



SUNLIGHT REIT

Henderson Sunlight Asset Management Limited

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## Press Release

### Sunlight Real Estate Investment Trust ("Sunlight REIT") Annual Results for the Year Ended 30 June 2017

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#### *Advancing with Proactive Management*

Hong Kong, 5 September 2017 — Henderson Sunlight Asset Management Limited (the "**Manager**") is pleased to announce the final results of Sunlight REIT for the year ended 30 June 2017 (the "**Year**").

Sunlight REIT recorded a 2.5% year-on-year ("**YoY**") increase in net property income to HK\$623.4 million for the Year. Thanks to the success in containing the rise in operating costs and interest expenses, annual distributable income expanded at a faster rate of 4.7% to HK\$434.5 million.

The Board has resolved to declare a final distribution of HK 13.3 cents per unit. Further, in light of the strong financial position of Sunlight REIT particularly following the strategic asset disposal which took place in 2015, the Board has also declared a special distribution of HK 7.5 cents per unit. Coupled with an interim distribution of HK 12.2 cents per unit, the total distribution per unit for the Year would amount to HK 33.0 cents, up 35.8% YoY. The implied payout ratio for the Year is 124.3% (or 96.1% if excluding the special distribution), compared with 95.8% in the preceding year. Distribution yield is 6.4% based on the closing unit price at 30 June 2017.

The value of Sunlight REIT's portfolio was appraised at HK\$17,062.4 million at 30 June 2017. Meanwhile, its net assets grew 2.8% to HK\$13,899.5 million, which implies a net asset value of HK\$8.49 per unit.

During the Year, the Manager opted to refinance the existing term loan facilities of Sunlight REIT at an average interest margin of 0.7% per annum (versus 1.24% previously) over HIBOR with a weighted loan maturity period of 4.3 years. With more than 70% of total borrowings being hedged to fixed rates, Sunlight REIT is well positioned to withstand the risk of potentially higher interest rates ahead, while the interest savings resulting from refinancing will clearly have positive implications for distributions to unitholders.

#### **Operating Highlights**

The overall portfolio of Sunlight REIT recorded an average occupancy of 96.9% at 30 June 2017 (30 June 2016: 95.9%). The occupancies of its office and retail portfolios were 97.3% and 96.2% (30 June 2016: 98.0% and 91.7%) respectively while their passing rent were HK\$32.0 per sq. ft. and HK\$71.3 per sq. ft.. Rental reversions of 10.1% and 5.3% were achieved by the office and retail properties respectively.

Of the top three properties of Sunlight REIT, the performance of Sheung Shui Centre Shopping Arcade was somewhat affected by its refurbishment programme and the still cautious retail sentiment. Gratifyingly, the other two major properties, namely Sunlight Tower and Metro City Phase I Property, fared better and achieved a respectable rental reversion of 11.9% and 14.5% respectively during the Year.

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**Mr. Wu Shiu Kee, Keith, Chief Executive Officer** of the Manager said, "Unsettling regional geopolitical tensions can cause instability in financial markets and curb investment and consumer sentiments. Nevertheless, Sunlight REIT is well prepared to weather the potential volatilities or even to capitalize on them; barring unforeseen circumstances, we are hopeful that it will maintain steady progress in the year ahead."

*Remarks: Attached highlights of the FY2016/17 Financial 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 since 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 1.2 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 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**

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 responsibility is to manage Sunlight REIT in the sole interest of the unitholders in accordance with the Trust Deed.

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### Highlights of FY2016/17 Final Results:

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

	2017	2016	Change (%)
<b>For the year ended 30 June:</b>			
Revenue	<b>788.1</b>	769.7	2.4
Net property income	<b>623.4</b>	608.5	2.5
Cost-to-income ratio (%)	<b>20.9</b>	20.9	N/A
Profit after taxation	<b>743.5</b>	825.3	(9.9)
Annual distributable income	<b>434.5</b>	415.0	4.7
Distribution per unit (HK cents) <sup>1</sup>	<b>33.0</b>	24.3	35.8
Payout ratio (%) <sup>1 &amp; 2</sup>	<b>124.3</b>	95.8	N/A
<b>At 30 June:</b>			
Portfolio valuation	<b>17,062.4</b>	16,651.0	2.5
Net asset value	<b>13,899.5</b>	13,518.1	2.8
Net asset value per unit (HK\$)	<b>8.49</b>	8.26	2.8
Gearing ratio (%)	<b>21.5</b>	21.9	N/A

Notes :

- Including a special distribution of HK 7.5 cents in 2017.
- Payout ratio for 2017 would have been 96.1% if the special distribution were excluded.

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 the Manager. For further information, please contact:*

#### **Cornerstones Communications Ltd.**

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