ft.)		Rental and Car Park Income (HK\$'000)		Appraised Value ² (HK\$'000)
	at 30 Jun 2025	at 31 Dec 2024	at 30 Jun 2025	at 31 Dec 2024	six months ended 30 Jun 2025	six months ended 30 Jun 2024	at 30 Jun 2025
Office							
Grade A							
Dah Sing Financial Centre	90.6	92.2	36.3	36.9	75,260	79,294	4,659,000
Grade B							
Strand 50	82.9	89.2	29.1	29.6	17,528	18,798	1,164,000
135 Bonham Strand Trade Centre Property	87.5	92.8	26.4	26.7	8,972	9,304	530,000
Righteous Centre	92.5	94.8	34.0	34.2	9,634	10,885	524,000
Winsome House Property	91.5	94.3	36.5	36.9	8,321	8,263	522,000
The Harvest	87.0	83.4	38.5	40.2	6,376	7,335	491,000
235 Wing Lok Street Trade Centre	88.3	88.4	19.5	19.7	5,300	5,846	331,000
Java Road 108 Commercial Centre	100.0	98.1	23.9	23.8	5,396	5,112	254,000
On Loong Commercial Building	94.0	98.0	25.5	25.5	3,839	3,613	222,000
Sun Fai Commercial Centre Property	96.5	96.7	21.8	21.8	3,238	3,279	161,000
Wai Ching Commercial Building Property	97.2	87.5	16.6	16.8	1,529	1,502	78,000
Sub-total/Average	90.0	92.0	31.7	32.1	145,393	153,231	8,936,000
Retail							
New Town							
Sheung Shui Centre Shopping Arcade	87.0	91.4	105.2	103.9	74,620	75,903	3,706,000
Metro City Phase I Property	87.1	91.7	53.9	52.2	62,512	67,203	2,981,500
Kwong Wah Plaza Property	95.8	97.3	50.4	51.6	20,180	21,492	1,078,000
Urban							
West 9 Zone Kids	79.5	73.4	42.8	48.2	11,268	16,076	782,000
Supernova Stand Property	100.0	100.0	58.8	58.8	1,477	1,479	74,000
Beverley Commercial Centre Property	91.2	91.2	31.5	31.7	1,329	1,454	73,000
Sub-total/Average	87.6	90.1	65.5	65.6	171,386	183,607	8,694,500
Total/Average	89.2	91.3	43.3	43.7	316,779	336,838	17,630,500

	Rental Reversion ³ (%)		Capitalization Rate (%)
	six months ended 30 Jun 2025	six months ended 31 Dec 2024	at 30 Jun 2025
Office	(8.5)	(6.4)	3.65 - 3.95
Retail	(7.1)	(3.4)	3.40 - 4.35
Average	(7.7)	(5.1)	

- Notes :
1. Passing rent is calculated on the basis of average rent per sq. ft. for occupied gross rentable area on the relevant date.
 2. Valuation was conducted by Knight Frank Petty Limited, the principal valuer of Sunlight REIT.
 3. Rental reversion is calculated on the basis of change in effective rent of the leases renewed and commenced during the relevant Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

Sunlight REIT recorded a 4.8% year-on-year decline in revenue to HK\$391.2 million for the Reporting Period, mainly attributable to lower income contributions from Dah Sing Financial Centre (“**DSFC**”), Metro City Phase I Property (“**MCPI**”) and West 9 Zone Kids (“**W9Z**”). Property operating expenses eased 2.7% to HK\$83.8 million, bringing net property income to HK\$307.4 million, down 5.4%. The cost-to-income ratio for the Reporting Period was 21.4%.

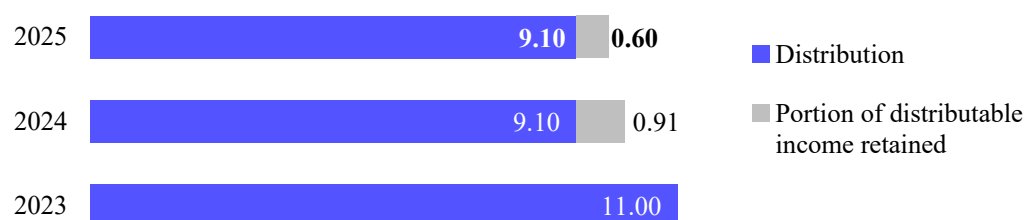
Taking into account a decrease in fair value of investment properties of HK\$314.3 million, Sunlight REIT reported a loss after taxation of HK\$172.2 million, compared to a profit after taxation of HK\$79.5 million for the same period last year.

Distribution

Distributable income for the Reporting Period was relatively sturdy with a mild drop of 1.8% to HK\$168.6 million, reflecting the positive impact from an approximately 14% savings in cash interest expense to HK\$91.5 million. The Board has resolved to declare an interim distribution per unit of HK 9.1 cents, representing a payout ratio of 93.8% and an annualized distribution yield of 8.1% based on the closing price of HK\$2.26 on the last trading day of the Reporting Period.

Distribution at a glance ^{Note}

(HK cents)



Note : For the six months ended 30 June

Operation Review

The overall occupancy rate of Sunlight REIT’s portfolio at 30 June 2025 was 89.2% as compared to 91.3% at 31 December 2024, of which the office occupancy rate dropped to 90.0% (31 December 2024: 92.0%), while the retail occupancy rate came in at 87.6% (31 December 2024: 90.1%).

Reflecting the challenging operating environment, the office and retail portfolios registered negative rental reversions of 8.5% and 7.1% respectively, giving rise to an overall negative rental reversion of 7.7%. At 30 June 2025, the passing rent of the office portfolio declined mildly by 1.2% from six months ago to HK\$31.7 per sq. ft., while that of the retail portfolio was stable at HK\$65.5 per sq. ft. For the Reporting Period, the retention rates of the office and retail portfolios were 66% and 70% respectively.

In respect of the office portfolio, the occupancy rate of DSFC at 30 June 2025 was 90.6% as compared to 92.2% six months ago, mainly due to fewer new letting commitments, while its passing rent remained steady at HK\$36.3 per sq. ft. (31 December 2024: HK\$36.9 per sq. ft.). Meanwhile, the demand for traditional Grade B office spaces was uninspiring amid a softening local economy, evidenced by a drop in the occupancy rate of Strand 50 to 82.9% (31 December 2024: 89.2%). In contrast, the occupancy rate of The Harvest rebounded to 87.0%, while that of the neighbouring Righteous Centre was 92.5%, signifying the resilience of the twin properties as a service-trade hub in the Mong Kok district.

As for the retail portfolio, Sheung Shui Centre Shopping Arcade recorded a lower occupancy rate of 87.0% at 30 June 2025 as compared to 91.4% at end-2024, but its passing rent registered a slight improvement to HK\$105.2 per sq. ft. Meanwhile, due to the departure of an education tenant in the second quarter of 2025, the occupancy rate of MCPI slipped to 87.1% (31 December 2024: 91.7%), while its passing rent was HK\$53.9 per sq. ft.

The occupancy rate of W9Z increased to 79.5% at 30 June 2025. However, its income performance during the Reporting Period was adversely impacted by the expiry of a rental guarantee as well as provisions relating to a lease restructure with a major food and beverage tenant.

Financial Position

At 30 June 2025, the appraised value of Sunlight REIT's real estate portfolio was HK\$17,630.5 million, versus HK\$17,933.6 million recorded at 31 December 2024. Total assets of Sunlight REIT stood at HK\$18,220.2 million, while its net assets attributable to unitholders came in at HK\$12,634.1 million, implying a net asset value of HK\$7.27 per unit.

The gearing ratio of Sunlight REIT (defined as total borrowings as a percentage of gross assets) was 27.4%, and the percentage of gross liabilities to gross assets was 30.7%.

While the EBITDA^{Note} of Sunlight REIT was down 5.9% year on year to HK\$265.5 million, the interest coverage ratio for the Reporting Period improved to 2.9 times (versus 2.7 times for the same period last year) thanks to a more favourable interest rate environment.

Capital and Interest Rate Management

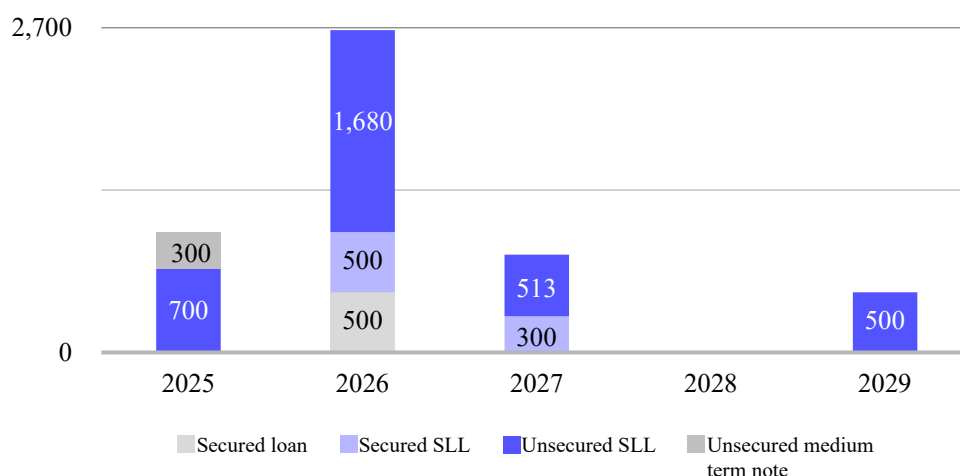
Sunlight REIT successfully concluded a new four-year unsecured term loan facility of HK\$500 million to refinance a term loan which matured in the Reporting Period. At 30 June 2025, Sunlight REIT's total borrowings of HK\$4,993 million were unchanged from six months ago, with sustainability-linked loans ("SLLs") constituting approximately 84% of total.

Note : EBITDA represents net earnings before change in fair value of investment properties, interest expense, taxation, depreciation and amortization.

Maturity Profile of Total Borrowings

(at 30 June 2025)

(HK\$' million)



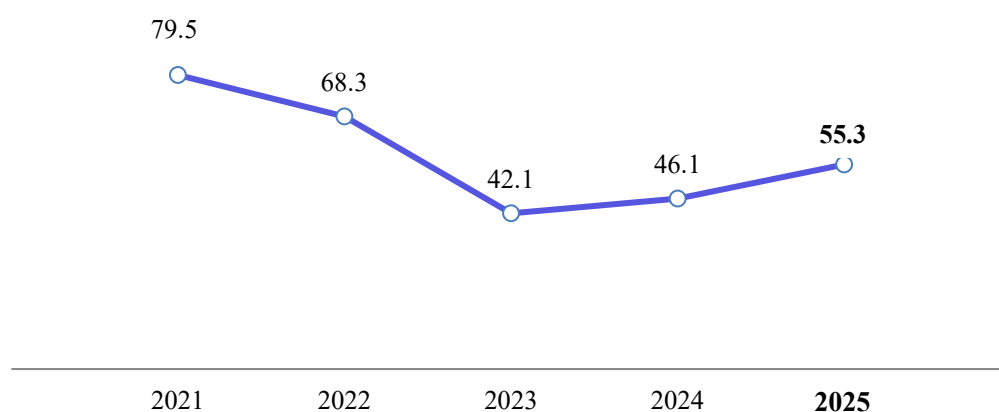
In August 2025, the Manager entered into two new term loan facilities totalling HK\$700 million to refinance a term loan due to mature in the second half of FY2025. Upon the drawdown of these facilities, Sunlight REIT's total borrowings will consist of secured loans of HK\$1,800 million and unsecured borrowings of HK\$3,193 million, with a weighted debt maturity period of 1.6 years.

During the Reporting Period, the Manager executed a spate of interest rate swaps with an aggregate notional amount of HK\$650 million, elevating the proportion of fixed rate borrowings to 55.3% at 30 June 2025. The weighted average interest rate for the fixed rate borrowings was 3.48% per annum, while the floating rate portion carried a blended interest margin of 0.81% per annum over Hong Kong Interbank Offered Rate. The weighted average funding cost for the Reporting Period was 3.7%, compared to 4.2% recorded in the corresponding period in the preceding year.

Fixed Rate Borrowings as a % of Total Borrowings

(at 30 June)

(%)



OUTLOOK

The unpredictable policy agenda of the US administration is likely to persist, perpetuating uncertainty for the global economy. Against this backdrop, the Chinese economy is gathering pace and may stand out as a bright spot, with its proactive fiscal and monetary stimulus expected to shore up consumer spending and invigorate domestic activities, which should bode well for Hong Kong.

At this juncture, Hong Kong's commercial property market has yet to benefit from a more stable economic setting as the ongoing headwinds remain stiff. Consequently, leases due for expiry in the second half of 2025, representing approximately 17% of office gross rentable area and 20% of retail gross rentable area of Sunlight REIT, are envisaged to stay under the pressure of negative rental reversion. As such, stringent cost management has become an imperative priority. During the Reporting Period, the Manager has initiated the implementation of smart control systems at selected Grade B office properties to improve operational efficiency, while launching the H·COINS membership programme to enhance customer engagement. Looking ahead, utilization of proptech initiatives will be accelerated to further streamline labour-intensive procedures and mitigate cost escalation risks.

On capital expenditure, the upcoming commitments will mainly involve facility upgrades, notably the lift replacement scheme at DSFC, as well as refurbishment works at the ground floor of MCPI. Meanwhile, the W9Z renovation has already commenced and the project is slated for completion by the end of 2025.

The prevailing monetary policy stance of the US remains uncertain given the potential impact from higher tariffs and energy prices. However, the Manager is delighted to report that the refinancing of borrowings maturing in the next 12 months is progressing smoothly with favourable indicative pricing, underscoring the financial strength of Sunlight REIT. Additionally, the Manager shall stay committed to embedding sustainability features into the capital arrangements.

In sum, while it is envisaged that operational hurdles are bound to persist, the possibility of lower funding costs may help alleviate pressure on distributable income. The Manager will stay focused on preserving the portfolio's income-generating capacity, and delivering sustainable and long-term value to unitholders.

DISTRIBUTION ENTITLEMENT AND CLOSURE OF REGISTER OF UNITHOLDERS

The ex-distribution date and record date for the interim distribution are Tuesday, 26 August 2025 and Monday, 1 September 2025 respectively. The register of unitholders will be closed from Thursday, 28 August 2025 to Monday, 1 September 2025, both days inclusive, during which period no transfer of units will be effected. In order to qualify for the interim distribution, all transfer documents accompanied by the relevant unit certificates must be lodged for registration with the unit registrar of Sunlight REIT, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 27 August 2025. Payment of the interim distribution will be made to unitholders on Tuesday, 9 September 2025.

CORPORATE GOVERNANCE

The Manager is committed to upholding a high standard of corporate governance. To ensure compliance with all relevant laws and regulations, it has established a robust corporate governance framework supported by five key elements, namely checks and balances, risk management, internal control, communication and transparency; and has adopted a compliance manual (the “**Compliance Manual**”) which sets out the key processes, internal control and system, corporate governance policies as well as other policies and procedures governing the management and operations of Sunlight REIT.

During the Reporting Period, the Manager has in material terms complied with the provisions of the Compliance Manual. In addition, the Manager and Sunlight REIT have, to the extent applicable, applied the principles and complied with the code provisions in the Corporate Governance Code in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Public Float

Based on information that is publicly available and as far as the Manager is aware, not less than 25% of the outstanding units in issue of Sunlight REIT were held in public hands at the date of this announcement.

New Units Issued

Except for an aggregate of 11,729,616 new units issued to the Manager as payment of part of the Manager’s fees, there were no other new units issued during the Reporting Period.

Buy-back, Sale or Redemption of Units

During the Reporting Period, there was no purchase, sale or redemption of units by Sunlight REIT or its wholly-owned and controlled entities.

Employees

Sunlight REIT is managed by the Manager and does not employ any staff itself.

Review of Interim Results

The interim results of Sunlight REIT for the Reporting Period have been reviewed by the audit committee and the disclosures committee of the Manager in accordance with their respective terms of reference. The condensed interim financial statements for the Reporting Period have also been reviewed by the auditor of Sunlight REIT, KPMG, Certified Public Accountants, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

ISSUANCE OF INTERIM REPORT

The interim report of Sunlight REIT for the Reporting Period will be sent to unitholders on or about 26 August 2025.

FORWARD-LOOKING STATEMENTS

This announcement contains certain statements and terminologies that are forward-looking. These statements are made on the basis of the current beliefs, assumptions, expectations and projections of the Board and senior management of the Manager. They are subject to risks, uncertainties and other factors beyond the Manager's control, the emergence of which may cause actual results or performance to differ materially from those expressed or implied in such statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025 – unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2025	2024
		\$'000	\$'000
	Note		
Revenue	4 & 5	391,217	411,046
Property operating expenses	4 & 6	<u>(83,833)</u>	<u>(86,165)</u>
Net property income		307,384	324,881
Other income	7	9,944	11,285
Administrative expenses		(51,890)	(54,447)
Net decrease in fair value of investment properties		<u>(314,279)</u>	<u>(64,248)</u>
(Loss)/profit from operations		(48,841)	217,471
Finance costs on interest-bearing liabilities	8(a)	<u>(94,747)</u>	<u>(108,459)</u>
(Loss)/profit before taxation and transactions with unitholders	8	(143,588)	109,012
Income tax	9	<u>(28,655)</u>	<u>(29,505)</u>
(Loss)/profit after taxation and before transactions with unitholders		<u>(172,243)</u>	<u>79,507</u>

Note : Pursuant to the Trust Deed amendments made on 7 February 2024, the Group's financial year end date has been changed from 30 June to 31 December. Accordingly, the comparative figures for the six months ended 30 June 2024 are derived from the condensed interim financial statements for the 12 months ended 30 June 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
(Loss)/profit after taxation and before transactions with unitholders	(172,243)	79,507
Other comprehensive (loss)/income for the period		
<i>Items that have been reclassified/may be reclassified subsequently to profit or loss :</i>		
- Effective portion of changes in fair value of cash flow hedges recognized during the period	(28,744)	(41,932)
- Net reclassification adjustments for amounts transferred to profit or loss in respect of :		
- finance costs on interest-bearing liabilities	548	-
- unrealized exchange difference on foreign currency borrowing	(35,553)	47,922
- unwinding of swaps	(1,810)	(2,796)
	(65,559)	3,194
Total comprehensive (loss)/income for the period	(237,802)	82,701

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

(Expressed in Hong Kong dollars)

	Note	30 June 2025 (unaudited) \$'000	31 December 2024 (audited) \$'000
Non-current assets			
Fixed assets			
- Investment properties		17,630,500	17,933,600
- Other fixed assets		112	139
		<u>17,630,612</u>	<u>17,933,739</u>
Deferred tax assets		142	358
Derivative financial instruments		-	1,686
Reimbursement rights		37,436	37,436
Other financial assets		16,455	29,307
Other non-current assets		731	2,095
		<u>17,685,376</u>	<u>18,004,621</u>
Current assets			
Trade and other receivables	11	47,958	50,830
Derivative financial instruments		-	8,664
Other financial assets		11,775	44,275
Cash and bank balances		475,069	407,331
Tax recoverable		3	35
		<u>534,805</u>	<u>511,135</u>
Total assets		<u>18,220,181</u>	<u>18,515,756</u>
Current liabilities			
Tenants' deposits		(187,549)	(192,711)
Rent receipts in advance		(10,573)	(13,638)
Trade and other payables	12	(79,541)	(74,250)
Bank and other borrowings		(3,177,282)	(1,498,123)
Derivative financial instruments		(26,097)	(7,231)
Tax payable		(49,522)	(22,132)
		<u>(3,530,564)</u>	<u>(1,808,085)</u>
Net current liabilities		<u>(2,995,759)</u>	<u>(1,296,950)</u>
Total assets less current liabilities		<u>14,689,617</u>	<u>16,707,671</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2025

(Expressed in Hong Kong dollars)

	30 June 2025 (unaudited) \$'000	31 December 2024 (audited) \$'000
Non-current liabilities, excluding net assets attributable to unitholders		
Bank and other borrowings	(1,676,410)	(3,318,997)
Deferred tax liabilities	(249,525)	(248,597)
Derivative financial instruments	(129,598)	(130,010)
	<u>(2,055,533)</u>	<u>(3,697,604)</u>
Total liabilities, excluding net assets attributable to unitholders	<u>(5,586,097)</u>	<u>(5,505,689)</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>12,634,084</u>	<u>13,010,067</u>
Number of units in issue	<u>1,738,437,279</u>	<u>1,726,707,663</u>
Net asset value attributable to unitholders per unit	<u>\$7.27</u>	<u>\$7.53</u>

DISTRIBUTION STATEMENT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2025 \$'000	2024 \$'000
(Loss)/profit after taxation and before transactions with unitholders		(172,243)	79,507
Adjustments (note (i)) :			
- Net decrease in fair value of investment properties		314,279	64,248
- Manager's fees paid or payable in the form of units		22,195	23,085
- Interest rate swaps - cash flow hedges	8(a)	608	(333)
- Non-cash finance costs on interest-bearing liabilities	8(a)	2,594	2,598
- Deferred tax	9	1,144	2,151
- Depreciation		26	352
		340,846	92,101
Distributable income (note (i))		168,603	171,608
Second interim distribution for FY2023/24, paid (note (ii))		-	155,978
Interim distribution for FY2025, to be paid to unitholders (note (iii))		158,198	-
Distribution for the period (note (i))		158,198	155,978
Payout ratio (note (iv))		93.8%	90.9%
Distribution per unit :			
Second interim distribution per unit for FY2023/24, paid		-	9.1 cents
Interim distribution per unit for FY2025, to be paid to unitholders		9.1 cents	-
		9.1 cents	9.1 cents

DISTRIBUTION STATEMENT (continued)

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

Notes :

- (i) Under the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong, a real estate investment trust shall distribute to unitholders as dividends each year an amount not less than 90% of its audited annual net income after tax. Pursuant to the trust deed dated 26 May 2006 (as amended and restated) under which Sunlight REIT is constituted (the “**Trust Deed**”), the total amounts distributed or distributable to unitholders shall be no less than 90% of annual distributable income for each financial year.

Distributable income means the amount calculated by the Manager as representing the consolidated profit/loss after taxation and before transactions with unitholders of Sunlight REIT for the relevant financial period, as adjusted to eliminate the effects of certain adjustments which have been recorded in the consolidated statement of profit or loss for the relevant financial period.

In arriving at the amount available for distribution for the six months ended 30 June 2025, adjustments have been made, among others, to add back the finance costs relating to the amortization of debt establishment fees for bank and other borrowings and discount on issuance of medium term notes of \$2,594,000 or 0.15 cent per unit (2024: \$2,598,000, or 0.15 cent per unit) (which is an effective return of capital), and to eliminate the effect of increase/decrease in fair value of investment properties.

- (ii) The second interim distribution for FY2023/24 of \$155,978,000 is calculated by multiplying the second interim distribution per unit of 9.1 cents by 1,714,051,303 units in issue at 3 September 2024, the record date for the second interim distribution for FY2023/24. The second interim distribution for FY2023/24 was paid to unitholders on 11 September 2024.
- (iii) The interim distribution for FY2025 of \$158,198,000 is calculated by multiplying the interim distribution per unit of 9.1 cents by 1,738,437,279 units anticipated to be in issue at 1 September 2025, the record date for the interim distribution for FY2025. The interim distribution for FY2025 is expected to be paid to unitholders on 9 September 2025.
- (iv) The payout ratio for the six months ended 30 June 2024 is calculated based on the figures derived from the condensed interim financial statements for the 12 months ended 30 June 2024.
- (v) The distribution declared after the end of the Reporting Period is not recognized as a liability at the end of the Reporting Period.

NOTES

(Expressed in Hong Kong dollars)

1. General

Sunlight REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed and is authorized under section 104 of the Securities and Futures Ordinance. Sunlight REIT is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The principal activity of Sunlight REIT and its subsidiaries (collectively referred to as the “**Group**”) is to own and invest in income-producing office and retail properties in Hong Kong with the objective of providing unitholders with regular and stable cash distributions with the potential for sustainable long term growth of such distributions and enhancement in value of the property portfolio. It has its principal place of business at 30th Floor, Dah Sing Financial Centre, 248 Queen’s Road East, Wan Chai, Hong Kong.

2. Basis of preparation

Pursuant to the Trust Deed amendments made on 7 February 2024, the Group’s financial year end date has been changed from 30 June to 31 December. Accordingly, the comparative figures for the six months ended 30 June 2024 are derived from the condensed interim financial statements for the 12 months ended 30 June 2024.

3. Changes in accounting policies

The Hong Kong Institute of Certified Public Accountants has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group.

None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in the condensed interim financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Segment reporting

The Manager manages the Group’s business by divisions. In a manner consistent with the way in which information is reported internally to the Manager’s most senior executive management for the purposes of resource allocation and performance assessment, the Manager has identified two reportable segments, which are “Office properties” and “Retail properties”.

As all of the Group’s activities are carried out in Hong Kong, no geographical information is presented.

4. Segment reporting (continued)

Segment results

For the purposes of assessing segment performance and allocating resources between segments, the senior executive management of the Manager monitors the results attributable to each reportable segment on the following bases :

Revenue and expenses are allocated to the reportable segments with reference to income generated and the expenses incurred by those segments.

The measure used for reporting segment performance is the “segment results” which exclude the increase/decrease in fair value of investment properties, finance costs on interest-bearing liabilities, income tax, interest income and the unallocated net expenses.

Information regarding the Group’s reportable segments as provided to the Manager’s most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below :

	Six months ended 30 June					
	2025 (unaudited)			2024 (unaudited)		
	Office properties \$'000	Retail properties \$'000	Total \$'000	Office properties \$'000	Retail properties \$'000	Total \$'000
Revenue						
- Rental income	142,986	154,948	297,934	150,883	167,055	317,938
- Car park income	2,407	16,438	18,845	2,348	16,552	18,900
- Rental related income	35,209	39,229	74,438	34,831	39,377	74,208
	180,602	210,615	391,217	188,062	222,984	411,046
Property operating expenses	(35,736)	(48,097)	(83,833)	(38,469)	(47,696)	(86,165)
Net property income	144,866	162,518	307,384	149,593	175,288	324,881
Administrative expenses	(23,403)	(22,826)	(46,229)	(23,961)	(23,924)	(47,885)
Segment results	121,463	139,692	261,155	125,632	151,364	276,996
(Decrease)/increase in fair value of investment properties	(139,850)	(174,429)	(314,279)	(107,783)	43,535	(64,248)
Finance costs on interest-bearing liabilities			(94,747)			(108,459)
Income tax			(28,655)			(29,505)
Interest income			8,733			11,268
Unallocated net expenses			(4,450)			(6,545)
(Loss)/profit after taxation and before transactions with unitholders			(172,243)			79,507
Depreciation	11	15	26	7	345	352

5. Revenue

Revenue represents gross income generated from leasing of investment properties. The amount of each significant category of revenue recognized during the period is as follows :

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	\$'000	\$'000
Rental income (note)	297,934	317,938
Car park income	18,845	18,900
Rental related income	74,438	74,208
	391,217	411,046

Note : For the six months ended 30 June 2024, rental income included a rental guarantee of \$2,045,000 pursuant to the deed of rental guarantee relating to the acquisition of an investment property in 2023.

6. Property operating expenses

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	\$'000	\$'000
Building management fee	32,242	34,252
Property manager's fees (note)	22,472	22,182
Government rent and rates	19,795	19,351
Car park operating costs	3,849	3,746
Rental commission (third party property agents) (note 8(b))	884	2,185
Marketing and promotion expenses	830	1,136
Provision for credit losses on rental receivables (note 11(b))	1,534	151
Other direct costs	2,227	3,162
	83,833	86,165

Note : Included rental commission of \$3,645,000 (2024: \$3,696,000) (note 8(b)).

7. Other income

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	\$'000	\$'000
Bank interest income	7,628	9,883
Interest income from debt securities	1,105	1,385
Others	1,211	17
	<u>9,944</u>	<u>11,285</u>

8. (Loss)/profit before taxation and transactions with unitholders

(Loss)/profit before taxation and transactions with unitholders is arrived at after charging/(crediting) :

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	\$'000	\$'000
(a) Finance costs on interest-bearing liabilities		
Interest on bank and other borrowings	91,545	106,194
Other borrowing costs	2,594	2,598
	<u>94,139</u>	<u>108,792</u>
Interest rate swaps – cash flow hedges		
- Reclassified from net assets attributable to unitholders	548	-
- Net fair value loss/(gain) of ineffective cash flow hedges	60	(333)
	<u>608</u>	<u>(333)</u>
	<u>94,747</u>	<u>108,459</u>

Other borrowing costs represent various financing charges and amortization of debt establishment fees for bank and other borrowings and discount on issuance of medium term notes.

8. (Loss)/profit before taxation and transactions with unitholders (continued)

	Six months ended 30 June	
	2025 (unaudited) \$'000	2024 (unaudited) \$'000
(b) Other items		
Manager's fees	44,389	46,170
Trustee's remuneration and charges	2,236	2,301
Auditor's remuneration		
- Audit services (note (i))	1,106	692
- Other services	527	547
Valuation fee payable to principal valuer	165	238
Legal and other professional fees	1,514	2,488
Rental commission (note 6)		
- Property manager	3,645	3,696
- Third party property agents	884	2,185
Bank charges	157	146
Net foreign exchange (gain)/loss	(888)	46

Notes :

- (i) The figures are not directly comparable as the Group's financial year end date had been changed from 30 June to 31 December with effect from 7 February 2024.
- (ii) Sunlight REIT does not appoint any director and the Group does not engage any employee. Accordingly, no employee benefit expense was incurred in the current and prior periods.

9. Income tax

	Six months ended 30 June	
	2025 (unaudited) \$'000	2024 (unaudited) \$'000
Current tax - Hong Kong Profits Tax		
Provision for the period	27,511	27,590
Over-provision in respect of prior periods	-	(236)
	27,511	27,354
Deferred tax		
Origination and reversal of temporary differences	1,144	2,151
	28,655	29,505

Provision for Hong Kong Profits Tax has been made at 16.5% on the estimated assessable profits for the current and prior periods.

10. (Loss)/earnings per unit before transactions with unitholders

The basic loss per unit before transactions with unitholders for the six months ended 30 June 2025 amounted to \$0.10 (2024: basic earnings per unit before transactions with unitholders of \$0.05). The calculation of basic (loss)/earnings per unit before transactions with unitholders is based on the Group's loss after taxation and before transactions with unitholders of \$172,243,000 (2024: profit after taxation and before transactions with unitholders of \$79,507,000) and the weighted average of 1,731,114,369 units (2024: 1,706,891,249 units) in issue during the period.

Diluted (loss)/earnings per unit before transactions with unitholders for the six months ended 30 June 2025 and 2024 are not presented as there was no potential dilution of (loss)/earnings per unit before transactions with unitholders.

11. Trade and other receivables

	30 June 2025 (unaudited) \$'000	31 December 2024 (audited) \$'000
Rental receivables	29,680	30,682
Deposits and prepayments	10,940	10,940
Other receivables	2,685	5,058
Amounts due from related companies	4,653	4,150
	<u>47,958</u>	<u>50,830</u>

Included unamortized rent-free and rental concession, deposits and prepayments of \$22,642,000 (31 December 2024: \$25,449,000) which are expected to be recovered or recognized in profit or loss after one year. Apart from the above, all of the balances are expected to be recovered or recognized in profit or loss within one year.

The amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment.

11. Trade and other receivables (continued)

(a) Ageing analysis

At the end of the Reporting Period, the ageing analysis of rental receivables, based on the date of revenue recognition and net of provision for credit losses, is as follows :

	30 June 2025 (unaudited) \$'000	31 December 2024 (audited) \$'000
Current	20,390	21,675
Less than one month overdue	5,183	7,238
More than one month and up to three months overdue	1,841	1,431
More than three months and up to six months overdue	1,063	47
More than six months overdue	1,203	291
	29,680	30,682

(b) Provision for credit losses on rental receivables

Provision for credit losses on rental receivables was assessed and made by the Group on a case-by-case basis, based on the historical default experience and forward-looking information that may impact the tenants' ability to repay the outstanding rental receivables. If the Group considered that the recovering of the rental receivable is remote, relevant provision for credit losses would be written off against the receivable directly.

The movement in the loss allowance for rental receivables during the period is as follows :

	30 June 2025 (unaudited) \$'000	31 December 2024 (audited) \$'000
At the beginning of the period	716	5,581
Provision for credit losses (note 6)	1,534	1,217
Written off	-	(6,082)
At the end of the period	2,250	716

12. Trade and other payables

	30 June 2025 (unaudited) \$'000	31 December 2024 (audited) \$'000
Creditors and accrued charges	49,400	44,775
Manager's fees payable	21,914	19,797
Amounts due to related companies	8,227	9,678
	<u>79,541</u>	<u>74,250</u>

All creditors and accrued charges are due within one month or on demand and expected to be settled within one year.

Manager's fees payable is due within four months and payable in the form of cash and units.

The amounts due to related companies are unsecured, interest-free and have no fixed terms of repayment except for the amount due to the trustee of Sunlight REIT of \$1,099,000 (31 December 2024: \$971,000) which is due within 30 days.

13. Non-adjusting event after the Reporting Period

After the end of the Reporting Period, the Board of the Manager declared an interim distribution. Further details are disclosed in the "Distribution Statement" of this announcement.

By order of the Board
HENDERSON SUNLIGHT ASSET MANAGEMENT LIMITED
恒基陽光資產管理有限公司
(as manager of Sunlight Real Estate Investment Trust)
CHUNG Siu Wah
Company Secretary

Hong Kong, 11 August 2025

At the date of this announcement, the Board of the Manager comprises: (1) Chairman and Non-Executive Director: Mr. AU Siu Kee, Alexander; (2) Chief Executive Officer and Executive Director: Mr. WU Shiu Kee, Keith; (3) Non-Executive Director: Mr. KWOK Ping Ho; and (4) Independent Non-Executive Directors: Mr. KWAN Kai Cheong, Dr. TSE Kwok Sang, Mr. KWOK Tun Ho, Chester and Ms. Helen ZEE.