



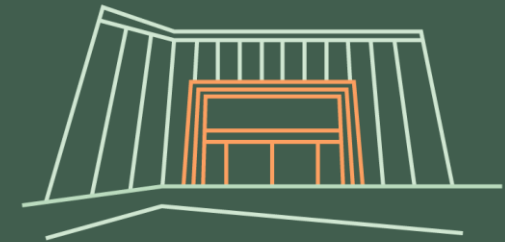
SUNLIGHT REIT

2023/24 INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DEC 2023

INVESTOR PRESENTATION

27 FEBRUARY 2024



2023/24 Interim Results Summary

Revenue

HK\$' million

419.2

▲ 7.9% YoY



Net Property Income

HK\$' million

323.2

▲ 5.1% YoY



Distributable Income

HK\$' million

162.3

▼ 18.1%YoY



Net Asset Value Per Unit

HK\$

7.95

▼ 1.4% HoH



Performance Highlights:

- Sunlight REIT recorded a 7.9% increase in revenue, mainly attributable to a full six-month contribution from West 9 Zone Kids (“W9Z”).
- Property operating expenses rose 18.6% (or 10.4% if stripping out the operating costs relating to W9Z), reflecting higher rental commission and lower COVID-related fiscal concessions. Net property income (“NPI”) grew 5.1%, implying a cost-to-income ratio of 22.9%.
- Given a higher interest rate environment and the additional borrowings for financing the acquisition of W9Z, interest expense surged 90% yoy, causing an 18.1% decline in distributable income.

Financial Position Summary

Portfolio Valuation

HK\$' million

18,480.6

▼ 0.2% HoH



Total Borrowings

HK\$' million

5,013

▼ 0.1% HoH



Gearing Ratio

26.3%



Key Updates:

- Office sector registered a mild drop in valuation (due to a slight cap rate expansion) while retail sector recorded a slight rise thanks to income improvement.
- Total borrowings was almost unchanged as compared to six months ago.
- Gearing ratio was at a manageable level of 26.3%.

Distributions Summary

Distribution Per Unit

HK cents

9.0

▼ 18.2% YoY



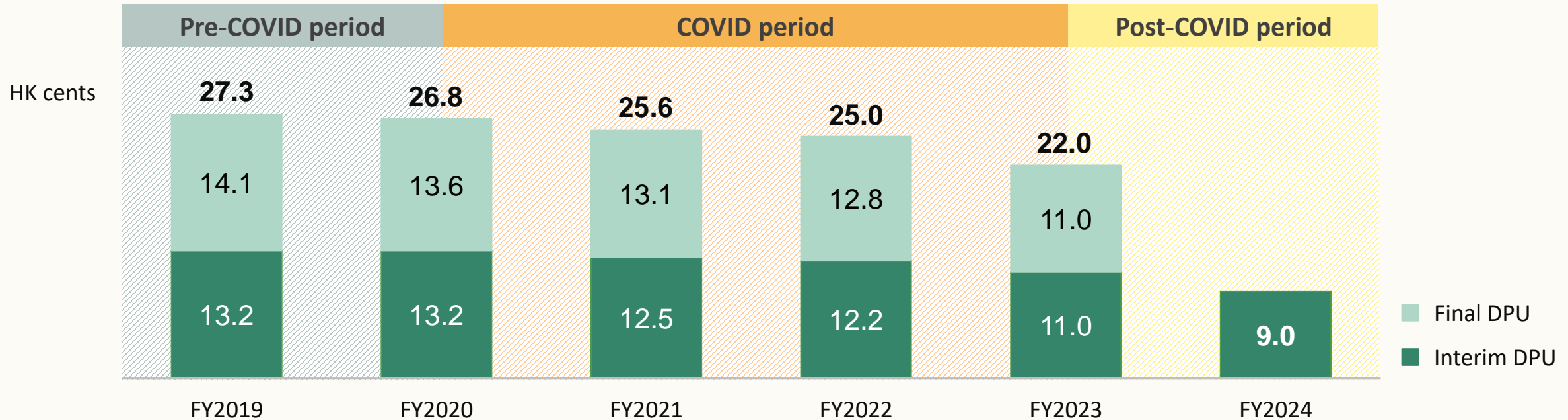
Payout Ratio

94.4%



Distribution Yield¹

8.3%



Note 1: Based on the closing price of HK\$2.18 on the last trading day of the six months ended 31 Dec 2023.

Portfolio Performance



Portfolio Operating Performance Summary

Occupancy Rate

93.1%

(31 Dec 2023)



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

45.5

(31 Dec 2023)



Rental Reversion

1.5%

(2023/24 interim)



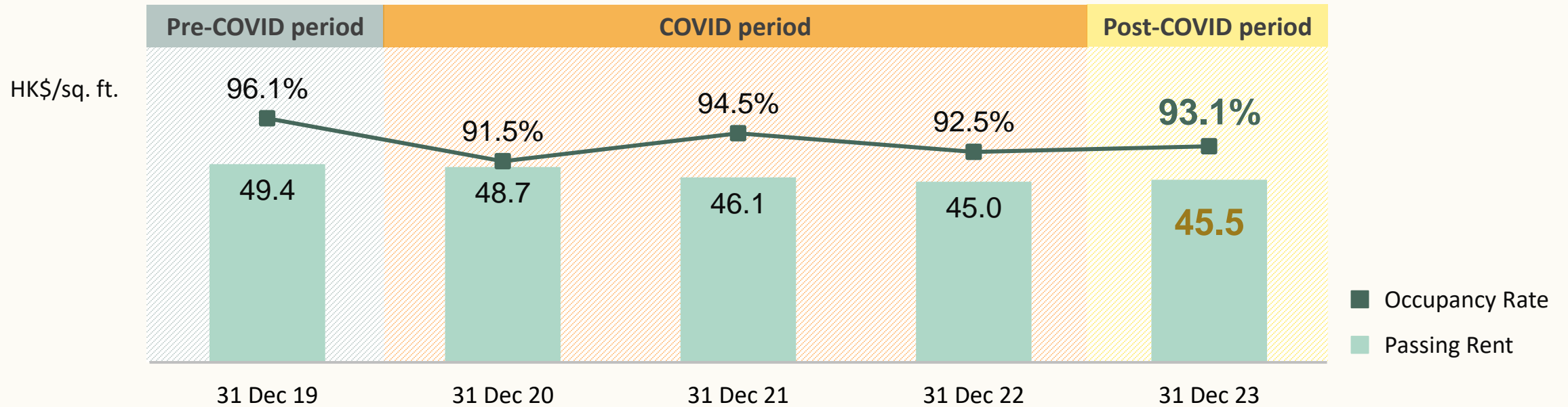
No. of Leases

875

(31 Dec 2023)



Occupancy Rate and Passing Rent



Property Valuation Summary



Portfolio Valuation

HK\$' million

18,480.6 ▼ 0.2% HoH



NAV Per Unit

HK\$

7.95 ▼ 1.4% HoH



Office Valuation

HK\$' million

9,397.9 ▼ 1.7% HoH



Retail Valuation

HK\$' million

9,082.7 ▲ 1.4% HoH

| | Appraised value (HK\$' million) | |
|----------------------------------|------------------------------------|--------------------|
| | at 30 Jun 2023 | at 31 Dec 2023 |
| Office | | |
| <i>Dah Sing Financial Centre</i> | 5,023.0 | 4,950.0 |
| <i>Sheung Wan/Central</i> | 2,716.2 | 2,653.3 |
| <i>Other Office</i> | 1,817.1 | 1,794.6 |
| Retail | | |
| <i>Sheung Shui Centre</i> | 3,760.0 | 3,850.0 |
| <i>Metro City Phase I</i> | 3,050.0 | 3,110.0 |
| <i>Other Retail</i> | 2,145.9 | 2,122.7 |
| | Capitalization rate (%) | |
| | at 30 Jun 2023 | at 31 Dec 2023 |
| Office | 3.55 - 3.90 | 3.65 - 3.95 |
| Retail | 3.40 - 4.35 | 3.40 - 4.35 |

Operating Performance of Office Portfolio

NPI (HK\$' million)

154.1

▼ 2.3% YoY



Occupancy Rate

93.1%

93.1% (30 Jun 2023)



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

34.3

34.6 (30 Jun 2023)



Rental Reversion

3.3%

2.5% (For the six months ended 30 Jun 2023)



Lease Expiry (Jan - Jun 2024)

23.7% Office GRA



No. of Leases

523

530 (30 Jun 2023)



Major Office Properties



| | Occupancy Rate | | Passing Rent HK\$/sq. ft. | | Appraised Value HK\$' million | | Expiry by GRA |
|-----------------------------|----------------|----------------|------------------------------|----------------|----------------------------------|----------------|-------------------|
| | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2023 | 30 Jun 2023 | Jan - Jun 2024 |
| ① Dah Sing Financial Centre | 91.9% | 90.4% | 40.9 | 41.8 | 4,950.0 | 5,023.0 | 24.0% |
| ② Strand 50 | 90.5% | 94.4% | 31.2 | 31.0 | 1,238.8 | 1,266.7 | N/A |
| ③ The Harvest | 100.0% | 95.7% | 40.7 | 41.2 | 524.0 | 534.0 | N/A |
| ④ Righteous Centre | 97.5% | 97.4% | 35.8 | 35.2 | 532.0 | 535.0 | N/A |

Operating Performance of Retail Portfolio

NPI (HK\$' million)

169.0

▲ 12.8% YoY



Occupancy Rate

93.2%

93.5% (30 Jun 2023)



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

66.3

65.6 (30 Jun 2023)



Rental Reversion

0.8%

0.7% (For the six months ended 30 Jun 2023)



Lease Expiry (Jan - Jun 2024)

16.2% Retail GRA



No. of Leases

352

345 (30 Jun 2023)



Major Retail Properties



| | Occupancy Rate | | Passing Rent HK\$/ sq. ft. | | Appraised Value HK\$' million | | Expiry by GRA |
|-----------------------------|----------------|-------------|-------------------------------|-------------|----------------------------------|-------------|----------------|
| | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2023 | 30 Jun 2023 | Jan - Jun 2024 |
| 1 Sheung Shui Centre | 90.7% | 97.6% | 103.6 | 96.0 | 3,850.0 | 3,760.0 | 14.3% |
| 2 Metro City Phase I | 94.7% | 92.2% | 54.1 | 53.8 | 3,110.0 | 3,050.0 | 15.5% |
| 3 Kwong Wah Plaza | 100.0% | 95.4% | 54.5 | 54.6 | 1,143.0 | 1,152.0 | N/A |

Capital Management



Interest Rate Management

Finance Costs

HK\$' million

114.5

▲ 107.1 % YoY



Effective Interest Rate

4.4% p.a.

2.64% p.a. (For the six months ended 31 Dec 2022)

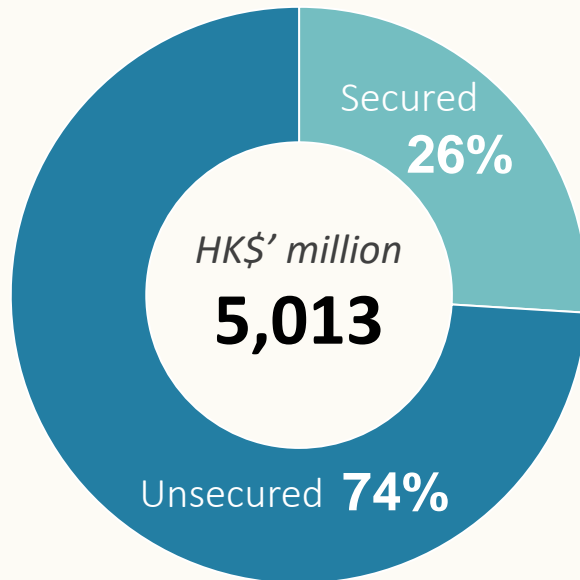


Interest Margin

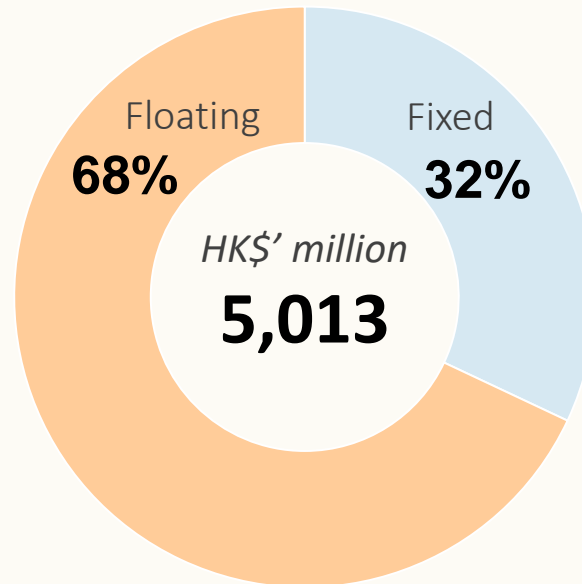
HIBOR + 0.81% p.a.

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

Total Borrowings Composition



Fixed vs Floating Rate Exposure



- Sustainability-linked loans accounted for approximately 84% of total borrowings.
- The proportion of fixed rate borrowings at 31 Dec 2023 was 32%, while the weighted average interest rate for fixed rate borrowings was 2.4% p.a..

Debt Profile

Total Borrowings

HK\$' million

5,013

5,020 (30 Jun 2023)



Interest Coverage Ratio

2.5x

4.5x (For the six months ended 31 Dec 2022)



Weighted Debt Maturity Period

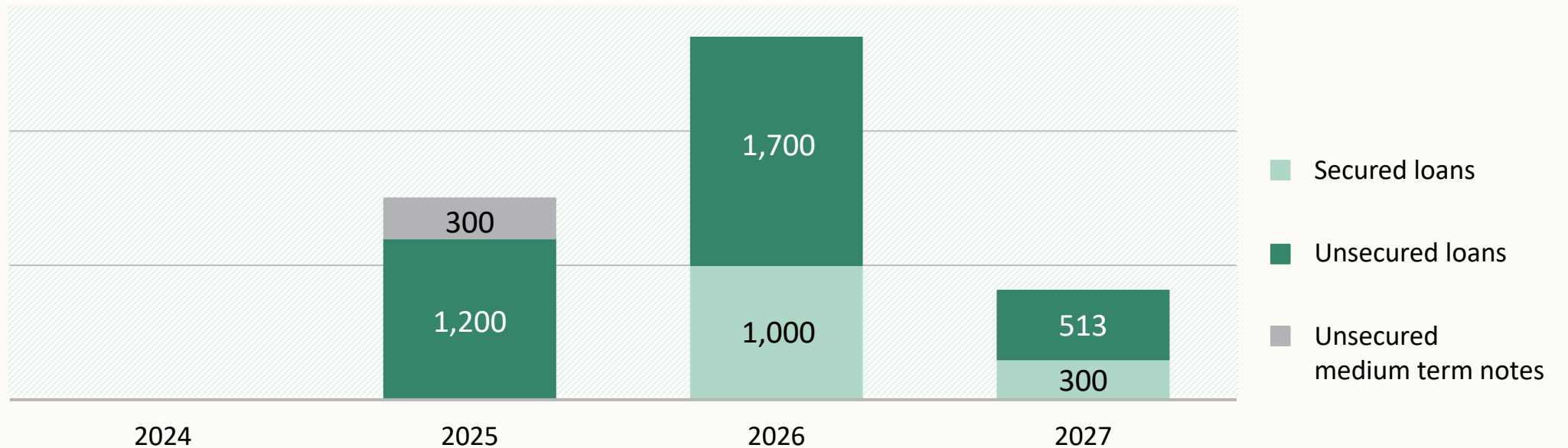
2.4 years

2.6 years (30 Jun 2023)



Maturity Profile of Total Borrowings (31 Dec 2023)

HK\$' million



Outlook & Strategy



Outlook & Strategy



Office Outlook

- The prospect of positive rental reversion for Grade A offices is still slim.
- Service-trade driven office properties in strategic locations should continue to outperform.



Retail Outlook

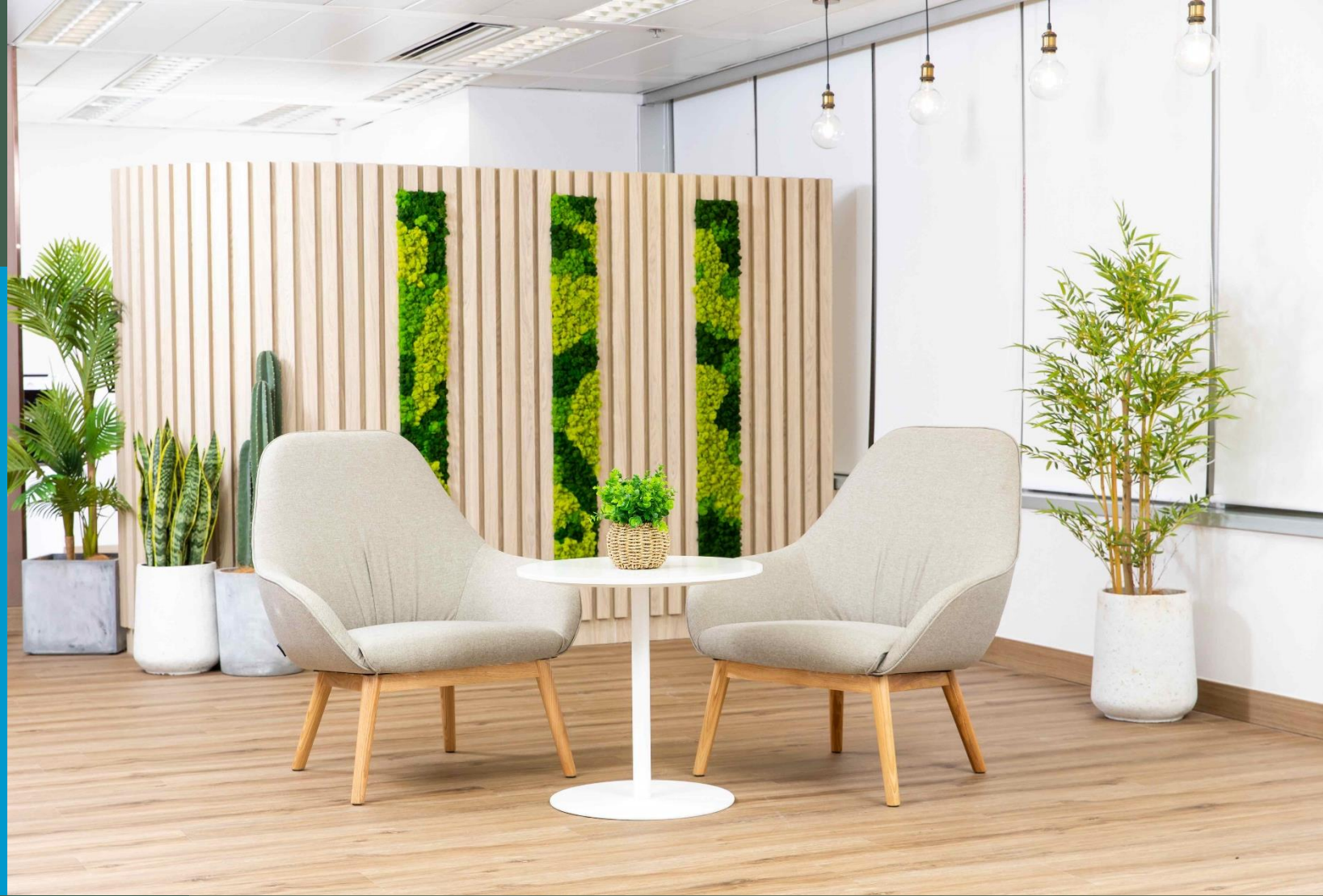
- The Manager will monitor the growing concern of Hong Kong's waning appeal to Mainland shoppers and optimize the tenant mix and profile of Sunlight REIT's retail portfolio from time to time.
- Based on the current leasing progress, the Manager remains guardedly optimistic about the near-term prospects for our shopping destinations in Sheung Shui, Tseung Kwan O and Yuen Long.



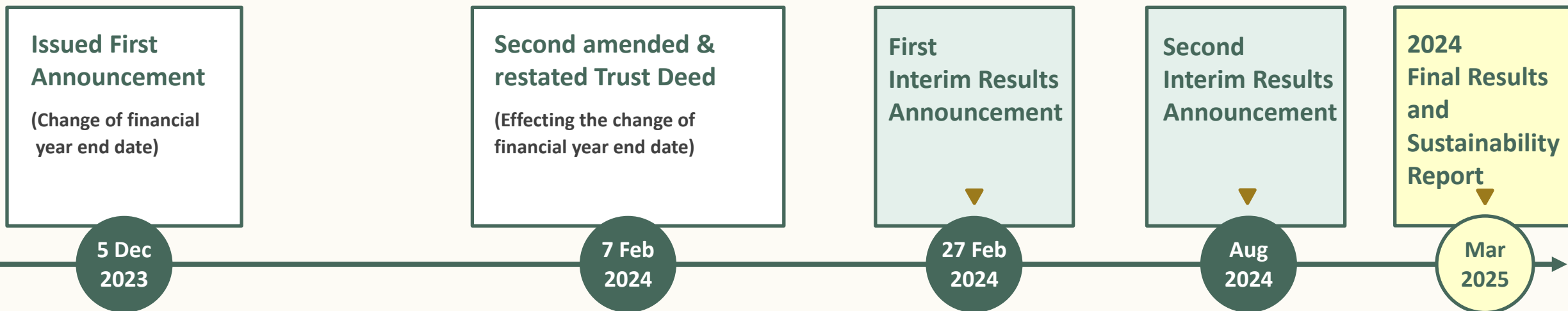
Capital Management

- The Manager has increased the fixed rate proportion in respect of Sunlight REIT's indebtedness to 42% at 27 February 2024 (31 December 2023: 32%).

Corporate Updates



Change of Financial Year End Date



| | Period covered | Payment of distribution | Key Trust Deed amendments | |
|---|------------------------------|-------------------------|---------------------------|--|
| First Interim Results Announcement | 6 months ending 31 Dec 2023 | Mar 2024 | (i) | 2024 Financial Year shall be a period of 18 months (1 Jul 2023 - 31 Dec 2024) and the subsequent financial years shall be 12 months ending on 31 December in each year |
| Second Interim results Announcement | 12 months ending 30 Jun 2024 | Sep 2024 | (ii) | The next full valuation shall be conducted at 31 Dec 2024 (the last day of the 2024 Financial Year) |
| 2024 Final Results and Sustainability Report | 18 months ending 31 Dec 2024 | Apr 2025 | (iii) | The next annual report shall be in respect of 2024 Financial Year |

Sustainability updates

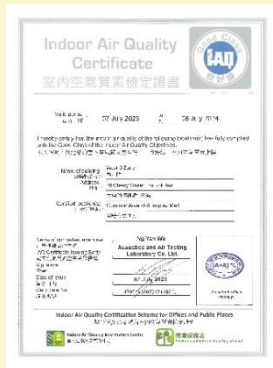
Major Awards

GRESB Real Estate Assessment – Two-Star Rating
and Grade A Rating on Public Disclosure



Indoor Air Quality Certification

West 9 Zone Kids attained the Good Class of Indoor
Air Quality certification



Launch of Electric Vehicle Charging Facilities at Metro City Phase I

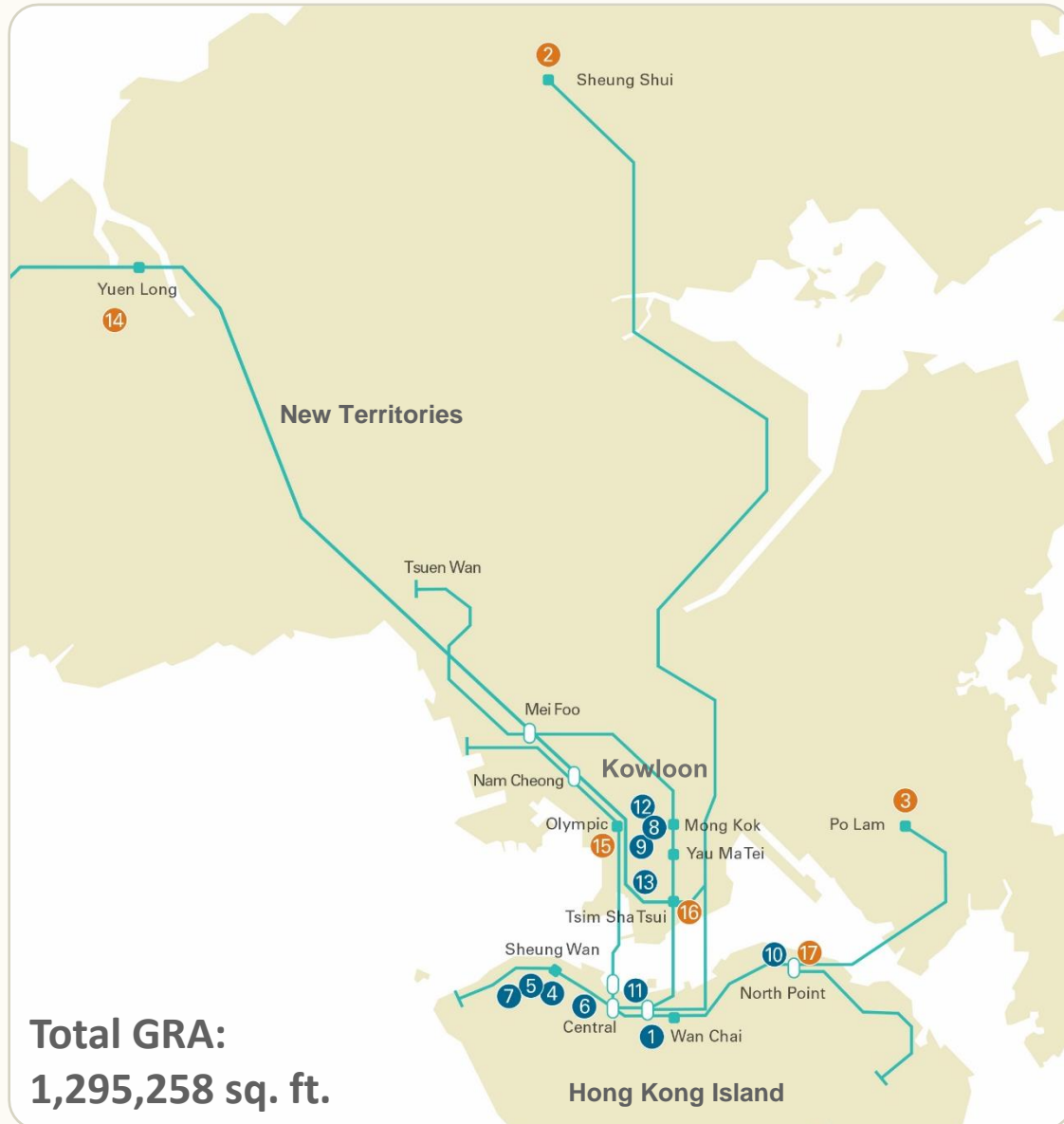
We have installed 28 designated electric vehicle charging stations
on 1/F of MCPI and introduced a monthly EV parking scheme.



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.

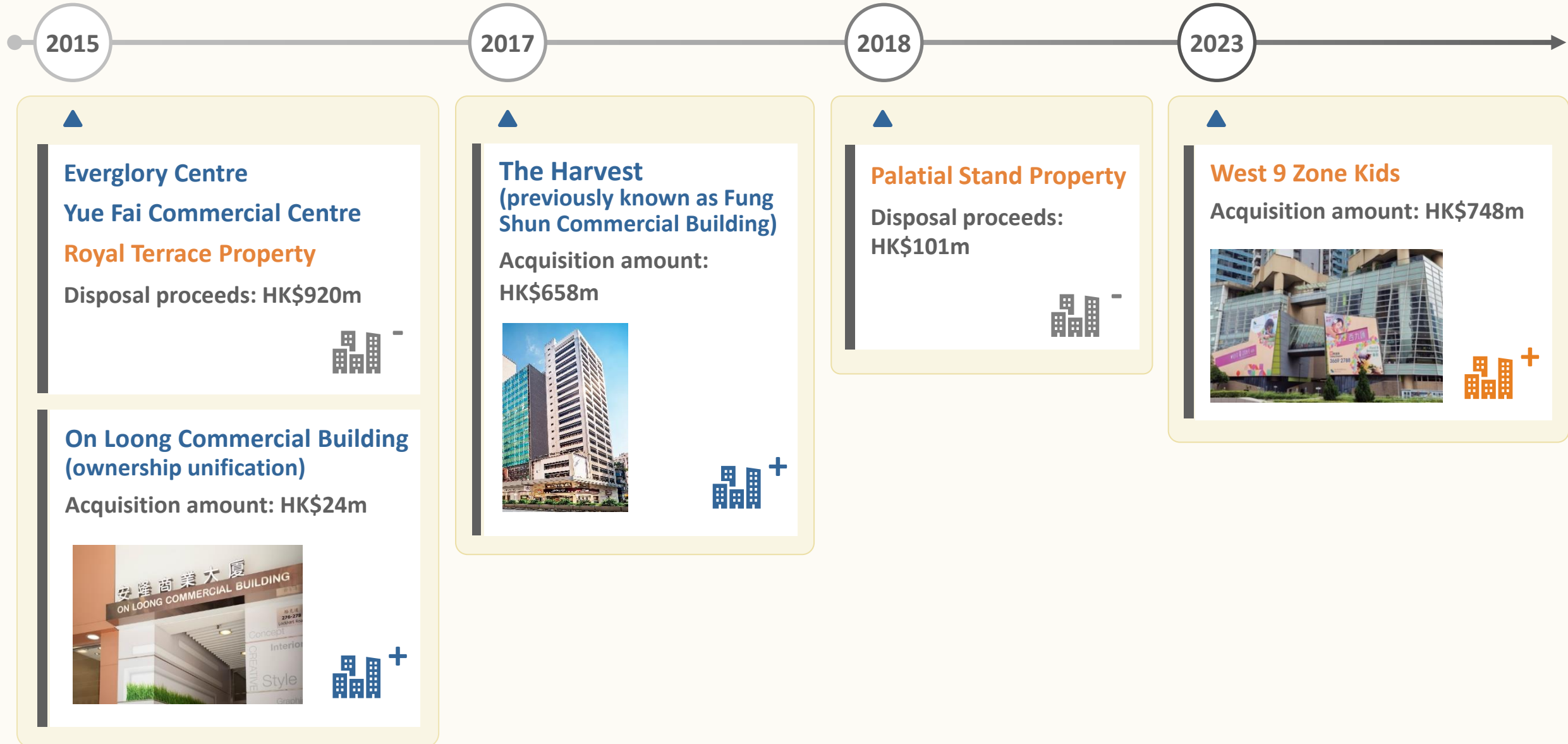
- 8 The Harvest
- 9 Righteous Centre
- 10 Java Road 108 Commercial Centre
- 11 On Loong Commercial Building
- 12 Sun Fai Commercial Centre Property
- 13 Wai Ching Commercial Building Property

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

2014-2016

Replacement of
chiller systems
CAPEX: HK\$11m
Sheung Shui Centre

Upgrade of water-cooled
chiller
CAPEX: HK\$15m (2 phases)
Sunlight Tower¹

Refurbishment of
lobby & office floors
CAPEX: HK\$17m
The Harvest

2017-2018

Replacement of
chiller systems
CAPEX: HK\$16m
Metro City Phase I

Space reconfiguration
of low zone
CAPEX: HK\$48m
Strand 50

Refurbishment
of lobby
CAPEX: HK\$2m
**Dah Sing Financial
Centre**

2019-2020

Replacement of
chiller systems
CAPEX: HK\$6m
Strand 50

Space reconfiguration
CAPEX: HK\$17m
Metro City Phase I

2022-2023

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 | | |
|---|---|--------------------------|
| | Interim (Six months ended 31 December) | |
| | 2023/24 HK\$' million | 2022/23 HK\$' million |
| Revenue | 419.2 | 388.5 |
| Property operating expenses | (96.0) | (80.9) |
| Net property income | 323.2 | 307.6 |
| Other income | 5.9 | 8.4 |
| Administrative expenses | (54.1) | (52.3) |
| Change in fair value of investment properties | (53.0) | (448.4) |
| Profit / (loss) from operations | 222.0 | (184.8) |
| Finance costs on interest-bearing liabilities | (114.5) | (55.3) |
| Income tax | (27.7) | (34.3) |
| Profit/ (loss) after taxation | 79.7 | (274.4) |

| Financial Position | | |
|--------------------------|------------------------------|------------------------------|
| | Interim | |
| | 31 Dec 2023 HK\$' million | 31 Jun 2023 HK\$' million |
| Non-current assets | 18,594.7 | 18,653.6 |
| Current assets | 488.7 | 564.3 |
| Gross assets | 19,083.4 | 19,217.9 |
| Current liabilities | 337.1 | 1,072.0 |
| Non-current liabilities | 5,201.7 | 4,476.7 |
| Gross liabilities | 5,538.8 | 5,548.7 |
| Net assets | 13,544.6 | 13,669.2 |
| No. of units in issue | 1,702.7M | 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 31 Dec 2023 | at 30 Jun 2023 | at 31 Dec 2023 | at 30 Jun 2023 | six months ended 31 Dec 2023 | six months ended 31 Dec 2022 | at 31 Dec 2023 |
| Office | | | | | | | |
| Grade A | | | | | | | |
| Dah Sing Financial Centre | 91.9 | 90.4 | 40.9 | 41.8 | 82,139 | 86,285 | 4,950,000 |
| Grade B | | | | | | | |
| Strand 50 | 90.5 | 94.4 | 31.2 | 31.0 | 19,457 | 21,146 | 1,238,800 |
| 135 Bonham Strand Trade Centre Property | 94.5 | 100.0 | 26.8 | 26.6 | 9,610 | 9,788 | 545,700 |
| Righteous Centre | 97.5 | 97.4 | 35.8 | 35.2 | 10,942 | 10,226 | 532,000 |
| The Harvest | 100.0 | 95.7 | 40.7 | 41.2 | 7,932 | 6,905 | 524,000 |
| Winsome House Property | 88.6 | 83.0 | 37.7 | 38.8 | 7,999 | 8,018 | 522,000 |
| 235 Wing Lok Street Trade Centre | 92.1 | 96.7 | 19.9 | 19.7 | 5,673 | 5,882 | 346,800 |
| Java Road 108 Commercial Centre | 97.2 | 100.0 | 23.3 | 24.7 | 5,384 | 5,399 | 262,100 |
| On Loong Commercial Building | 98.0 | 100.0 | 28.3 | 27.9 | 4,472 | 4,446 | 234,600 |
| Sun Fai Commercial Centre Property | 98.5 | 91.0 | 21.8 | 22.0 | 3,226 | 3,272 | 163,800 |
| Wai Ching Commercial Building Property | 91.7 | 91.7 | 17.0 | 16.9 | 1,519 | 1,592 | 78,100 |
| Sub-total / Average | 93.1 | 93.1 | 34.3 | 34.6 | 158,353 | 162,959 | 9,397,900 |

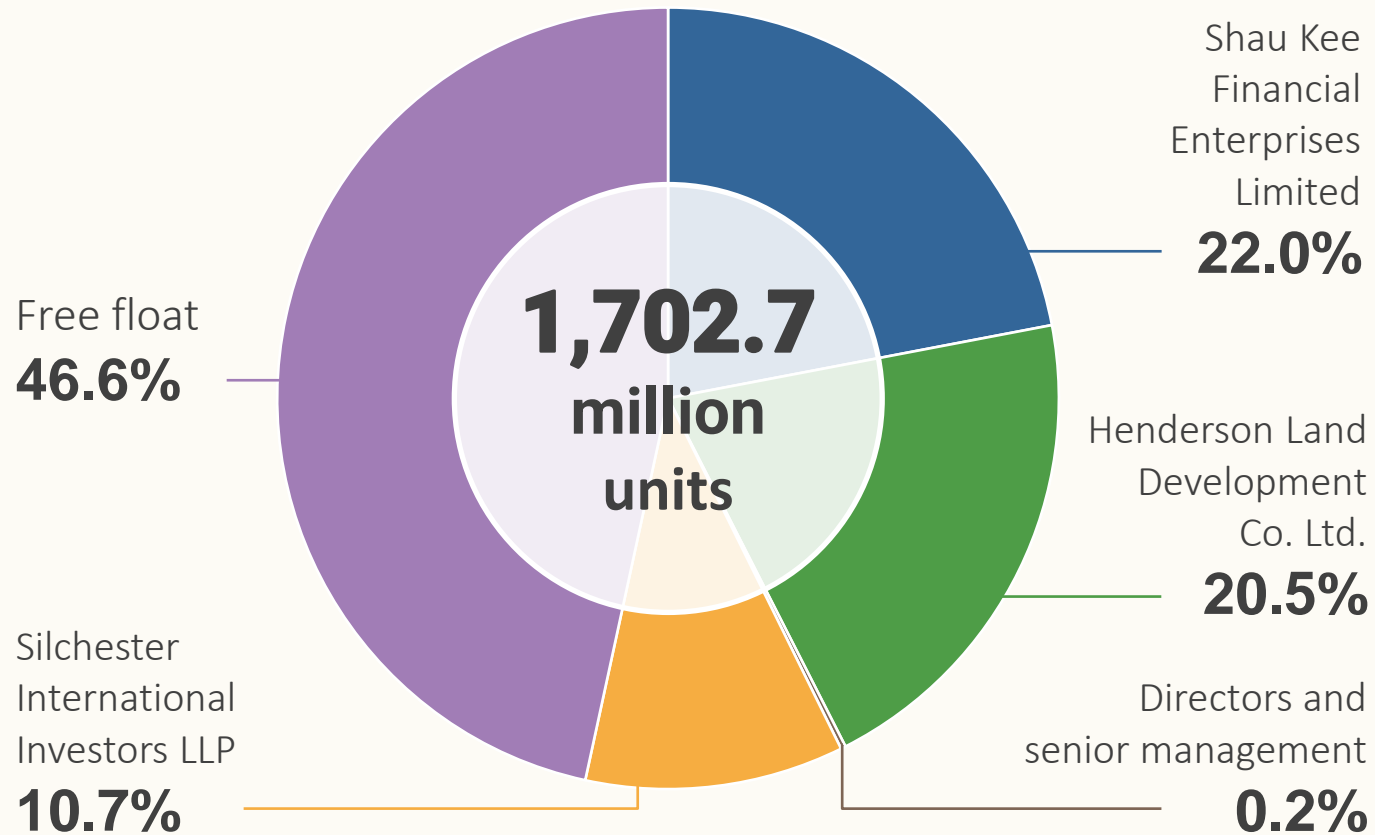
Key Retail Portfolio Statistics

| Property | Occupancy rate (%) | | Passing rent (HK\$/sq. ft.) | | Rental and car park income (HK\$'000) | | Appraised value (HK\$'000) |
|-------------------------------------|--------------------|----------------|-----------------------------|----------------|---------------------------------------|------------------------------|----------------------------|
| | at 31 Dec 2023 | at 30 Jun 2023 | at 31 Dec 2023 | at 30 Jun 2023 | six months ended 31 Dec 2023 | six months ended 31 Dec 2022 | at 31 Dec 2023 |
| Retail | | | | | | | |
| New Town | | | | | | | |
| Sheung Shui Centre Shopping Arcade | 90.7 | 97.6 | 103.6 | 96.0 | 76,461 | 73,820 | 3,850,000 |
| Metro City Phase I Property | 94.7 | 92.2 | 54.1 | 53.8 | 66,786 | 65,053 | 3,110,000 |
| Kwong Wah Plaza Property | 100.0 | 95.4 | 54.5 | 54.6 | 21,136 | 20,558 | 1,143,000 |
| Urban | | | | | | | |
| West 9 Zone Kids | 84.7 | 85.7 | 50.4 | 55.7 | 18,035 | N/A | 828,000 |
| Supernova Stand Property | 100.0 | 100.0 | 57.3 | 57.3 | 1,479 | 1,421 | 76,100 |
| Beverley Commercial Centre Property | 100.0 | 100.0 | 31.1 | 29.8 | 1,424 | 1,295 | 75,600 |
| Sub-total / Average | 93.2 | 93.5 | 66.3 | 65.6 | 185,321 | 162,147 | 9,082,700 |

Sunlight REIT at a Glance

Unitholding Structure

(31 Dec 2023)



Discount to NAV

31 Dec 2023

72.6%

Market Capitalization

31 Dec 2023

HK\$3,712 million

Annualized Total Return Since listing

31 Dec 2023

6.3%

Contact Us

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