

## Press Release

### Sunlight Real Estate Investment Trust (“Sunlight REIT”) Annual Results for the Year Ended 30 June 2018

Hong Kong, 4 September 2018 — Henderson Sunlight Asset Management Limited (the “**Manager**”) is pleased to announce the final results of Sunlight REIT for the year ended 30 June 2018 (the “**Year**”).

Bolstered by an upswing in Hong Kong’s retail sector and a robust trend toward office decentralization, Sunlight REIT recorded a 3.6% year-on-year (“**YoY**”) increase in net property income (“**NPI**”) to HK\$646.1 million for the Year. Annual distributable income was HK\$450.5 million, up 3.7% YoY.

The Board has resolved to declare a final distribution of HK 13.9 cents per unit. Coupled with an interim distribution of HK 12.6 cents per unit, the total distribution per unit (“**DPU**”) for the Year amounts to HK 26.5 cents, representing a payout ratio of 96.7% and a distribution yield of 4.9% (based on the closing unit price of HK\$5.42 on the last trading day of the Year). Excluding the special distribution (of HK 7.5 cents per unit) paid in the previous financial year, DPU for the Year would imply a growth of 3.9%.

The value of Sunlight REIT’s portfolio was appraised at HK\$18,754.8 million at 30 June 2018, 9.9% higher than a year ago. Meanwhile, its net assets expanded 6.9% to HK\$14,857.0 million, which translates to a net asset value of HK\$9.03 per unit.

Astute asset management was one of the highlights of the Year. The Manager is delighted to have fended off formidable competition and concluded the purchase of Fung Shun Commercial Building for HK\$658.0 million. Further, the Manager also successfully disposed of Palatial Stand Property at a premium of 133% over its appraised value.

At 30 June 2018, the gearing ratio of Sunlight REIT (defined as total borrowings as a percentage of gross assets) was 21.8% and approximately 61% of the term loan facilities were hedged to fixed rates.

#### Operating Highlights

The overall portfolio of Sunlight REIT recorded an average occupancy rate of 98.2% at 30 June 2018 (30 June 2017: 97.1%<sup>1</sup>). Average passing rent of the office and retail portfolios were HK\$33.8 per sq. ft. and HK\$73.9 per sq. ft. respectively, supported by rental reversions of 6.9% and 8.0%.

During the Year, Sunlight Tower, the flagship office property of Sunlight REIT, continued to exhibit a fine performance, enjoying a rental reversion of 10.4%. Meanwhile, underpinned by a recovery in retail spending, the NPI of Sheung Shui Centre Shopping Arcade (excluding the one-off income received in FY2016/17 in respect of an early lease termination) grew by more than 7% YoY. Metro City Phase I Property has once again turned in a reassuring performance, as NPI rose by 9.3% YoY on the back of a satisfactory rental reversion of 10.5%.

-cont’d-

---

<sup>1</sup> Adjusted to reflect the disposal of Palatial Stand Property.



SUNLIGHT REIT

Henderson Sunlight Asset Management Limited

30/F, Sunlight Tower, 248 Queen's Road East, Wan Chai, Hong Kong

t +852 3669 2888 f +852 2285 9980

www.sunlightreit.com

## Press Release

*Sunlight REIT's Annual Results for the Year Ended 30 June 2018*

*Page 2 of 3*

**Mr. Wu Shiu Kee, Keith, Chief Executive Officer** of the Manager said, “The prospect of higher interest rates, jittery stock market sentiment and growing concerns regarding international trade all portend to an escalating risk premium for investment. Nevertheless, by adhering to the commitment to agility, Sunlight REIT is well positioned to withstand potential turbulence in the marketplace and even capitalize on investment opportunities that may arise. I am reasonably confident that Sunlight REIT is on the right track to maintain steady progress in the coming year.”

*Remarks: Attached highlights of the FY2017/18 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 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 11 office and five retail properties in Hong Kong with a total 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 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) and is responsible for managing Sunlight REIT in accordance with the Trust Deed in the sole interest of the unitholders.

## Press Release

*Sunlight REIT's Annual Results for the Year Ended 30 June 2018*  
 Page 3 of 3

### Highlights of FY2017/18 Final Results:

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

	2018	2017	Change (%)
<b>For the year ended 30 June:</b>			
Revenue	<b>817.4</b>	788.1	3.7
Net property income	<b>646.1</b>	623.4	3.6
Cost-to-income ratio (%)	<b>21.0</b>	20.9	N/A
Profit after taxation	<b>1,442.3</b>	743.5	94.0
Annual distributable income	<b>450.5</b>	434.5	3.7
Distribution per unit (HK cents) <sup>Note</sup>	<b>26.5</b>	33.0	(19.7)
Payout ratio (%) <sup>Note</sup>	<b>96.7</b>	124.3	N/A
<b>At 30 June:</b>			
Portfolio valuation	<b>18,754.8</b>	17,062.4	9.9
Net asset value	<b>14,857.0</b>	13,899.5	6.9
Net asset value per unit (HK\$)	<b>9.03</b>	8.49	6.4
Gearing ratio (%)	<b>21.8</b>	21.5	N/A

Note: A special distribution of HK 7.5 cents was included in 2017. Excluding the special distribution, distribution per unit for the Year would imply a growth of 3.9% and the payout ratio in 2017 would have been 96.1%.

#### 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.

Kylie Yeung / Ivan Kau / Yesan Ma

T: 2903 9293 / 2903 9285 / 2903 9287

F: (852) 2887 1712

E: sunlightreit@cornerstonescom.com