



SUNLIGHT REIT

Henderson Sunlight Asset Management Limited

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## Press Release

### **Sunlight Real Estate Investment Trust ("Sunlight REIT") to acquire Fung Shun Commercial Building for HK\$658 million**

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#### **An accretive acquisition with synergistic benefits**

Hong Kong, 26 September 2017 — Henderson Sunlight Asset Management Limited (the "**Manager**") is pleased to announce on 26 September 2017, a wholly-owned subsidiary of Sunlight REIT entered into a sale and purchase agreement with an independent third party to purchase Fung Shun Commercial Building for a consideration of HK\$658 million, representing a slight discount to the independently appraised value of HK\$660 million.

#### **About Fung Shun Commercial Building**

The subject property is a 22-storey commercial building (including basement) located at No. 591 Nathan Road and No. 13 Changsha Street, Mong Kok, Kowloon with a total gross rentable area of approximately 34,651 sq. ft., comprising the retail portion of approximately 11,627 sq. ft. and the office portion of approximately 23,024 sq. ft..

Upon completion of the acquisition, which is expected to take place on or before 15 December 2017, the vendor shall lease back the entire subject property for a fixed term of 1 year for the office portion (with an option to renew for a further 1 year), and a fixed term of 4 years for the retail portion.

#### **Strategic location with enhanced economies of scale**

The subject property is located on Nathan Road in Mong Kok, an area which offers unparalleled pedestrian and vehicular traffic with convenient access to other districts of Hong Kong. Apart from being renowned as a popular shopping destination, Mong Kok is also a competitive office hub particularly for service trades.

Further, the subject property is in close proximity to Righteous Centre, a commercial property situated at No. 585 Nathan Road and wholly-owned by Sunlight REIT. Upon completion, Sunlight REIT can achieve better economies of scale on enhanced operating synergies, both in terms of satisfying tenant requirements as well as sharing of property management resources.

#### **An accretive acquisition**

It is estimated that the gearing ratio of Sunlight REIT at 30 June 2017 would have increased from approximately 21.5% to approximately 22.8%, on the assumption that the acquisition was financed by a loan facility of HK\$325 million and by cash as to the balance. Further, had the acquisition been completed on 1 July 2016 and been financed in a similar manner as mentioned above, the pro forma distribution per unit ("**DPU**") of Sunlight REIT for the year ended 30 June 2017 would have been increased to HK 26.0 cents versus the actual DPU of HK 25.5 cents, assuming a similar distribution payout ratio of 96.1%<sup>1</sup>.

#### **Enhanced portfolio diversification**

Upon completion, Sunlight REIT will hold a diversified portfolio of eleven office and six retail properties in Hong Kong with a total gross rentable area of approximately 1.24 million sq. ft..

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<sup>1</sup> The actual DPU and the distribution payout ratio referred to in the above are calculated on the basis that the special distribution of HK 7.5 cents per unit for FY2016/17 is excluded.



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**Mr. Wu Shiu Kee, Keith, Chief Executive Officer** of the Manager said, "We are delighted to announce this en-bloc property acquisition, which marks an important milestone for Sunlight REIT to expand its footprint in the decentralized office market, while providing accretive benefit to its unitholders."

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### **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.

#### 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:*

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