



SUNLIGHT REIT

SECOND INTERIM RESULTS FOR THE 12 MONTHS ENDED 30 JUNE 2024

INVESTOR PRESENTATION

13 AUGUST 2024



Second Interim Results Summary

Revenue

HK\$' million

830.2

▲ 6.0% YoY



Net Property Income

HK\$' million

648.0

▲ 3.9% YoY



Distributable Income

HK\$' million

333.9

▼ 12.2% YoY



Net Asset Value Per Unit

HK\$

7.87

▼ 2.4% YoY



Performance Highlights:

- Sunlight REIT's revenue grew 6.0% year on year, mainly attributable to the full-year contribution from West 9 Zone Kids ("W9Z").
- Property operating expenses increased 14.4% (or 8.1% if stripping out the operating costs of W9Z), reflecting lower fiscal concessions as compared with the previous year. Net property income ("NPI") was up 3.9%, with a cost-to-income ratio of 21.9%.
- Given a higher interest rate environment and the additional borrowings relating to the acquisition of W9Z, finance costs rose 68.6%, causing a 12.2% drop in distributable income.

Financial Position Summary

Portfolio Valuation

HK\$' million

18,418.6

▼ 0.5% YoY



Total Borrowings

HK\$' million

5,013

▼ 0.1% YoY



Gearing Ratio

26.3%

▲ 0.2 pts YoY



Key Updates:

- Office portfolio recorded a slight decline in valuation while retail portfolio registered a mild increase.
- Total borrowings were largely unchanged as compared to a year ago.
- Gearing ratio was at a manageable level of 26.3%.

Distribution Summary

Distribution Per Unit

HK cents

18.1

▼ 17.7% YoY



Payout Ratio

92.6%

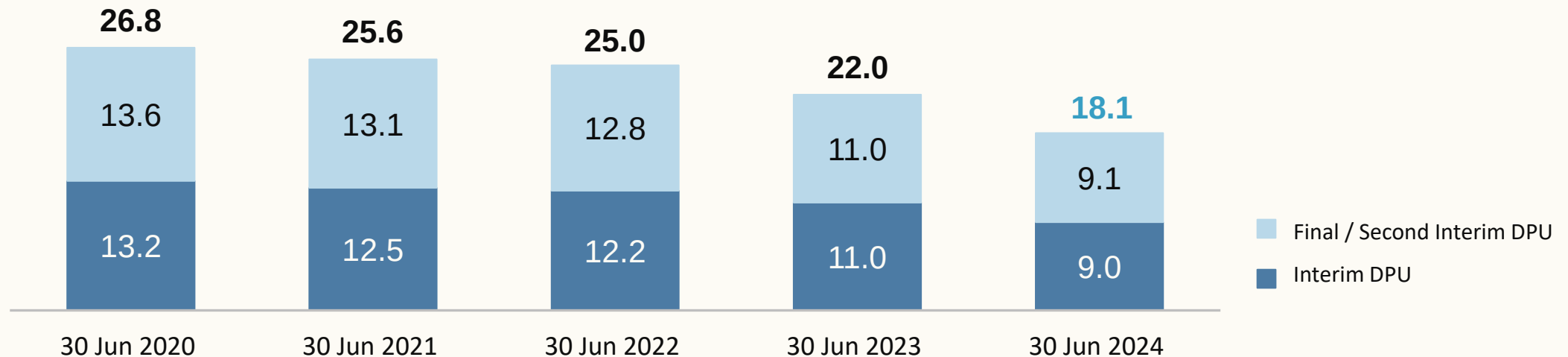


Distribution Yield¹

10.6%



HK cents



For the year ended

For the 12 months ended

Note 1: Based on the closing price of HK\$1.71 on the last trading day of the 12 months ended 30 Jun 2024.

Portfolio Performance



Portfolio Operating Performance Summary

Occupancy Rate

91.6%

(30 Jun 2024)



Passing Rent (HK\$/sq. ft.)

45.3

(30 Jun 2024)



Rental Reversion

0.3%

(12 months ended 30 Jun 2024)



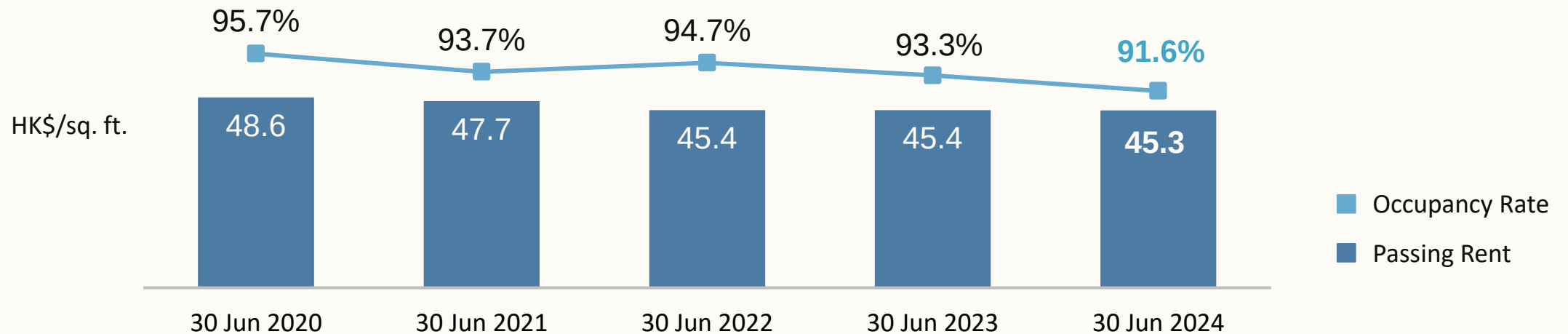
No. of Leases

860

(30 Jun 2024)



Occupancy Rate and Passing Rent



Property Valuation Summary



Portfolio Valuation

HK\$' million

18,418.6 ▼ 0.5% YoY



NAV Per Unit

HK\$

7.87 ▼ 2.4% YoY



Office Valuation

HK\$' million

9,291.7 ▼ 2.8% YoY



Retail Valuation

HK\$' million

9,126.9 ▲ 1.9% YoY

	Appraised Value (HK\$' million)	
	at 30 Jun 2024	at 30 Jun 2023
Office		
<i>Dah Sing Financial Centre</i>	4,856.0	5,023.0
<i>Sheung Wan/Central</i>	2,643.8	2,716.2
<i>Other Office</i>	1,791.9	1,817.1
Retail		
<i>Sheung Shui Centre</i>	3,883.0	3,760.0
<i>Metro City Phase I</i>	3,133.0	3,050.0
<i>Other Retail</i>	2,110.9	2,145.9
	Capitalization Rate (%)	
	at 30 Jun 2024	at 30 Jun 2023
Office	3.65 - 3.95	3.55 - 3.90
Retail	3.40 - 4.35	3.40 - 4.35

Office Portfolio KPI

Rental and car park income (HK\$' million)

311.6

▼ 2.9% YoY



Occupancy Rate

91.3%

93.1% (30 Jun 2023)



Passing Rent (HK\$/sq. ft.)

33.6

34.6 (30 Jun 2023)



Rental Reversion

-1.6%

-2.1% (Year ended 30 Jun 2023)



Lease Expiry (Jul – Dec 2024)

17.3% Office GRA



No. of Leases

513

530 (30 Jun 2023)



Major Office Properties



	Occupancy Rate		Passing Rent HK\$/sq. ft.		Appraised Value HK\$' million		Expiry by GRA
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	Jul – Dec 2024
① Dah Sing Financial Centre	90.2%	90.4%	39.7	41.8	4,856.0	5,023.0	11.8%
② Strand 50	90.1%	94.4%	30.9	31.0	1,221.0	1,266.7	-
③ The Harvest	87.8%	95.7%	39.8	41.2	514.0	534.0	-
④ Righteous Centre	96.7%	97.4%	36.1	35.2	541.0	535.0	-

Retail Portfolio KPI

Rental and car park income (HK\$' million)

368.9

▲ 11.1% YoY



Occupancy Rate

92.2%

93.5% (30 Jun 2023)



Passing Rent (HK\$/sq. ft.)

66.7

65.6 (30 Jun 2023)



Rental Reversion

1.6%

-2.5% (Year ended 30 Jun 2023)



Lease Expiry (Jul – Dec 2024)

29.4% Retail GRA



No. of Leases

347

345 (30 Jun 2023)



Major Retail Properties



	Occupancy Rate		Passing Rent HK\$/ sq. ft.		Appraised Value HK\$' million		Expiry by GRA
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	
1 Sheung Shui Centre	90.5%	97.6%	104.8	96.0	3,883.0	3,760.0	23.0%
2 Metro City Phase I	93.9%	92.2%	54.2	53.8	3,133.0	3,050.0	29.1%
3 Kwong Wah Plaza	100.0%	95.4%	53.7	54.6	1,131.0	1,152.0	-
4 West 9 Zone Kids	80.4%	85.7%	49.9	55.7	827.0	845.0	-

Capital Management



Interest Rate Management

Finance Costs

HK\$' million

223.0

▲ 68.6% YoY



Effective Interest Rate

4.3% p.a.

2.9% p.a. (Year ended 30 Jun 2023)

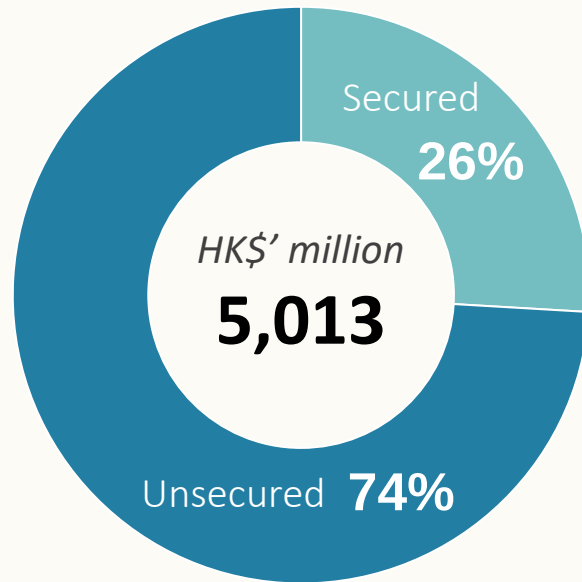


Interest Margin

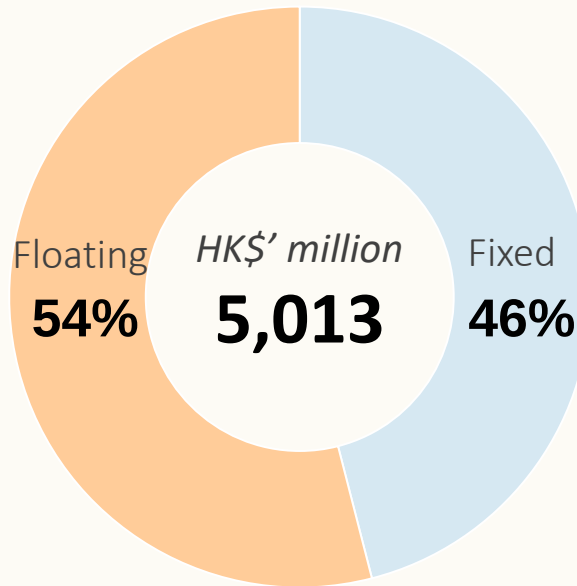
HIBOR + 0.81% p.a.

HIBOR + 0.79% p.a. (30 Jun 2023)

Total Borrowings Composition



Fixed vs Floating Rate Exposure



- Sustainability-linked loans represented approximately 84% of total borrowings.
- Weighted average interest rate for fixed rate borrowings was 2.94% p.a..

Debt Profile

Total Borrowings

HK\$' million

5,013

5,020 (30 Jun 2023)



Interest Coverage Ratio

2.6x

3.9x (Year ended 30 Jun 2023)



Weighted Debt Maturity Period

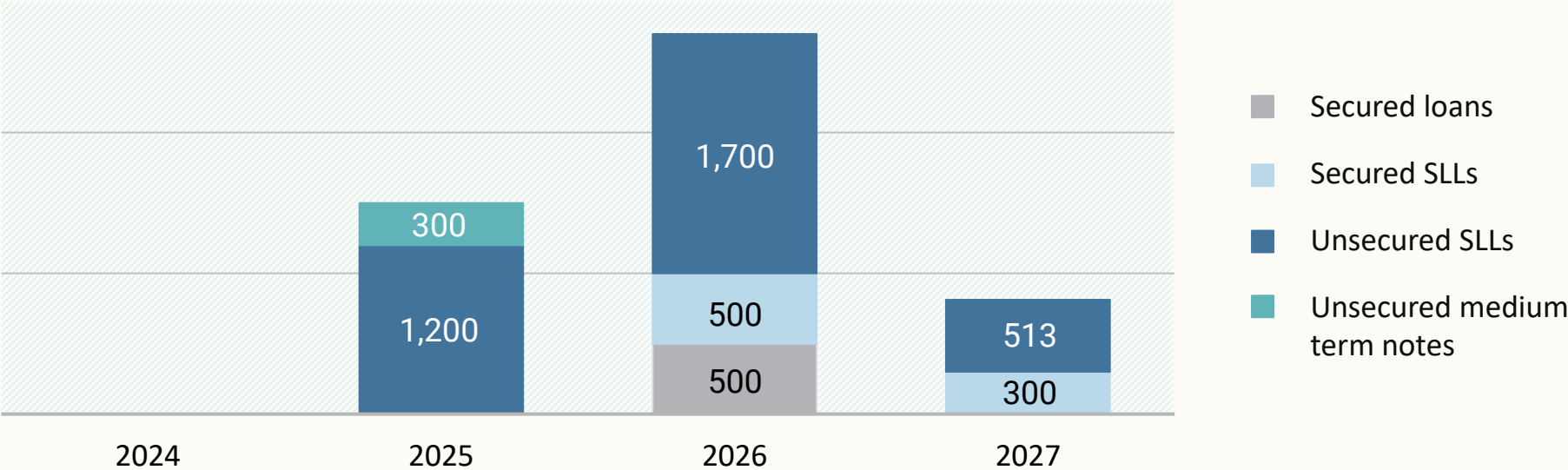
1.9 years

2.6 years (30 Jun 2023)



Maturity Profile of Total Borrowings (30 Jun 2024)

HK\$' million



Outlook & Strategy



Outlook & Strategy



- Prospects for commercial leasing in Hong Kong should become more stable based on the global economic environment, despite still being clouded by certain fundamental and structural hurdles.



Office Outlook

- The momentum of positive net absorption may not be sufficient to trigger a rebound in market rents due to the high vacancy rates and the abundant new supply.



Retail Outlook

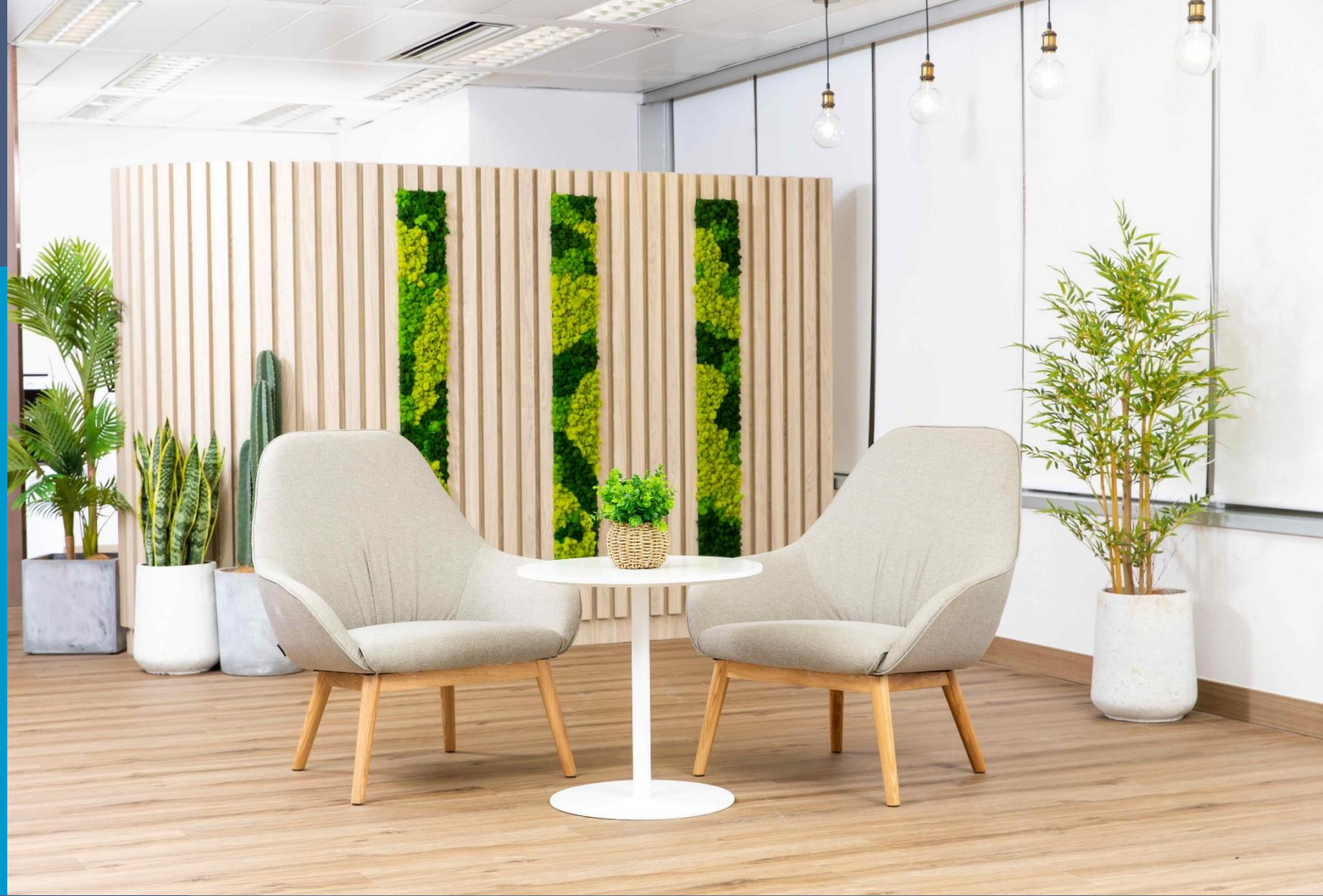
- The dual options of online shopping and cross-border consumption will drive local operators to adopt a more prudent expansion strategy, which may have an impact on retail rents.



Capital Management

- Interest expense is (and has proven to be) a key factor affecting the distributable income of Sunlight REIT.
- Subsequent to the end of the Reporting Period, the Manager executed a further HK\$400 million interest rate swaps.
- Barring unforeseen circumstances, further risk escalation in respect of interest rates should be limited.

Corporate Updates



Change of Financial Year End Date



Sustainability Achievements



G R E S B
★ ★ ☆ ☆ ☆ 2023

2023 GRESB Real Estate Assessment

- **Two-Star Rating**
- **Grade A Rating** on Public Disclosure



Arc Energy Rating

- Achieved an **outstanding Arc performance score** in Energy

WEST 9 ZONE
—— 西九匯 ——



BEAM Plus Certificate

- **Very Good Grade** under Site Aspect of Beam Plus Exiting Building V2.1 Selective Scheme



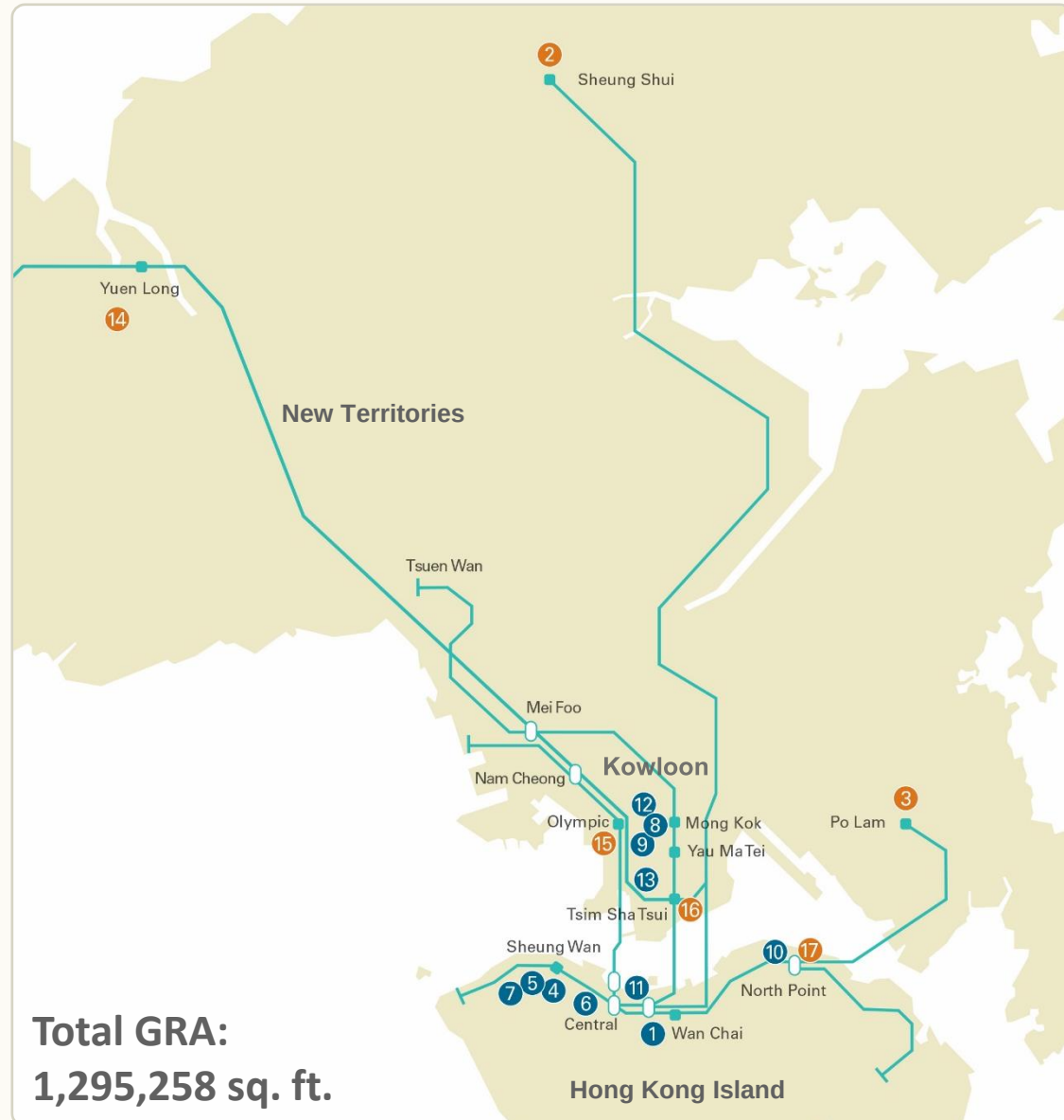
Indoor Air Certificate

- **Good Class** indoor air quality certification

Appendix



Portfolio at a Glance



Top three properties

1 Dah Sing Financial Centre

GRA: 376,381 sq. ft.



2 Sheung Shui Centre Shopping Arcade

GRA: 122,339 sq. ft.



3 Metro City Phase I Property

GRA: 188,889 sq. ft.



Sheung Wan/Central office properties

GRA: 274,223 sq. ft.

- 4 Strand 50
- 5 135 Bonham Strand Trade Centre Property
- 6 Winsome House Property
- 7 235 Wing Lok Street Trade Centre

Other office properties

GRA: 194,019 sq. ft.

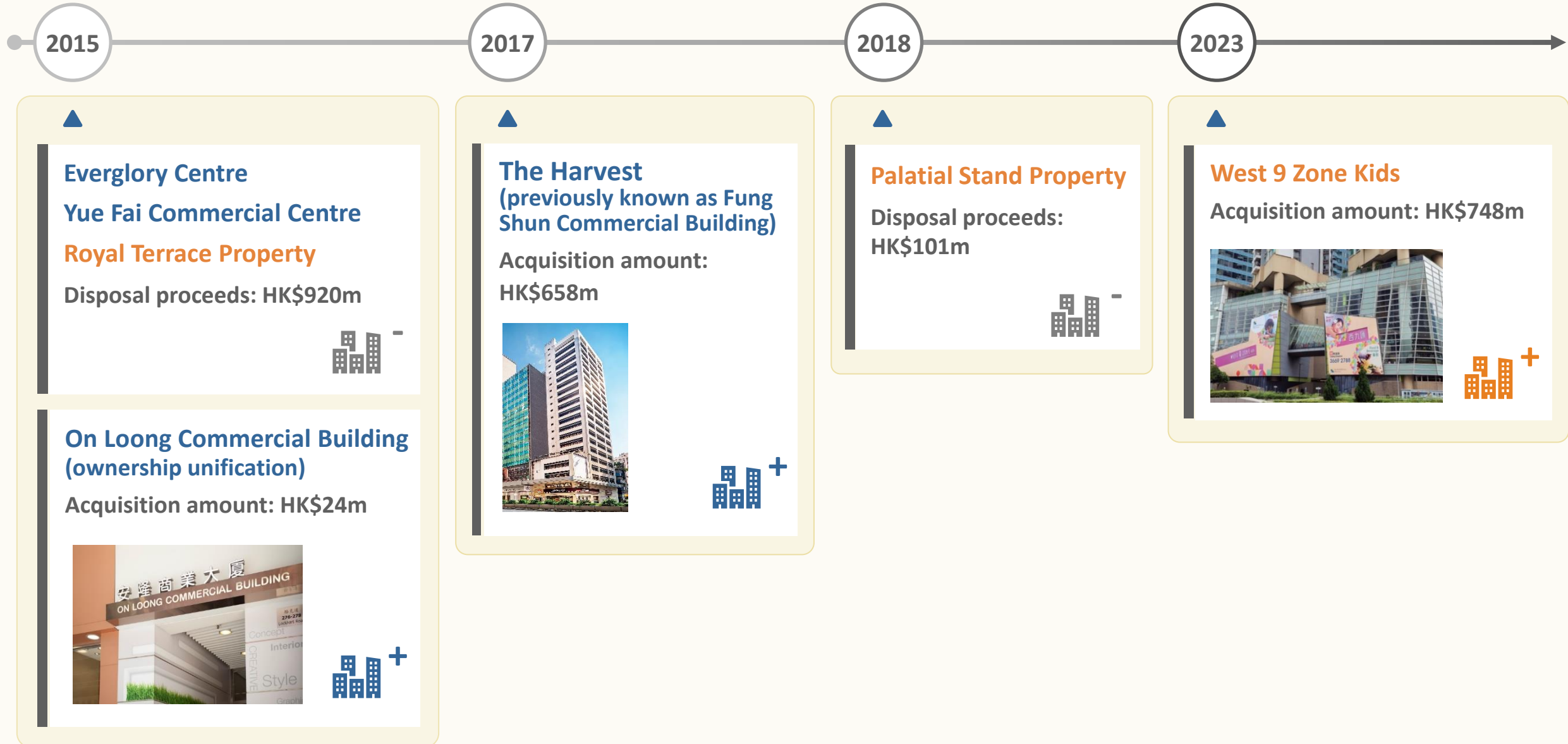
- 8 The Harvest
- 9 Righteous Centre
- 10 Java Road 108 Commercial Centre
- 11 On Loong Commercial Building
- 12 Sun Fai Commercial Centre Property
- 13 Wai Ching Commercial Building Property

Other retail properties

GRA: 139,407 sq. ft.

- 14 Kwong Wah Plaza Property
- 15 West 9 Zone Kids
- 16 Beverley Commercial Centre Property
- 17 Supernova Stand Property

Timeline of Major Asset Recycling



Timeline of Major Asset Enhancement

Rental Enhancement



Space reconfiguration

CAPEX: HK\$25m

Sheung Shui Centre

Refurbishment of
lobby & office floors

CAPEX: HK\$17m

The Harvest

Space reconfiguration
of low zone

CAPEX: HK\$48m

Strand 50

Phase one renovation

CAPEX: HK\$17m

Metro City Phase I

2014-2016

2017-2018

2019-2020

2022-2023

2024

Replacement of
chiller systems

CAPEX: HK\$11m

Sheung Shui Centre

Upgrade of water-cooled
chiller

CAPEX: HK\$15m (2 phases)

Sunlight Tower¹

Replacement of
chiller systems

CAPEX: HK\$16m

Metro City Phase I

Replacement of
chiller systems

CAPEX: HK\$6m

Strand 50

Cost Saving



Note 1 : The property has been renamed as Dah Sing Financial Centre since 8 March 2021.

Key Financial Information

Consolidated Statement of Profit or Loss		
	12 months ended 30 June 2024 HK\$' million	Year ended 30 June 2023 HK\$' million
Revenue	830.2	783.3
Property operating expenses	(182.2)	(159.3)
Net property income	648.0	624.0
Other income	17.2	7.5
Administrative expenses	(108.5)	(106.0)
Change in fair value of investment properties	(117.2)	(354.4)
Profit from operations	439.5	171.1
Finance costs on interest-bearing liabilities	(223.0)	(132.3)
Income tax	(57.2)	(67.2)
Profit/ (loss) after taxation	159.2	(28.4)

Financial Position		
	30 June 2024 HK\$' million	30 June 2023 HK\$' million
Non-current assets	18,516.9	18,653.6
Current assets	539.8	564.3
Gross assets	19,056.7	19,217.9
Current liabilities	(857.7)	(1,072.0)
Non-current liabilities	(4,703.4)	(4,476.7)
Gross liabilities	(5,561.1)	(5,548.7)
Net assets	13,495.6	13,669.2
No. of units in issue	1,714.1M	1,695.0M

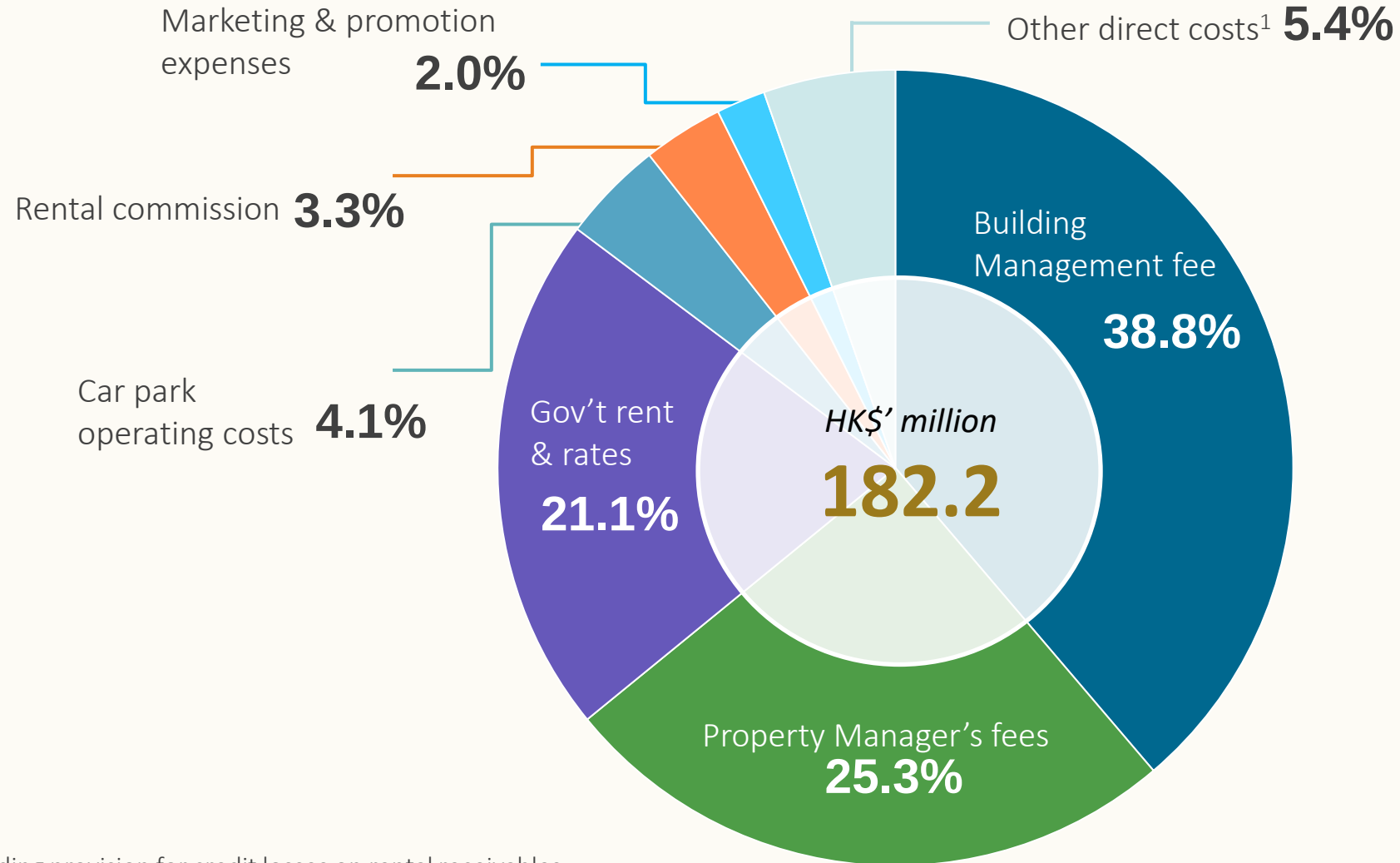
Key Office Portfolio Statistics

Property	Occupancy rate (%)		Passing rent (HK\$/sq. ft.)		Rental and car park income (HK\$'000)		Appraised value (HK\$'000)
	at 30 Jun 2024	at 30 Jun 2023	at 30 Jun 2024	at 30 Jun 2023	12 months ended 30 Jun 2024	12 months ended 30 Jun 2023	at 30 Jun 2024
Office							
Grade A							
Dah Sing Financial Centre	90.2	90.4	39.7	41.8	161,433	168,222	4,856,000
Grade B							
Strand 50	90.1	94.4	30.9	31.0	38,255	39,622	1,221,000
135 Bonham Strand Trade Centre Property	91.6	100.0	26.8	26.6	18,914	19,721	544,700
Righteous Centre	96.7	97.4	36.1	35.2	21,827	21,159	541,000
Winsome House Property	88.7	83.0	37.2	38.8	16,262	16,255	531,400
The Harvest	87.8	95.7	39.8	41.2	15,268	14,773	514,000
235 Wing Lok Street Trade Centre	94.6	96.7	19.8	19.7	11,519	11,642	346,700
Java Road 108 Commercial Centre	97.2	100.0	23.5	24.7	10,496	10,904	262,000
On Loong Commercial Building	90.0	100.0	26.5	27.9	8,085	8,886	229,900
Sun Fai Commercial Centre Property	97.1	91.0	21.9	22.0	6,504	6,452	166,100
Wai Ching Commercial Building Property	88.9	91.7	17.1	16.9	3,021	3,107	78,900
Sub-total / Average	91.3	93.1	33.6	34.6	311,584	320,743	9,291,700

Key Retail Portfolio Statistics

Property	Occupancy rate (%)		Passing rent (HK\$/sq. ft.)		Rental and car park income (HK\$'000)		Appraised value (HK\$'000)
	at 30 Jun 2024	at 30 Jun 2023	at 30 Jun 2024	at 30 Jun 2023	12 months ended 30 Jun 2024	12 months ended 30 Jun 2023	at 30 Jun 2024
Retail							
New Town							
Sheung Shui Centre Shopping Arcade	90.5	97.6	104.8	96.0	152,366	148,829	3,883,000
Metro City Phase I Property	93.9	92.2	54.2	53.8	133,989	129,903	3,133,000
Kwong Wah Plaza Property	100.0	95.4	53.7	54.6	42,627	40,851	1,131,000
Urban							
West 9 Zone Kids	80.4	85.7	49.9	55.7	34,111	6,809	827,000
Beverley Commercial Centre Property	95.3	100.0	31.3	29.8	2,878	2,688	76,500
Supernova Stand Property	100.0	100.0	58.8	57.3	2,957	2,892	76,400
Sub-total / Average	92.2	93.5	66.7	65.6	368,928	331,972	9,126,900

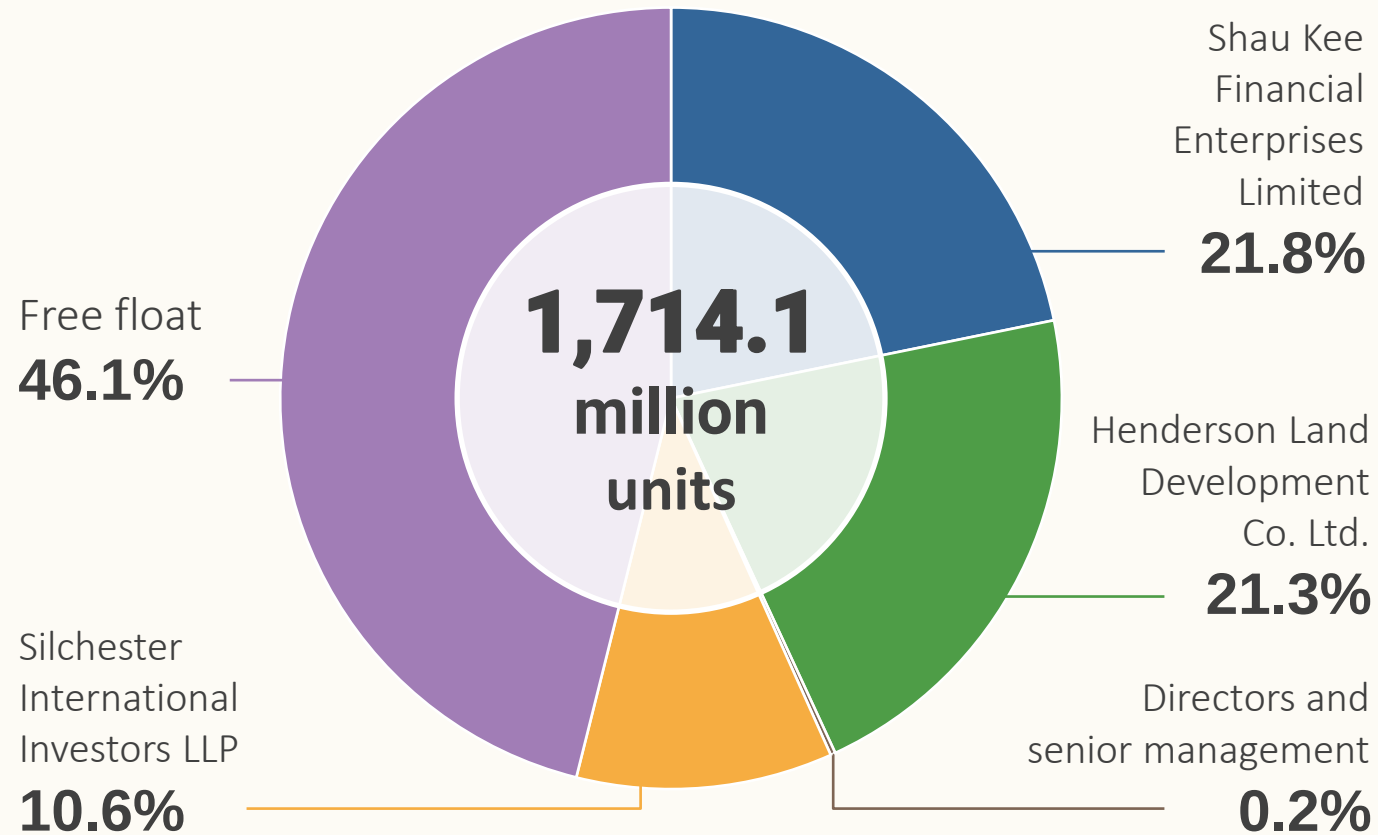
Property Operating Expenses



Note 1: Including provision for credit losses on rental receivables.

Sunlight REIT at a Glance

Unitholding Structure (30 Jun 2024)



Discount to NAV

30 Jun 2024

78.3%

Market Capitalization

30 Jun 2024

HK\$2,931 million

Annualized Total Return Since listing

30 Jun 2024

4.9%

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