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SUNLIGHT REIT

Sunlight Real Estate Investment Trust

(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code : 435)

Managed by
Henderson Sunlight Asset Management Limited
 恒基陽光資產管理有限公司

FINAL RESULTS ANNOUNCEMENT FOR THE 18 MONTHS ENDED 31 DECEMBER 2024

The board of directors (the “**Board**”) of Henderson Sunlight Asset Management Limited (the “**Manager**”) announces the final results of Sunlight Real Estate Investment Trust (“**Sunlight REIT**”) for the 18 months ended 31 December 2024 (the “**Reporting Period**”), which are prepared incidental to the change of financial year end date from 30 June to 31 December, as set out in the announcement dated 5 December 2023.

FINANCIAL HIGHLIGHTS

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

	18 months ended 31 December 2024	Year ended 30 June 2023
Revenue	1,236.3	783.3
Net property income	957.7	624.0
Cost-to-income ratio (%)	22.5	20.3
Loss after taxation	(173.0)	(28.4)
Distributable income	499.7	380.3
Distribution per unit (HK cents)	27.4	22.0
Payout ratio (%)	94.0	97.9
	At 31 December 2024	At 30 June 2023
Portfolio valuation	17,933.6	18,512.2
Net asset value	13,010.1	13,669.2
Net asset value per unit (HK\$)	7.53	8.06
Gearing ratio (%)	27.0	26.1

PORTFOLIO STATISTICS

Property	Occupancy Rate (%)		Passing Rent ¹ (HK\$/sq. ft.)		Rental and Car Park Income (HK\$'000)		Appraised Value (HK\$'000)
	at 31 Dec 2024	at 30 Jun 2023	at 31 Dec 2024	at 30 Jun 2023	18 months ended 31 Dec 2024	Year ended 30 Jun 2023	at 31 Dec 2024
Office							
Grade A							
Dah Sing Financial Centre	92.2	90.4	36.9	41.8	238,797	168,222	4,731,000
Grade B							
Strand 50	89.2	94.4	29.6	31.0	56,258	39,622	1,189,000
135 Bonham Strand Trade Centre Property	92.8	100.0	26.7	26.6	28,247	19,721	533,000
Winsome House Property	94.3	83.0	36.9	38.8	24,883	16,255	530,000
Righteous Centre	94.8	97.4	34.2	35.2	32,457	21,159	525,000
The Harvest	83.4	95.7	40.2	41.2	21,786	14,773	502,000
235 Wing Lok Street Trade Centre	88.4	96.7	19.7	19.7	17,094	11,642	335,000
Java Road 108 Commercial Centre	98.1	100.0	23.8	24.7	15,837	10,904	254,000
On Loong Commercial Building	98.0	100.0	25.5	27.9	11,875	8,886	225,000
Sun Fai Commercial Centre Property	96.7	91.0	21.8	22.0	9,787	6,452	163,000
Wai Ching Commercial Building Property	87.5	91.7	16.8	16.9	4,436	3,107	78,000
Sub-total/Average	92.0	93.1	32.1	34.6	461,457	320,743	9,065,000
Retail							
New Town							
Sheung Shui Centre Shopping Arcade	91.4	97.6	103.9	96.0	228,303	148,829	3,763,000
Metro City Phase I Property ²	91.7	92.2	52.2	53.8	199,681	129,903	3,048,600
Kwong Wah Plaza Property	97.3	95.4	51.6	54.6	63,506	40,851	1,101,000
Urban							
West 9 Zone Kids ³	73.4	85.7	48.2	55.7	47,241	6,809	806,000
Beverly Commercial Centre Property	91.2	100.0	31.7	29.8	4,245	2,688	75,000
Supernova Stand Property	100.0	100.0	58.8	57.3	4,435	2,892	75,000
Sub-total/Average	90.1	93.5	65.6	65.6	547,411	331,972	8,868,600
Total/Average	91.3	93.3	43.7	45.4	1,008,868	652,715	17,933,600

	Rental Reversion ⁴ (%)		Capitalization Rate (%)
	18 months ended 31 Dec 2024	Year ended 30 Jun 2023	at 31 Dec 2024
	Office	(4.6)	(2.1)
Retail	(0.6)	(2.5)	3.40 - 4.35
Average	(2.6)	(2.3)	

- Notes :
1. Passing rent is calculated on the basis of average rent per sq. ft. for occupied gross rentable area on the relevant date.
 2. Certain car park spaces of the property were disposed of on 31 October 2024 at approximately HK\$20 million.
 3. Acquisition of the property was completed on 13 April 2023.
 4. Rental reversion is calculated on the basis of change in effective rent of the leases renewed and commenced during the relevant Reporting Period or year.

PERFORMANCE HIGHLIGHTS

For the Reporting Period, Sunlight REIT posted total revenue and net property income (“NPI”) of HK\$1,236.3 million and HK\$957.7 million respectively, while distributable income was HK\$499.7 million. The key performance indicators on a calendarized basis are summarized as follows :

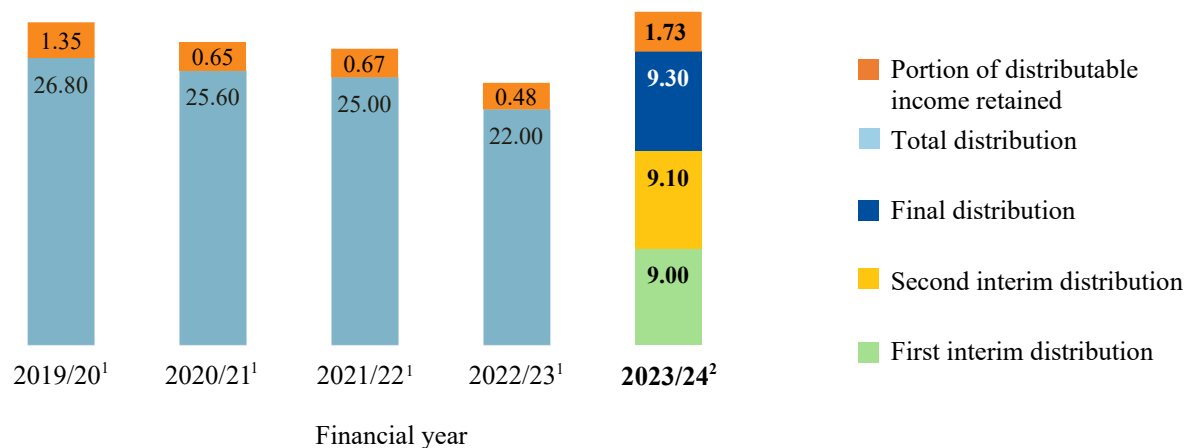
in HK\$’ million (unaudited)	12 months ended 31 December 2024	12 months ended 31 December 2023
Revenue	817.1	814.0
Net property income	634.5	639.6
Distributable income	337.3	344.4

The Board has resolved to declare a final distribution of HK 9.3 cents per unit. Together with the first and second interim distributions of HK 9.0 cents and HK 9.1 cents per unit respectively, the total distribution per unit for the Reporting Period would amount to HK 27.4 cents, representing a payout ratio of 94.0% (FY2022/23: 97.9%). Based on the closing price of HK\$1.86 per unit on 31 December 2024, the annualized distribution yield for the Reporting Period was 9.8%.

The portfolio of Sunlight REIT was appraised at HK\$17,933.6 million at 31 December 2024, 3.1% lower as compared to 30 June 2023. Accordingly, its net asset value declined by 4.8% to HK\$13,010.1 million, or HK\$7.53 per unit.

Distribution per unit at a glance

(HK cents)



- Notes :
1. For the financial year ended 30 June
 2. For the 18-month financial year ended 31 December 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

Operational Statistics

At 31 December 2024, the occupancy rate of Sunlight REIT's overall portfolio was 91.3% (30 June 2023: 93.3%), while the corresponding figures of the office and retail portfolios were 92.0% and 90.1% (30 June 2023: 93.1% and 93.5%) respectively. The office portfolio registered a retention rate of 65% (FY2022/23: 74%), while the corresponding figure of the retail portfolio was 79% (FY2022/23: 79%). The average passing rent of the office portfolio was HK\$32.1 per sq. ft. at 31 December 2024, down 7.2% as compared to the level at 30 June 2023, while that of the retail portfolio was unchanged at HK\$65.6 per sq. ft. Negative rental reversions of 4.6% and 0.6% were recorded for the office and retail portfolios respectively, resulting in an average rental reversion of negative 2.6% for the overall portfolio.

Dah Sing Financial Centre

Rental and car park income of Dah Sing Financial Centre (“**DSFC**”) for the Reporting Period came in at HK\$238.8 million, or HK\$156.7 million for the 12 months ended 31 December 2024 (12 months ended 31 December 2023: HK\$164.1 million).

At 31 December 2024, the occupancy rate of DSFC improved to 92.2% (30 June 2023: 90.4%). However, the property recorded a negative rental reversion of 8.2% which included a rent review for a key tenant, while its passing rent experienced an 11.7% decline from HK\$41.8 per sq. ft. at 30 June 2023 to HK\$36.9 per sq. ft. The tenant retention rate for the Reporting Period was 52%.

Sheung Shui Centre Shopping Arcade

For the Reporting Period, Sheung Shui Centre Shopping Arcade (“**SSC**”) recorded rental and car park income of HK\$228.3 million, or HK\$151.8 million for the 12 months ended 31 December 2024 (12 months ended 31 December 2023: HK\$151.5 million).

SSC achieved a positive rental reversion of 4.2% for the Reporting Period with a satisfactory retention rate of 77%. At 31 December 2024, its passing rent made reasonable headway to HK\$103.9 per sq. ft. (30 June 2023: HK\$96.0 per sq. ft.), but its occupancy rate of 91.4% was lower than the 97.6% recorded at 30 June 2023, principally due to the space vacated by the kindergarten tenant which accounted for 7.5% of its gross rentable area.

Metro City Phase I Property

Rental and car park income of Metro City Phase I Property (“**MCPI**”) for the Reporting Period was HK\$199.7 million, or HK\$132.9 million for the 12 months ended 31 December 2024 (12 months ended 31 December 2023: HK\$131.6 million).

The occupancy rate of MCPI declined marginally to 91.7% at 31 December 2024 (30 June 2023: 92.2%) while the property maintained a high retention rate of 82% for the Reporting Period. The rental reversion came in at negative 0.9%, while its passing rent was down 3.0% to HK\$52.2 per sq. ft. at 31 December 2024 (30 June 2023: HK\$53.8 per sq. ft.).

During the Reporting Period, the Manager disposed of certain car park spaces for approximately HK\$20 million, which implies an average exit yield of 3.5%.

Financial Review

Sunlight REIT recorded a revenue of HK\$1,236.3 million for the Reporting Period. Property operating expenses and NPI came in at HK\$278.6 million and HK\$957.7 million respectively, implying a cost-to-income ratio of 22.5%.

Reflecting a persistently high interest rate environment, cash interest expense was HK\$319.2 million. Taking into account a decrease in fair value of investment properties of HK\$592.9 million, there was a loss after taxation of HK\$173.0 million for the Reporting Period.

The gearing ratio of Sunlight REIT (defined as total borrowings as a percentage of gross assets) was 27.0%, and the percentage of gross liabilities to gross assets was 29.7%.

The EBITDA^{Note} of Sunlight REIT was HK\$828.8 million. The interest coverage ratio for the Reporting Period was 2.6 times versus 3.9 times recorded in the previous financial year.

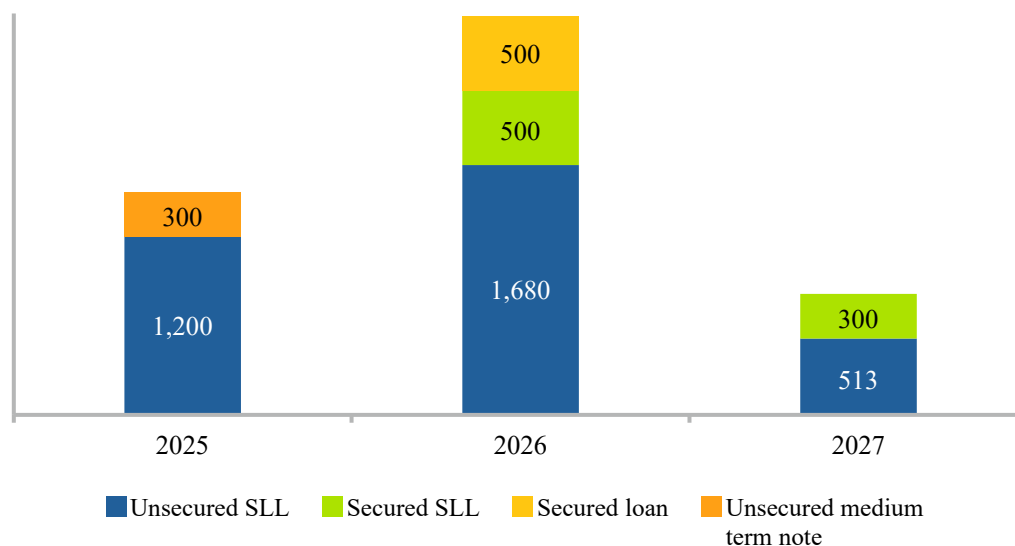
Capital and Interest Rate Management

During the Reporting Period, the Manager applied the sales proceeds of HK\$20 million from the disposal of certain car park spaces at MCPI towards partial prepayment of a term loan. Consequently, Sunlight REIT had total borrowings of HK\$4,993 million at 31 December 2024, comprising secured loans of HK\$1,300 million and unsecured borrowings of HK\$3,693 million, with a weighted debt maturity period of 1.4 years. The percentage of sustainability-linked loans (“SLLs”) to total borrowings was about 84%.

Maturity Profile of Total Borrowings

(at 31 December 2024)

(HK\$' million)

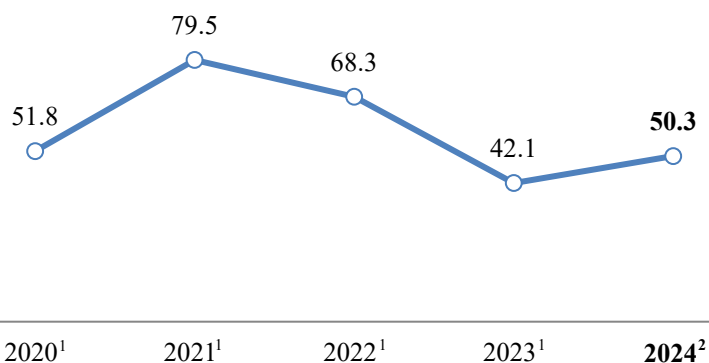


Note : EBITDA represents net earnings before change in fair value of investment properties, interest expenses, taxation, depreciation and amortization.

Capitalizing on the volatility of interest rate swap (“**IRS**”) pricing during the period under review, the Manager executed a spate of IRSs with an aggregate notional amount of HK\$1,100 million, elevating the fixed rate exposure of Sunlight REIT to 50.3% at 31 December 2024. Subsequent to the end of the Reporting Period, an additional IRS with a notional amount of HK\$100 million was entered into for a tenure of 3 years.

The weighted average interest rate for the fixed rate borrowings was 3.17% per annum, while the floating rate portion carried a blended interest margin of 0.81% per annum over Hong Kong Interbank Offered Rate. The weighted average funding cost for the Reporting Period was 4.2%, compared to 2.9% recorded in the preceding financial year.

Fixed Rate Borrowings as a % of Total Borrowings (%)



Notes : 1. At 30 June
2. At 31 December

Environmental, Social and Governance

Sunlight REIT has achieved a four-star rating in the latest Global Real Estate Sustainability Benchmark (GRESB) assessment, a recognition that highlights the Manager’s unwavering commitment and ability to advancing sustainability by integrating environmental, social and governance values into the management and operations of Sunlight REIT.

PROSPECTS

The risk spectrum of real estate investing is clearly broadening and deepening over the past few years. In addition to the structural challenges, Sunlight REIT is facing risks associated with wage-push inflation, health and safety as well as the availability of credit. In view of these evolving trends, developing a culture of resilience and innovation is a priority of commercial asset management going forward.

The theme of the annual report, “***Building Resilience***”, underscores the Manager’s conviction to fortify the fundamentals of Sunlight REIT, which include (but are not limited to) upkeeping its cost-to-income efficiency, exploring alternative leasing strategies and new collaboration opportunities, and deploying sufficient capital to upgrade the quality and provisions of the properties under management.

It is currently envisaged that new letting demand for Grade A offices will remain lethargic, while the local retail landscape will continue to encounter cross-border competition, which in turn may constrain the expansion appetite of retail operators, particularly for eateries as well as healthcare and beauty sectors. As such, the duration of rent void has become and will remain a key swing factor governing the income performance of Sunlight REIT.

On the expenditure front, labour cost is on the ascent and may have an impact on operating margin. In this regard, the Manager has accelerated the utilization of proptech and Internet of Things which would help to reduce reliance on labour-intensive procedures.

Amidst a tight credit environment, Sunlight REIT's strong financial position will continue to garner support from its banking partners. Barring unforeseen circumstances, the Manager is optimistic about the refinancing of certain loan facilities due in 2025.

Given the current investment sentiment and uncertain interest rate trends, the Manager will adopt a prudent and agile approach to gauging opportunities for acquisition and disposal. In particular, the disposal of certain car park spaces at MCPI, albeit immaterial, is consistent with the asset recycling strategy of unlocking the intrinsic value of assets as and when opportune.

To conclude, a post-pandemic pattern of life combined with a significant advancement in technology has established an unprecedented economic landscape, both globally and locally. Adapting to and thriving in this new normal culture requires nothing short of an enduring commitment to innovation. The Manager will ensure that the team will get prepared to navigate the ongoing challenges, while maintaining a strong aspiration to bring sustainable returns to the stakeholders of Sunlight REIT.

CLOSURE OF REGISTER OF UNITHOLDERS

Distribution Entitlement

The ex-distribution date and record date for the final distribution are Wednesday, 26 March 2025 and Tuesday, 1 April 2025 respectively. The register of unitholders will be closed from Friday, 28 March 2025 to Tuesday, 1 April 2025, both days inclusive, during which period no transfer of units will be effected. In order to qualify for the final distribution, all transfer documents accompanied by the relevant unit certificates must be lodged for registration with the unit registrar of Sunlight REIT, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (the "Unit Registrar") not later than 4:30 p.m. on Thursday, 27 March 2025. Payment of the final distribution will be made to unitholders on Friday, 11 April 2025.

Annual General Meeting

The annual general meeting will be held on Thursday, 29 May 2025, and notice convening the meeting will be issued on Monday, 7 April 2025. For the purpose of determining entitlements to attend and vote at the meeting, the register of unitholders will be closed from Monday, 26 May 2025 to Thursday, 29 May 2025, both days inclusive, during which period no transfer of units will be effected. In order to be eligible to attend and vote at the meeting, all transfer documents accompanied by the relevant unit certificates must be lodged for registration with the Unit Registrar not later than 4:30 p.m. on Friday, 23 May 2025.

CORPORATE GOVERNANCE

The Manager is committed to upholding a high standard of corporate governance. To ensure compliance with all relevant laws and regulations, it has established a robust corporate governance framework supported by five key elements, namely checks and balances, risk management, internal control, communication and transparency; and has adopted a compliance manual (the “**Compliance Manual**”) which sets out the key processes, internal control and system, corporate governance policies as well as other policies and procedures governing the management and operations of Sunlight REIT.

During the Reporting Period, the Manager has in material terms complied with the provisions of the Compliance Manual. In addition, the Manager and Sunlight REIT have, to the extent applicable, applied the principles and complied with the code provisions in the Corporate Governance Code in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Public Float

Based on information that is publicly available and as far as the Manager is aware, 45.5% of the outstanding units in issue of Sunlight REIT were held in public hands at the date of this announcement, which satisfies the minimum public float requirement of 25% under the Listing Rules.

New Units Issued

During the Reporting Period, a total of 33,672,506 new units were issued to the Manager in October 2023, April 2024 and October 2024 as payment of part of the Manager’s fees.

Save as aforesaid, there were no other new units issued during the Reporting Period.

Buy-back, Sale or Redemption of Units

Pursuant to the general mandate to buy back units granted by unitholders, the Manager bought back a total of 2,000,000 units on behalf of Sunlight REIT on The Stock Exchange of Hong Kong Limited during the Reporting Period for an aggregate consideration of approximately HK\$3.5 million (excluding buy-back expenses). All the units bought back were cancelled prior to the end of the Reporting Period. Details of the buy-backs are as follows :

Month of buy-back	Number of units bought back	Price paid per unit		Aggregate consideration paid* (HK\$'000)
		Highest (HK\$)	Lowest (HK\$)	
November 2023	1,000,000	2.05	2.02	2,035
April 2024	1,000,000	1.55	1.48	1,510
Total	2,000,000			3,545

* Excluding buy-back expenses

Save as disclosed above, there was no other purchase, sale or redemption of units by Sunlight REIT or its wholly-owned and controlled entities during the Reporting Period.

Employees

Sunlight REIT is managed by the Manager and does not employ any staff itself.

Review of Final Results

The final results of Sunlight REIT for the Reporting Period have been reviewed by the audit committee and the disclosures committee of the Manager in accordance with their respective terms of reference.

The figures in respect of the Sunlight REIT's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, distribution statement and the related notes thereto as set out in this announcement have been compared by the auditor of Sunlight REIT, KPMG, Certified Public Accountants, to the amounts set out in the audited consolidated financial statements of Sunlight REIT for the Reporting Period and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by KPMG on this announcement.

ISSUANCE OF ANNUAL REPORT AND SUSTAINABILITY REPORT

The annual report of Sunlight REIT for the Reporting Period will be sent to unitholders on or about 7 April 2025, while the standalone version of the sustainability report will be published in electronic format only. Both reports will be accessible on the corporate website of Sunlight REIT (www.sunlightreit.com).

FORWARD-LOOKING STATEMENTS

This announcement contains certain statements and terminologies that are forward-looking. These statements are made on the basis of the current beliefs, assumptions, expectations and projections of the Board and senior management of the Manager. They are subject to risks, uncertainties and other factors beyond the Manager's control, the emergence of which may cause actual results or performance to differ materially from those expressed or implied in such statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the 18 months ended 31 December 2024

(Expressed in Hong Kong dollars)

		18 months ended 31 December 2024 \$'000	Year ended 30 June 2023 \$'000
Revenue	3 & 4	1,236,324	783,272
Property operating expenses	3 & 5	(278,618)	(159,296)
Net property income		957,706	623,976
Other net income	6	32,294	7,491
Administrative expenses		(157,508)	(105,973)
Net decrease in fair value of investment properties		(592,887)	(354,424)
Profit from operations		239,605	171,070
Finance costs on interest-bearing liabilities	7(a)	(326,804)	(132,294)
(Loss)/profit before taxation and transactions with unitholders	7	(87,199)	38,776
Income tax	8	(85,816)	(67,208)
Loss after taxation and before transactions with unitholders		(173,015)	(28,432)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the 18 months ended 31 December 2024
(Expressed in Hong Kong dollars)

	18 months ended 31 December 2024 \$'000	Year ended 30 June 2023 \$'000
Loss after taxation and before transactions with unitholders	(173,015)	(28,432)
Other comprehensive (loss)/income for the period/year		
<i>Items that have been reclassified/may be reclassified subsequently to profit or loss :</i>		
- Effective portion of changes in fair value of cash flow hedges recognized during the period/year	(83,213)	(12,103)
- Net reclassification adjustments for amounts transferred to profit or loss in respect of :		
- finance costs on interest-bearing liabilities	929	(4,904)
- unrealized exchange difference on foreign currency borrowing	34,628	24,752
- unwinding of swaps	(8,389)	(5,593)
	(56,045)	2,152
Total comprehensive loss for the period/year	(229,060)	(26,280)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

(Expressed in Hong Kong dollars)

		31 December 2024	30 June 2023
	Note	\$'000	\$'000
Non-current assets			
Fixed assets			
- Investment properties		17,933,600	18,512,200
- Other fixed assets		139	1,115
		17,933,739	18,513,315
Deferred tax assets		358	358
Derivative financial instruments		1,686	9,234
Reimbursement rights		37,436	37,436
Other financial assets		29,307	80,769
Other non-current assets		2,095	12,430
		18,004,621	18,653,542
Current assets			
Trade and other receivables	10	50,830	53,254
Derivative financial instruments		8,664	25,816
Other financial assets		44,275	-
Cash and bank balances		407,331	485,242
Tax recoverable		35	8
		511,135	564,320
Total assets		18,515,756	19,217,862
Current liabilities			
Tenants' deposits		(192,711)	(206,358)
Rent receipts in advance		(13,638)	(15,765)
Trade and other payables	11	(74,250)	(75,434)
Bank and other borrowings		(1,498,123)	(707,000)
Derivative financial instruments		(7,231)	(8,829)
Tax payable		(22,132)	(58,635)
		(1,808,085)	(1,072,021)
Net current liabilities		(1,296,950)	(507,701)
Total assets less current liabilities		16,707,671	18,145,841

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2024

(Expressed in Hong Kong dollars)

	31 December 2024 \$'000	30 June 2023 \$'000
Non-current liabilities, excluding net assets attributable to unitholders		
Bank and other borrowings	(3,318,997)	(4,164,229)
Deferred tax liabilities	(248,597)	(241,557)
Derivative financial instruments	(130,010)	(70,851)
	<u>(3,697,604)</u>	<u>(4,476,637)</u>
Total liabilities, excluding net assets attributable to unitholders	<u>(5,505,689)</u>	<u>(5,548,658)</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>13,010,067</u>	<u>13,669,204</u>
Number of units in issue	<u>1,726,707,663</u>	<u>1,695,035,157</u>
Net asset value attributable to unitholders per unit	<u>\$7.53</u>	<u>\$8.06</u>

DISTRIBUTION STATEMENT

For the 18 months ended 31 December 2024

(Expressed in Hong Kong dollars)

	Note	18 months ended 31 December 2024 \$'000	Year ended 30 June 2023 \$'000
Loss after taxation and before transactions with unitholders		(173,015)	(28,432)
Adjustments (note (i)) :			
- Net decrease in fair value of investment properties		592,887	354,424
- Manager's fees paid or payable in the form of units		68,795	45,161
- Gain on disposal of investment properties	6	(4,765)	-
- Interest rate swaps - cash flow hedges	7(a)	(23)	(5,384)
- Non-cash finance costs on interest-bearing liabilities		7,672	4,084
- Deferred tax	8	7,040	10,246
- Depreciation		1,060	173
		672,666	408,704
Distributable income (note (i))		499,651	380,272
Interim distribution for the financial year ended 30 June 2023 ("FY2022/23"), paid (notes (ii))		-	185,712
First interim distribution for the six months ended 31 December 2023 ("First Interim Distribution"), paid (note (iii))		153,242	-
Second interim distribution for the 12 months ended 30 June 2024 ("Second Interim Distribution"), paid (note (iv))		155,978	-
Final distribution for FY2022/23, paid (note (v))		-	186,454
Final distribution for the 18 months ended 31 December 2024 ("Final Distribution"), to be paid to unitholders (note (vi))		160,584	-
Total distributions for the financial period/year (note (i))		469,804	372,166
Payout ratio		94.0%	97.9%

DISTRIBUTION STATEMENT (continued)

For the 18 months ended 31 December 2024

(Expressed in Hong Kong dollars)

	18 months ended 31 December 2024 \$'000	Year ended 30 June 2023 \$'000
Distribution per unit :		
Interim distribution per unit for FY2022/23, paid	-	11.0 cents
First Interim Distribution per unit, paid	9.0 cents	-
Second Interim Distribution per unit, paid	9.1 cents	-
Final distribution per unit for FY2022/23, paid	-	11.0 cents
Final Distribution per unit, to be paid to unitholders	9.3 cents	-
	<u>27.4 cents</u>	<u>22.0 cents</u>

Notes* :

- (i) Under the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong (the “**REIT Code**”), a real estate investment trust shall distribute to unitholders as dividends each year an amount not less than 90% of its audited annual net income after tax. Pursuant to the trust deed dated 26 May 2006 (as amended and restated) under which Sunlight REIT is constituted (the “**Trust Deed**”), the total amounts distributed or distributable to unitholders shall be no less than 90% of annual distributable income for each financial year.

Distributable income means the amount calculated by the Manager as representing the consolidated profit/loss after taxation and before transactions with unitholders of Sunlight REIT for the relevant financial period/year, as adjusted to eliminate the effects of certain adjustments which have been recorded in the consolidated statement of profit or loss for the relevant financial period/year.

In arriving at the amount available for distribution for the 18 months ended 31 December 2024, adjustments have been made, among others, to add back the finance costs relating to the amortization of debt establishment fees for bank and other borrowings and discount on issuance of medium term notes of \$7,672,000 or 0.44 cent per unit (FY2022/23: \$4,084,000, or 0.24 cent per unit) (which is an effective return of capital), and to eliminate the effect of increase/decrease in fair value of investment properties and gain on disposal of investment properties.

- (ii) The interim distribution for FY2022/23 of \$185,712,000 is calculated by multiplying the interim distribution per unit of 11.0 cents by 1,688,295,340 units in issue at 8 March 2023, the record date for FY2022/23 interim distribution.
- (iii) The First Interim Distribution of \$153,242,000 is calculated by multiplying the first interim distribution per unit of 9.0 cents by 1,702,684,957 units in issue at 19 March 2024, the record date for the First Interim Distribution. The First Interim Distribution was paid to unitholders on 27 March 2024.

DISTRIBUTION STATEMENT (continued)

For the 18 months ended 31 December 2024

(Expressed in Hong Kong dollars)

Notes* : (continued)

- (iv) The Second Interim Distribution of \$155,978,000 is calculated by multiplying the second interim distribution per unit of 9.1 cents by 1,714,051,303 units in issue at 3 September 2024, the record date for the Second Interim Distribution. The Second Interim Distribution was paid to unitholders on 11 September 2024.
- (v) The final distribution for FY2022/23 of \$186,454,000 is calculated by multiplying the final distribution per unit of 11.0 cents by 1,695,035,157 units in issue at 27 September 2023, the record date for FY2022/23 final distribution.
- (vi) The Final Distribution of \$160,584,000 is calculated by multiplying the final distribution per unit of 9.3 cents by 1,726,707,663 units anticipated to be in issue at 1 April 2025, the record date for the Final Distribution. The Final Distribution is expected to be paid to unitholders on 11 April 2025.
- (vii) The distribution declared after the end of the reporting period is not recognized as a liability at the end of the reporting period.

* Certain figures in these notes are rounded to the nearest thousand.

NOTES

(Expressed in Hong Kong dollars)

1. General

Sunlight REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed and is authorized under section 104 of the Securities and Futures Ordinance. Sunlight REIT is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The principal activity of Sunlight REIT and its subsidiaries (collectively referred to as the “**Group**”) is to own and invest in income-producing office and retail properties in Hong Kong with the objective of providing unitholders with regular and stable cash distributions with the potential for sustainable long term growth of such distributions and enhancement in value of the property portfolio. It has its principal place of business at 30th Floor, Dah Sing Financial Centre, 248 Queen’s Road East, Wan Chai, Hong Kong.

2. Basis of preparation

The final results set out in this announcement do not constitute the Group’s statutory consolidated financial statements for the 18 months ended 31 December 2024 but are extracted from those consolidated financial statements.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed and the relevant disclosure provisions set out in Appendix C of the REIT Code. The consolidated financial statements also comply with the relevant disclosure provisions of the Listing Rules as if those provisions were applicable to Sunlight REIT.

The HKICPA has issued a number of amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group.

None of these developments have had a material effect on how the Group’s results and financial position for the current period or prior years have been prepared or presented in the consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Pursuant to the Trust Deed amendments made on 7 February 2024, the Group’s financial year end date has been changed from 30 June to 31 December. Accordingly, the consolidated financial statements now presented cover the 18 months period from 1 July 2023 to 31 December 2024. The comparative figures presented therein cover the financial year from 1 July 2022 to 30 June 2023.

3. Segment reporting

The Manager manages the Group's business by divisions. In a manner consistent with the way in which information is reported internally to the Manager's most senior executive management for the purposes of resource allocation and performance assessment, the Manager has identified two reportable segments, which are "Office properties" and "Retail properties".

As all of the Group's activities are carried out in Hong Kong, no geographical information is presented.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the senior executive management of the Manager monitors the results, assets and liabilities attributable to each reportable segment on the following bases :

Segment assets include all tangible, intangible and current assets with the exception of cash and bank balances, tax recoverable, deferred tax assets, other financial assets and other corporate assets. Segment liabilities include tenants' deposits, rent receipts in advance and trade and other payables managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to income generated and the expenses incurred by those segments.

The measure used for reporting segment performance is the "segment results" which exclude the increase/decrease in fair value of investment properties, gain on disposal of investment properties, finance costs on interest-bearing liabilities, income tax, interest income and the unallocated net expenses.

3. Segment reporting (continued)

Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Manager's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period/year is set out below :

	18 months ended 31 December 2024			Year ended 30 June 2023		
	Office properties \$'000	Retail properties \$'000	Total \$'000	Office properties \$'000	Retail properties \$'000	Total \$'000
Revenue						
- Rental income	454,021	497,317	951,338	315,776	302,311	618,087
- Car park income	7,435	50,095	57,530	4,967	29,661	34,628
- Rental related income	107,085	120,371	227,456	63,897	66,660	130,557
	568,541	667,783	1,236,324	384,640	398,632	783,272
Property operating expenses	(120,351)	(158,267)	(278,618)	(69,876)	(89,420)	(159,296)
Net property income	448,190	509,516	957,706	314,764	309,212	623,976
Administrative expenses	(70,020)	(69,893)	(139,913)	(49,277)	(45,759)	(95,036)
Segment results	378,170	439,623	817,793	265,487	263,453	528,940
Net decrease in fair value of investment properties	(499,434)	(93,453)	(592,887)	(345,203)	(9,221)	(354,424)
Gain on disposal of investment properties	-	4,765	4,765	-	-	-
Finance costs on interest-bearing liabilities			(326,804)			(132,294)
Income tax			(85,816)			(67,208)
Interest income			33,811			20,820
Unallocated net expenses			(23,877)			(24,266)
Loss after taxation and before transactions with unitholders			(173,015)			(28,432)
Depreciation	23	1,037	1,060	12	161	173

3. Segment reporting (continued)

Segment results, assets and liabilities (continued)

	At 31 December 2024			At 30 June 2023		
	Office properties \$'000	Retail properties \$'000	Total \$'000	Office properties \$'000	Retail properties \$'000	Total \$'000
Segment assets	9,125,021	8,895,121	18,020,142	9,617,297	8,995,708	18,613,005
Derivative financial instruments			10,350			35,050
Other financial assets			73,582			80,769
Cash and bank balances			407,331			485,242
Tax recoverable			35			8
Deferred tax assets			358			358
Unallocated assets			3,958			3,430
Total assets			<u>18,515,756</u>			<u>19,217,862</u>
Segment liabilities	(125,609)	(141,261)	(266,870)	(137,126)	(146,367)	(283,493)
Derivative financial instruments			(137,241)			(79,680)
Bank and other borrowings			(4,817,120)			(4,871,229)
Tax payable			(22,132)			(58,635)
Deferred tax liabilities			(248,597)			(241,557)
Unallocated liabilities			(13,729)			(14,064)
Total liabilities, excluding net assets attributable to unitholders			<u>(5,505,689)</u>			<u>(5,548,658)</u>
Capital expenditure incurred during the period/year	<u>9,964</u>	<u>9,296</u>	<u>19,260</u>	<u>6,996</u>	<u>755,653*</u>	<u>762,649*</u>

* Included acquisition of subsidiaries amounting to \$743,055,000.

4. Revenue

Revenue represents gross income generated from leasing of investment properties. The amount of each significant category of revenue recognized during the period/year is as follows :

	18 months ended 31 December 2024 \$'000	Year ended 30 June 2023 \$'000
Rental income (note)	951,338	618,087
Car park income	57,530	34,628
Rental related income	227,456	130,557
	<u>1,236,324</u>	<u>783,272</u>

Note : Included (i) a rental guarantee of \$5,000,000 (year ended 30 June 2023: nil) pursuant to the deed of rental guarantee relating to the acquisition of an investment property in 2023, the amount of which was received in full on 31 July 2024; and (ii) additional rents based on business revenue of tenants amounting to \$3,696,000 (year ended 30 June 2023: \$1,495,000).

5. Property operating expenses

	18 months ended	Year ended
	31 December	30 June
	2024	2023
	\$'000	\$'000
Building management fee	108,273	63,944
Property manager's fees (notes (i) and (ii))	71,570	44,695
Government rent and rates	58,970	31,929
Car park operating costs	11,738	6,720
Rental commission to third party property agents (note 7(b))	8,442	2,162
Marketing and promotion expenses	5,561	3,429
Provision/(reversal of provision) for credit losses on rental receivables (note 10(b))	1,217	(684)
Other direct costs	12,847	7,101
	<u>278,618</u>	<u>159,296</u>

Notes :

- (i) Included rental commission of \$14,242,000 (year ended 30 June 2023: \$9,485,000) (note 7(b)).
- (ii) During the year ended 30 June 2023, the property manager waived an amount of \$788,000 from the reimbursement of staff costs incurred for the Group, reflecting the subsidies received from the Employment Support Scheme set up by The Government of the Hong Kong Special Administrative Region.

6. Other net income

	18 months ended	Year ended
	31 December	30 June
	2024	2023
	\$'000	\$'000
Bank interest income	29,852	17,162
Interest income from debt securities	3,959	3,658
Gain on disposal of investment properties	4,765	-
Provision for credit losses on debt securities	(6,332)	(13,329)
Others	50	-
	<u>32,294</u>	<u>7,491</u>

7. (Loss)/profit before taxation and transactions with unitholders

(Loss)/profit before taxation and transactions with unitholders is arrived at after charging/(crediting) :

	18 months ended 31 December 2024 \$'000	Year ended 30 June 2023 \$'000
(a) Finance costs on interest-bearing liabilities		
Interest on bank and other borrowings	319,155	133,594
Other borrowing costs	7,672	4,084
	<u>326,827</u>	<u>137,678</u>
Interest rate swaps – cash flow hedges		
- Reclassified from net assets attributable to unitholders	929	(4,904)
- Net fair value gain of ineffective cash flow hedges	(952)	(480)
	<u>(23)</u>	<u>(5,384)</u>
	<u><u>326,804</u></u>	<u><u>132,294</u></u>

Other borrowing costs represent various financing charges and amortization of debt establishment fees for bank and other borrowings and discount on issuance of medium term notes.

7. (Loss)/profit before taxation and transactions with unitholders (continued)

	18 months ended 31 December 2024 \$'000	Year ended 30 June 2023 \$'000
(b) Other items		
Manager's fees	135,055	91,800
Trustee's remuneration and charges	6,714	4,709
Auditor's remuneration		
- Audit services	2,273	2,148
- Other services	1,074	512
Valuation fees payable to principal valuers	546	447
Legal and other professional fees	6,147	3,014
Rental commission (note 5)		
- Property manager	14,242	9,485
- Third party property agents (note (i))	8,442	2,162
Bank charges	455	303
Net foreign exchange loss	913	136

Notes :

- (i) Included \$1,089,000 paid to a company related to the principal valuer, CBRE Limited, which was retired on 31 August 2024.
- (ii) Sunlight REIT does not appoint any director and the Group does not engage any employee. Accordingly, no employee benefit expense was incurred in the period/year.

8. Income tax

Income tax in the consolidated statement of profit or loss represents :

	18 months ended 31 December 2024 \$'000	Year ended 30 June 2023 \$'000
Current tax - Hong Kong Profits Tax		
Provision for the period/year	79,012	57,037
Over-provision in respect of prior years	(236)	(75)
	<u>78,776</u>	<u>56,962</u>
Deferred tax		
Origination and reversal of temporary differences	7,040	10,246
	<u>85,816</u>	<u>67,208</u>

Provision for Hong Kong Profits Tax has been made at 16.5% on the estimated assessable profits for the current period and prior years.

9. Loss per unit before transactions with unitholders

The basic loss per unit before transactions with unitholders for the 18 months ended 31 December 2024 amounted to \$0.10 (year ended 30 June 2023: \$0.02). The calculation of basic loss per unit before transactions with unitholders is based on the Group's loss after taxation and before transactions with unitholders of \$173,015,000 (year ended 30 June 2023: \$28,432,000) and the weighted average of 1,707,826,029 units (year ended 30 June 2023: 1,687,367,291 units) in issue during the period.

Diluted loss per unit before transactions with unitholders for the 18 months ended 31 December 2024 and the year ended 30 June 2023 are not presented as there was no potential dilution of loss per unit before transactions with unitholders.

10. Trade and other receivables

	31 December 2024 \$'000	30 June 2023 \$'000
Rental receivables	30,682	37,606
Deposits and prepayments	10,940	11,452
Other receivables	5,058	3,567
Amounts due from related companies	4,150	629
	<hr/> 50,830 <hr/>	<hr/> 53,254 <hr/>

Included unamortized rent-free and rental concession, deposits and prepayments of \$25,449,000 (30 June 2023: \$24,656,000) which are expected to be recovered or recognized in profit or loss after one year. Apart from the above, all of the balances are expected to be recovered or recognized in profit or loss within one year.

The amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment.

10. Trade and other receivables (continued)

(a) Ageing analysis

At the end of the reporting period, the ageing analysis of rental receivables, based on the date of revenue recognition and net of provision for credit losses, is as follows :

	31 December	30 June
	2024	2023
	\$'000	\$'000
Current	21,675	28,213
Less than 1 month overdue	7,238	5,730
More than 1 month and up to 3 months overdue	1,431	2,564
More than 3 months and up to 6 months overdue	47	114
More than 6 months overdue	291	985
	30,682	37,606

(b) Provision for credit losses on rental receivables

Provision for credit losses on rental receivables was assessed and made by the Group on a case-by-case basis, based on the historical default experience and forward-looking information that may impact the tenants' ability to repay the outstanding rental receivables. If the Group considered that the recovering of the rental receivable is remote, relevant provision for credit losses would be written off against the receivable directly.

The movement in the loss allowance for rental receivables during the period/year is as follows :

	31 December	30 June
	2024	2023
	\$'000	\$'000
At the beginning of the period/year	5,581	7,182
Provision/(reversal of provision) for credit losses (note 5)	1,217	(684)
Written off	(6,082)	(917)
At the end of the period/year	716	5,581

11. Trade and other payables

	31 December	30 June
	2024	2023
	\$'000	\$'000
Creditors and accrued charges	44,775	44,563
Manager's fees payable	19,797	22,666
Amounts due to related companies	9,678	8,205
	<u>74,250</u>	<u>75,434</u>

All creditors and accrued charges are due within one month or on demand and expected to be settled within one year.

Manager's fees payable is due within four months and payable in the form of cash and units.

The amounts due to related companies are unsecured, interest-free and have no fixed terms of repayment except for the amount due to the trustee of Sunlight REIT of \$971,000 (30 June 2023: \$1,128,000) which is due within 30 days.

12. Non-adjusting event after the reporting period

After the end of the reporting period, the Board of the Manager declared a final distribution. Further details are disclosed in the "Distribution Statement" of this announcement.

By order of the Board
HENDERSON SUNLIGHT ASSET MANAGEMENT LIMITED
恒基陽光資產管理有限公司
(as manager of Sunlight Real Estate Investment Trust)
CHUNG Siu Wah
Company Secretary

Hong Kong, 11 March 2025

At the date of this announcement, the Board of the Manager comprises: (1) Chairman and Non-Executive Director: Mr. AU Siu Kee, Alexander; (2) Chief Executive Officer and Executive Director: Mr. WU Shiu Kee, Keith; (3) Non-Executive Director: Mr. KWOK Ping Ho; and (4) Independent Non-Executive Directors: Mr. KWAN Kai Cheong, Dr. TSE Kwok Sang, Mr. KWOK Tun Ho, Chester and Ms. Helen ZEE.