

Press Release

Sunlight Real Estate Investment Trust ("Sunlight REIT") Final Results for the Year Ended 30 June 2021

Advancing Sustainability

Hong Kong, 7 September 2021 — Henderson Sunlight Asset Management Limited (the "**Manager**") announces the final results of Sunlight REIT for the year ended 30 June 2021 (the "**Year**").

While the global economy staged a strong recovery in the first half of 2021 as a result of extraordinary monetary and fiscal stimulus packages launched to relieve the ravages of COVID-19, protracted travelling and social distancing restrictions continued to take their tolls on the commercial real estate sector. Accordingly, net property income ("**NPI**") of Sunlight REIT for the Year registered a decline of 6.6% to HK\$639.7 million, while annual distributable income was down 6.1% from the preceding year to HK\$438.3 million.

The Board has resolved to declare a final distribution of HK 13.1 cents per unit. Together with an interim distribution of HK 12.5 cents per unit, the total distribution per unit for the Year would amount to HK 25.6 cents, implying a payout ratio of 97.5% (FY2019/20: 95.2%).

The appraised value of Sunlight REIT's property portfolio was HK\$18,341.7 million at 30 June 2021, representing a decrease of 3.0% compared with a year ago. Consequently, its net asset value dropped 4.4% to HK\$14,124.3 million, or HK\$8.45 per unit.

Operating Highlights

The entire portfolio of Sunlight REIT recorded an average occupancy rate of 93.7% at 30 June 2021 (30 June 2020: 95.7%). Occupancy rate of the office portfolio was 92.4% (30 June 2020: 95.6%), while the corresponding figure of the retail portfolio was 96.5% (30 June 2020: 95.8%). Average passing rent of the office portfolio was HK\$36.7 per sq. ft. at 30 June 2021, up 0.5% from a year ago, while that of the retail portfolio was HK\$70.4 per sq. ft., down 5.9% year on year. Average negative rental reversion of the portfolio for the Year was 6.2%.

Amidst a challenging operating environment, the Manager is delighted to announce the addition of Dah Sing Bank, Limited as a major tenant of (the renamed) Dah Sing Financial Centre during the Year, which contributed to the 7.8% improvement in passing rent despite a decline in NPI of 9.9%. Meanwhile, NPI of Strand 50 increased by 9.8%, reflecting the property being successfully transformed into an appealing modern workplace in the core of the Sheung Wan district. On the retail front, the performance of Sheung Shui Centre Shopping Arcade was hampered by social distancing restrictions and border controls, causing an 11.8% decrease in its NPI. Gratifyingly, Metro City Phase I Property continued to demonstrate its resilience as a community shopping mall mostly catered to non-discretionary consumption, recording a mild retreat in NPI of 3.8%.

During the Year, Sunlight REIT made initial foray into sustainable finance and medium term notes, successfully raising a total of over HK\$1,800 million. This demonstrates the credit quality of Sunlight REIT and its firm commitment to sustainability.

Press Release

Sunlight REIT's Final Results for the Year Ended 30 June 2021

Page 2 of 3

Mr. Wu Shiu Kee, Keith, Chief Executive Officer of the Manager said, "We are cautious but hopeful about the prospects for the macro environment ahead. Both the office and retail markets appear to have seen the bottom, although the extent of recovery critically depends on the pace at which COVID-19 recedes and the effectiveness of the measures implemented by various governments to restore economic vigour. Despite a transitory setback in income performance, the fundamentals of Sunlight REIT remain sturdy. With a firm foundation established over the course of 15 years, it is well-positioned to ride out the storm and to prudently expand its business, assuring unitholders with a sustainable growth in distributions over the long term."

Remarks: Attached financial highlights of FY2020/21 Final 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 amended and restated trust deed dated 10 May 2021 (the "**Trust Deed**"), and has been listed on The Stock Exchange of Hong Kong Limited on 21 December 2006. Sunlight REIT 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 primarily located in core business areas, including Wan Chai and Sheung Wan, as well as in decentralized business areas such as Mong Kok and North Point. The key retail properties are situated in regional transportation hubs and new towns including Sheung Shui, Tseung Kwan O and Yuen Long.

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.

Press Release

Sunlight REIT's Final Results for the Year Ended 30 June 2021

Page 3 of 3

Financial Highlights of FY2020/21 Final Results:

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

	2021	2020	Change (%)
For the year ended 30 June:			
Revenue	799.3	854.6	(6.5)
Net property income	639.7	684.7	(6.6)
Loss after taxation	(233.7)	(751.4)	68.9
Annual distributable income	438.3	467.0	(6.1)
Distribution per unit (HK cents)	25.6	26.8	(4.5)
Payout ratio (%)	97.5	95.2	N/A
At 30 June:			
Portfolio valuation	18,341.7	18,918.0	(3.0)
Net asset value	14,124.3	14,771.2	(4.4)
Net asset value per unit (HK\$)	8.45	8.89	(4.9)
Gearing ratio (%)	23.0	21.6	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 Strategic Financial Relations Limited on behalf of the Manager. For further information, please contact:

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