

## Press Release

### Sunlight Real Estate Investment Trust (“Sunlight REIT”) Annual Results for the Year Ended 30 June 2016

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#### *A Decade of Excellence*

Hong Kong, 5 September 2016 — As the manager of Sunlight REIT, Henderson Sunlight Asset Management Limited (the “**Manager**”) is pleased to announce the final results of Sunlight REIT for the year ended 30 June 2016 (the “**Year**”).

Despite unabated headwinds especially in the retail scene, Sunlight REIT delivered a set of satisfactory results for the Year. Net property income increased 3.7% year-on-year to HK\$608.5 million, or 7.1% if the properties disposed during the Year are excluded. High occupancies, healthy rental reversion and adequate cost control have successfully offset the income loss due to the disposal of properties. Further, the capital management initiative implemented by the Manager proved rewarding in reducing cash interest outlay. As a result, total distributable income recorded a year-on-year growth of 10.6% to HK\$415.0 million.

The Board has declared a final distribution of HK\$12.3 cents per unit, bringing the total distribution per unit (“**DPU**”) for the Year to HK\$24.3 cents, representing a year-on-year increase of 10.5%. The implied payout ratio was 95.8%, compared with 95.9% in the preceding year.

The portfolio of Sunlight REIT was appraised at HK\$16,651.0 million at 30 June 2016. Meanwhile, its net asset value rose by 3.2% to HK\$13,518.1 million at 30 June 2016, or HK\$8.26 per unit.

#### **Operating Highlights**

During the Year, the office portfolio of Sunlight REIT continued to stage a steady performance on the back of still firm demand for Grade A offices in decentralised locations, while the retail properties remained defensive given their substantial exposure to consumer staples.

At 30 June 2016, the average occupancy of the overall portfolio of Sunlight REIT was 95.9%<sup>1</sup> (30 June 2015: 98.7%), with the occupancies of its office and retail portfolios standing at 98.0% and 91.7%<sup>1</sup> respectively. The average passing rent of the office portfolio was HK\$31.6 per sq. ft., up 4.6% year-on-year, while the corresponding figures for the retail portfolio were HK\$71.6<sup>2</sup> per sq. ft. and 6.5% respectively.

Rental reversions for the office and retail portfolios were 12.7% and 18.2% respectively. In particular, it was encouraging to report the satisfactory rental performances of Sunlight REIT’s top three properties, namely Sunlight Tower, Sheung Shui Centre Shopping Arcade and Metro City Phase I Property, as demonstrated by rental reversions of 11.7%, 17.7% and 17.4% respectively during the Year.

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<sup>1</sup> Excluding the renovated area vacated at Sheung Shui Centre Shopping Arcade, the occupancies for the overall portfolio and retail portfolio would have been 98.1% and 98.2% respectively.

<sup>2</sup> The renovated area vacated at Sheung Shui Centre Shopping Arcade is excluded from the calculation.



SUNLIGHT REIT



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**Mr. Wu Shiu Kee, Keith, Chief Executive Officer** of the Manager said, “Sunlight REIT is well-positioned to endure the adversity looming on the horizon. Going forward, the global economy may falter if undesirable consequences arise while Britain and the European Union are reshaping their relationship. Nonetheless, in the face of an increasingly challenging operating environment, we will employ effective value-added strategies to temper the woes, ensuring that the income and distribution of Sunlight REIT can remain substantially intact, and the long-term benefits of unitholders can continue to grow.”

*Remarks: Attached highlights of the FY2015/16 Financial Results of Sunlight REIT.*

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### **About Sunlight REIT**

Sunlight Real Estate Investment Trust (“**Sunlight REIT**”; Stock Code: 435) is a real estate investment trust authorised 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 was 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 ten office and six retail properties in Hong Kong with an aggregate gross rentable area of approximately 1,206,827 sq. ft.. The office properties are primarily located in core business areas, including Central, Wan Chai and Sheung Wan and in decentralised business areas such as Mong Kok/Yau Ma Tei and North Point. The retail properties are primarily situated at 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**

Henderson Sunlight Asset Management Limited (恒基陽光資產管理有限公司) is the manager of Sunlight REIT, an indirect wholly-owned subsidiary of Henderson Land Development Company Limited (恒基兆業地產有限公司). The Manager’s responsibility is to manage Sunlight REIT in the sole interest of the unitholders in accordance with the Trust Deed.

#### 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 Cornerstones Communications Ltd. on behalf of Henderson Sunlight Asset Management Limited. For further information, please contact:*

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### Highlights of FY2015/16 Final Results:

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

	2016	2015	Change* (%)
<b>For the year ended 30 June:</b>			
Revenue	<b>769.7</b>	754.4	2.0
Net property income	<b>608.5</b>	586.6	3.7
Cost-to-income ratio (%)	<b>20.9</b>	22.2	N/A
Profit after taxation	<b>825.3</b>	1,902.7	-56.6
Total distributable income	<b>415.0</b>	375.2	10.6
Distribution per unit (HK cents)	<b>24.3</b>	22.0	10.5
Payout ratio (%)	<b>95.8</b>	95.9	N/A
<b>At 30 June:</b>			
Portfolio valuation	<b>16,651.0</b>	17,035.3	-2.3
Net asset value	<b>13,518.1</b>	13,097.1	3.2
Net asset value per unit (HK\$)	<b>8.26</b>	7.99	3.4
Gearing ratio (%)	<b>21.9</b>	22.0	N/A

\* The reported growth figures were affected by the completion of the disposal of three non-core properties during the Year. Stripping out the contribution from these properties, the growth in revenue, net property income and portfolio valuation would have been 5.4%, 7.1% and 2.8% respectively.