



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 2019

Hong Kong, 11 February 2020 — Henderson Sunlight Asset Management Limited (the "**Manager**") is pleased to report the interim results of Sunlight REIT for the six months ended 31 December 2019 (the "**Reporting Period**").

Notwithstanding a difficult operating environment, Sunlight REIT managed to turn in reasonable operating results for the Reporting Period, with revenue and net property income registering 2.9% and 2.1% year-on-year ("**YoY**") growth to HK\$437.1 million and HK\$345.7 million respectively.

Distributable income for the Reporting Period was HK\$233.5 million, up 0.8% YoY. The Board has resolved to declare an interim distribution per unit ("**DPU**") of HK 13.2 cents, which is unchanged from the corresponding period last year and represents a payout ratio of 93.6%.

The appraised value of Sunlight REIT's portfolio was HK\$19,896.1 million at 31 December 2019, a slight decrease of 0.5% from 30 June 2019. Meanwhile, net assets of Sunlight REIT dropped 1.0% to HK\$15,839.1 million, which translates to a net asset value of HK\$9.56 per unit.

Operating Highlights

The overall occupancy rate of Sunlight REIT's portfolio was 96.1% at 31 December 2019 (30 June 2019: 95.3%). Thanks to the completion of asset enhancement works at Strand 50, occupancy rate of the office portfolio rebounded to 95.7% (30 June 2019: 94.0%). Occupancy rate of the retail portfolio declined slightly to 97.1% (30 June 2019: 98.1%), principally reflecting the longer rent void for vacant units at Sheung Shui Centre Shopping Arcade ("**SSC**") and Metro City Phase I Property ("**MCPI**"). In tandem with the overall rental reversion of 10.3% achieved during the Reporting Period, passing rent of the office and retail portfolio rose 3.1% and 0.9% from six months ago to HK\$36.6 per sq. ft. and HK\$76.5 per sq. ft. respectively.

Performance of the office portfolio remained resilient, given stable office demand in the business areas where Sunlight REIT has a reasonable presence. In particular, Sunlight Tower registered a satisfactory rental reversion of 14.4%. On the retail front, SSC and MCPI recorded positive rental reversions of 7.2% and 11.5% respectively during the Reporting Period. However, it is evident that the performance of the retail assets, notably SSC, was adversely affected by weakening consumer sentiment. Corresponding measures, such as short-term rental relief and promotional activities, were introduced during the Reporting Period to support tenants and stimulate consumer spending.

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Mr. Wu Shiu Kee, Keith, Chief Executive Officer of the Manager said, "Despite an arduous operating environment, there are bright spots which demonstrate the resilience of Sunlight REIT. In particular, the completion of Strand 50's renovation has appreciably improved the passing rent and the capital value of the property, while the defensive nature of Sunlight REIT's shopping destinations is expected to help alleviate the adverse impact arising from prevailing circumstances."

Remarks: Attached highlights of FY2019/20 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 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/Central, as well as in decentralized business areas such as Mong Kok and North Point. The retail properties are 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 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.



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Highlights of FY2019/20 Interim Results:

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

	Six months ended 31 December 2019	Six months ended 31 December 2018	Change (%)
Revenue	437.1	424.9	2.9
Net property income	345.7	338.7	2.1
Cost-to-income ratio (%)	20.9	20.3	N/A
Profit after taxation ^{Note}	30.7	859.1	(96.4)
Distributable income	233.5	231.6	0.8
Distribution per unit (HK cents)	13.2	13.2	-
Payout ratio (%)	93.6	93.9	N/A
	At 31 December 2019	At 30 June 2019	Change (%)
Portfolio valuation	19,896.1	20,002.5	(0.5)
Net asset value	15,839.1	15,991.9	(1.0)
Net asset value per unit (HK\$)	9.56	9.68	(1.2)
Gearing ratio (%)	20.5	20.4	N/A

Note: Included a fair value loss on investment properties of HK\$162.5 million (versus a fair value gain of HK\$661.6 million in the same period last year).

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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