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## 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

### SECOND INTERIM RESULTS ANNOUNCEMENT FOR THE 12 MONTHS ENDED 30 JUNE 2024

The board of directors (the “**Board**”) of Henderson Sunlight Asset Management Limited (the “**Manager**”) announces the unaudited second interim results of Sunlight Real Estate Investment Trust (“**Sunlight REIT**”) for the 12 months ended 30 June 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)

	12 months ended 30 June 2024 (unaudited)	Year ended 30 June 2023 (audited)	Change (%)
Revenue	830.2	783.3	6.0
Net property income	648.0	624.0	3.9
Profit/(loss) after taxation	159.2	(28.4)	N/A
Distributable income	333.9	380.3	(12.2)
Distribution per unit (HK cents)	18.1	22.0	(17.7)
Payout ratio (%)	92.6	97.9	N/A
	At 30 June 2024 (unaudited)	At 30 June 2023 (audited)	Change (%)
Portfolio valuation	18,418.6	18,512.2	(0.5)
Net asset value	13,495.6	13,669.2	(1.3)
Net asset value per unit (HK\$)	7.87	8.06	(2.4)
Gearing ratio (%)	26.3	26.1	N/A

## PORTFOLIO STATISTICS

Property	Occupancy Rate (%)		Passing Rent <sup>1</sup> (HK\$/sq. ft.)		Rental and Car Park Income (HK\$'000)		Appraised Value <sup>2</sup> (HK\$'000)
	at 30 Jun 2024	at 30 Jun 2023	at 30 Jun 2024	at 30 Jun 2023	12 months ended 30 Jun 2024	Year ended 30 Jun 2023	at 30 Jun 2024
<b>Office</b>							
<b>Grade A</b>							
Dah Sing Financial Centre	90.2	90.4	39.7	41.8	161,433	168,222	4,856,000
<b>Grade B</b>							
Strand 50	90.1	94.4	30.9	31.0	38,255	39,622	1,221,000
135 Bonham Strand Trade Centre Property	91.6	100.0	26.8	26.6	18,914	19,721	544,700
Righteous Centre	96.7	97.4	36.1	35.2	21,827	21,159	541,000
Winsome House Property	88.7	83.0	37.2	38.8	16,262	16,255	531,400
The Harvest	87.8	95.7	39.8	41.2	15,268	14,773	514,000
235 Wing Lok Street Trade Centre	94.6	96.7	19.8	19.7	11,519	11,642	346,700
Java Road 108 Commercial Centre	97.2	100.0	23.5	24.7	10,496	10,904	262,000
On Loong Commercial Building	90.0	100.0	26.5	27.9	8,085	8,886	229,900
Sun Fai Commercial Centre Property	97.1	91.0	21.9	22.0	6,504	6,452	166,100
Wai Ching Commercial Building Property	88.9	91.7	17.1	16.9	3,021	3,107	78,900
<b>Sub-total/Average</b>	<b>91.3</b>	<b>93.1</b>	<b>33.6</b>	<b>34.6</b>	<b>311,584</b>	<b>320,743</b>	<b>9,291,700</b>
<b>Retail</b>							
<b>New Town</b>							
Sheung Shui Centre Shopping Arcade	90.5	97.6	104.8	96.0	152,366	148,829	3,883,000
Metro City Phase I Property	93.9	92.2	54.2	53.8	133,989	129,903	3,133,000
Kwong Wah Plaza Property	100.0	95.4	53.7	54.6	42,627	40,851	1,131,000
<b>Urban</b>							
West 9 Zone Kids <sup>3</sup>	80.4	85.7	49.9	55.7	34,111 <sup>4</sup>	6,809	827,000
Beverly Commercial Centre Property	95.3	100.0	31.3	29.8	2,878	2,688	76,500
Supernova Stand Property	100.0	100.0	58.8	57.3	2,957	2,892	76,400
<b>Sub-total/Average</b>	<b>92.2</b>	<b>93.5</b>	<b>66.7</b>	<b>65.6</b>	<b>368,928</b>	<b>331,972</b>	<b>9,126,900</b>
<b>Total/Average</b>	<b>91.6</b>	<b>93.3</b>	<b>45.3</b>	<b>45.4</b>	<b>680,512</b>	<b>652,715</b>	<b>18,418,600</b>

	Rental Reversion <sup>5</sup> (%)		Capitalization Rate (%)
	12 months ended 30 Jun 2024	Year ended 30 Jun 2023	at 30 Jun 2024
	Office	(1.6)	(2.1)
Retail	1.6	(2.5)	3.40 - 4.35
<b>Total/Average</b>	<b>0.3</b>	<b>(2.3)</b>	

- 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. Valuation was conducted by CBRE Limited, the principal valuer of Sunlight REIT.
  3. The acquisition of the property was completed on 13 April 2023 for a consideration of HK\$748 million (before adjustments).
  4. Included a rental guarantee of HK\$5 million pursuant to the deed of rental guarantee.
  5. Rental reversion is calculated on the basis of change in effective rent of the leases renewed and commenced during the relevant period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operating Results

Sunlight REIT's revenue grew 6.0% year on year to HK\$830.2 million, mainly attributable to the full-year contribution from West 9 Zone Kids ("W9Z"). Property operating expenses increased 14.4% to HK\$182.2 million (or 8.1% if stripping out the operating costs of W9Z), reflecting lower fiscal concessions as compared with the previous year. Net property income came in at HK\$648.0 million, up 3.9%, with a cost-to-income ratio of 21.9%.

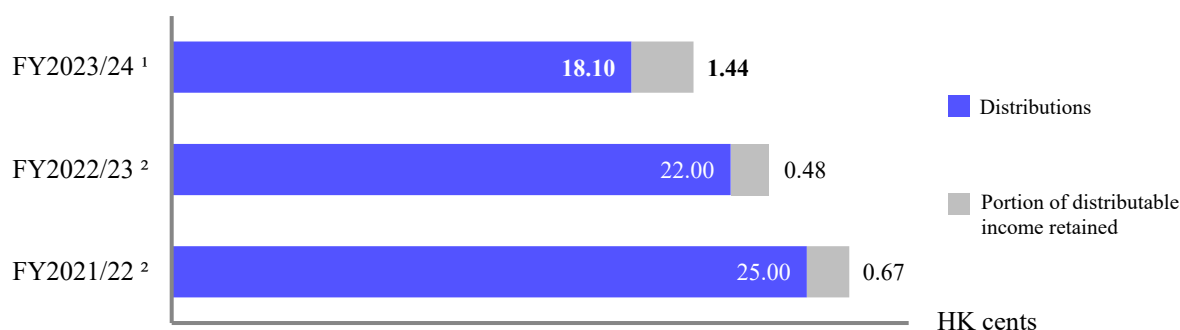
Given a higher interest rate environment and the additional borrowings relating to the acquisition of W9Z, finance costs rose 68.6% to HK\$223.0 million for the Reporting Period.

Taking into account the decrease in fair value of investment properties of HK\$117.2 million, a profit after taxation of HK\$159.2 million was reported, versus a loss after taxation of HK\$28.4 million for the corresponding period a year earlier.

### Distribution

Distributable income was down 12.2% year on year to HK\$333.9 million. Pursuant to the change of financial year end date of Sunlight REIT from 30 June to 31 December, the Board has resolved to declare a second interim distribution per unit ("DPU") of HK 9.1 cents. Together with the first interim DPU of HK 9.0 cents, total DPU for the Reporting Period would amount to HK 18.1 cents, representing a payout ratio of 92.6%. The distribution yield was 10.6% based on the closing price of HK\$1.71 on the last trading day of the Reporting Period.

### Distribution at a glance



Notes:

1. For the 12 months ended 30 June.
2. For the year ended 30 June.

### Operation Review

At 30 June 2024, the overall portfolio occupancy rate was 91.6% (30 June 2023: 93.3%), while the corresponding figures of the office and retail portfolios were 91.3% and 92.2% respectively (30 June 2023: 93.1% and 93.5%). Average passing rents of the office and retail portfolios were HK\$33.6 per sq. ft. and HK\$66.7 per sq. ft. respectively as compared with HK\$34.6 per sq. ft. and HK\$65.6 per sq. ft. a year ago.

For the Reporting Period, the office portfolio recorded a negative rental reversion of 1.6%, while that of the retail portfolio was a positive 1.6%, giving rise to a positive rental reversion of 0.3% for the overall portfolio.

The occupancy rate of Dah Sing Financial Centre (“DSFC”) at 30 June 2024 stayed largely unchanged at 90.2% (30 June 2023: 90.4%). Passing rent was down 5.0% to HK\$39.7 per sq. ft., versus HK\$41.8 per sq. ft. a year ago.

On the Kowloon side, Righteous Centre performed reasonably well during the Reporting Period with an occupancy rate of 96.7% at 30 June 2024. In contrast, The Harvest was affected by certain non-renewing tenancies in the first half of 2024, resulting in a lower occupancy rate of 87.8%. However, the Manager is hopeful that the level of occupancy will gradually improve given the convenient location of this property as a service-trade hub in the Mong Kok district.

Regarding the performance of the retail portfolio, Metro City Phase I Property (“MCPI”) recorded an occupancy rate of 93.9% at 30 June 2024, while passing rent was HK\$54.2 per sq. ft.. Meanwhile, the occupancy rate of Sheung Shui Centre Shopping Arcade was 90.5%, principally attributable to a prolonged rent void period to identify a replacement kindergarten tenant. Passing rent was HK\$104.8 per sq. ft.. In the case of W9Z, given the prevailing market sentiment, its occupancy rate was 80.4%, reflecting the longer than expected process of optimizing tenant composition.

### **Financial Position**

The appraised value of Sunlight REIT’s portfolio was HK\$18,418.6 million at 30 June 2024. Gross assets and net assets were HK\$19,056.6 million and HK\$13,495.6 million respectively. Net asset value was HK\$7.87 per unit.

The gearing ratio of Sunlight REIT (defined as total borrowings as a percentage of gross assets) was 26.3%, while the percentage of gross liabilities to gross assets was 29.2%.

The EBITDA<sup>Note</sup> of Sunlight REIT increased 6.0% year on year to HK\$557.4 million, while the interest coverage ratio for the Reporting Period was 2.6 times as compared with 3.9 times for the same period in the preceding year.

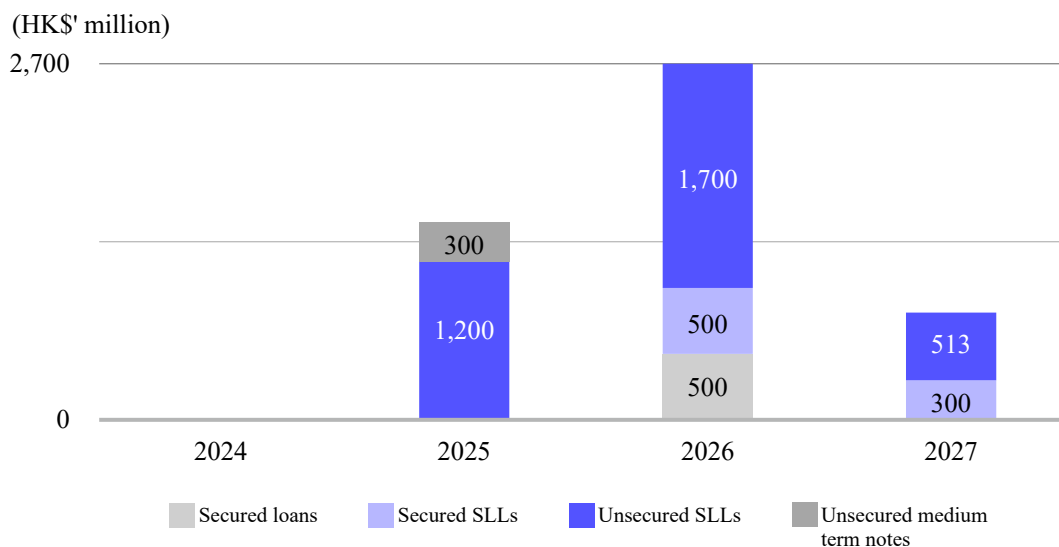
Note : EBITDA represents net earnings before change in fair value of investment properties, interest expense, taxation, depreciation and amortization.

## Capital and Interest Rate Management

At 30 June 2024, Sunlight REIT had total borrowings of HK\$5,013 million (30 June 2023: HK\$5,020 million), comprising secured loans of HK\$1,300 million and unsecured borrowings of HK\$3,713 million, with a weighted debt maturity period of 1.9 years. The percentage of sustainability-linked loans (“SLLs”) to total borrowings was about 84%.

### Maturity Profile of Total Borrowings

(at 30 June 2024)



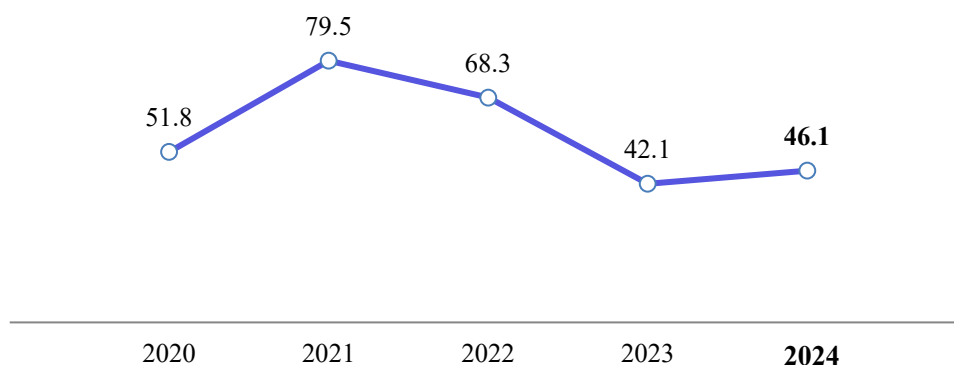
Sunlight REIT’s fixed rate borrowings at 30 June 2024 constituted approximately 46% of total borrowings (30 June 2023: 42%) with a weighted average interest rate of 2.94% per annum, while the floating rate portion of the borrowings carried a blended interest margin of 0.81% per annum over Hong Kong Interbank Offered Rate. The weighted average funding cost for the Reporting Period was 4.3%, compared to 2.9% recorded in the corresponding period a year ago.

Subsequent to the end of the Reporting Period, the Manager entered into new interest rate swaps (“IRSs”) with an aggregate notional amount of HK\$400 million, mainly for the purpose of replenishing certain expiring IRSs.

### Fixed Rate Borrowings as a % of Total Borrowings

(at 30 June)

(%)



## OUTLOOK

Following a succession of interest rate hikes, the US economy is finally showing signs of cooling off, as evidenced by more gentle inflation figures and a softening labour market. While the Manager expects the Federal Reserve to lean on the conservative end of monetary management, the likelihood of lower US interest rates before the end of 2024 is strong. In the meantime, significant cross-sector divergence is poised to stay as a feature of the Chinese economy, as the recovery in domestic demand and export activities will continue to be overshadowed by the still beleaguered state of the property market.

Prospects for commercial leasing in Hong Kong should become more stable based on the global economic environment, despite still being clouded by certain fundamental and structural hurdles. For the office sector, the momentum of positive net absorption may not be sufficient to trigger a rebound in market rents in light of the stubbornly high vacancy rates and the abundant new supply coming on stream in the next couple of years. On the retail front, the dual options of online shopping and cross-border consumption will render local operators to adopt a more prudent expansion strategy, which may have an impact on retail rents.

In the second half of 2024, the leases of approximately 17.3% of office gross rentable area (“GRA”) and 29.4% of retail GRA will be due for expiry, with average unit rents for the expiring office and retail leases at HK\$30.9 per sq. ft. and HK\$62.8 per sq. ft., respectively. In addition, there will be a rent review for a major tenant of DSFC during the period. In all, it is envisaged that office rents (having taken into consideration the rent review as mentioned above) will be under greater pressure as compared to the retail portfolio. The bright spot in an otherwise challenging environment is that the average portfolio occupancy should continue to stay at a reasonably high level in the foreseeable future.

As mentioned in the first interim report of this financial year, interest expense is (and has proven to be) a key factor affecting the distributable income of Sunlight REIT. The Manager has capitalized on windows of opportunity to increase the fixed rate exposure of Sunlight REIT during the Reporting Period, and will strive to review its interest rate profile from time to time. Barring unforeseen circumstances, the Manager is of the view that further risk escalation in respect of interest rates should be limited.

Capital expenditure to be incurred in the next six months will primarily be focused on proptech investment and green initiatives, while phase two renovation of MCPI is at the planning stage and may hopefully commence in the middle of 2025. Further, the Manager is actively conducting the installation of electric vehicle charging stations at various car parks of Sunlight REIT, reflecting the ongoing intention to create sustainable value for Sunlight REIT.

## **DISTRIBUTION ENTITLEMENT AND CLOSURE OF REGISTER OF UNITHOLDERS**

The ex-distribution date and record date for the second interim distribution in respect of the Reporting Period are Wednesday, 28 August 2024 and Tuesday, 3 September 2024 respectively. The register of unitholders will be closed from Friday, 30 August 2024 to Tuesday, 3 September 2024, both days inclusive, during which period no transfer of units will be effected. In order to qualify for the second interim 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 not later than 4:30 p.m. on Thursday, 29 August 2024. Payment of the second interim distribution will be made to unitholders on Wednesday, 11 September 2024.

## **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.

### **Public Float**

Based on information that is publicly available and as far as the Manager is aware, not less than 25% of the outstanding units in issue of Sunlight REIT were held in public hands at the date of this announcement.

### **New Units Issued**

Except for an aggregate of 21,016,146 new units issued to the Manager as payment of part of the Manager’s fees, 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
<b>Total</b>	<b>2,000,000</b>			<b>3,545</b>

\* 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 Interim Results

The interim 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 condensed interim financial statements for the Reporting Period have also been reviewed by the auditor of Sunlight REIT, KPMG, Certified Public Accountants, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

## ISSUANCE OF INTERIM REPORT

The second interim report of Sunlight REIT for the Reporting Period will be sent to unitholders on 26 August 2024.

## 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 12 months ended 30 June 2024 – unaudited

(Expressed in Hong Kong dollars)

	Note	12 months ended 30 June 2024 (unaudited) \$'000	Year ended 30 June 2023 (audited) \$'000
<b>Revenue</b>	4 & 5	<b>830,259</b>	783,272
<b>Property operating expenses</b>	4 & 6	<b>(182,222)</b>	(159,296)
<b>Net property income</b>		<b>648,037</b>	623,976
Other net income	7	17,168	7,491
Administrative expenses		(108,508)	(105,973)
Net decrease in fair value of investment properties		(117,220)	(354,424)
<b>Profit from operations</b>		<b>439,477</b>	171,070
Finance costs on interest-bearing liabilities	8(a)	(223,006)	(132,294)
<b>Profit before taxation and transactions with unitholders</b>	8	<b>216,471</b>	38,776
Income tax	9	(57,236)	(67,208)
<b>Profit/(loss) after taxation and before transactions with unitholders</b>		<b>159,235</b>	(28,432)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the 12 months ended 30 June 2024 – unaudited  
(Expressed in Hong Kong dollars)

	12 months ended 30 June 2024 (unaudited) \$'000	Year ended 30 June 2023 (audited) \$'000
<b>Profit/(loss) after taxation and before transactions with unitholders</b>	<b>159,235</b>	<b>(28,432)</b>
<b>Other comprehensive income for the period/year</b>		
<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	(71,387)	(12,103)
- Net reclassification adjustments for amounts transferred to profit or loss in respect of :		
- finance costs on interest-bearing liabilities	883	(4,904)
- unrealized exchange difference on foreign currency borrowing	40,341	24,752
- unwinding of swaps	(5,593)	(5,593)
	<b>(35,756)</b>	<b>2,152</b>
<b>Total comprehensive income/(loss) for the period/year</b>	<b>123,479</b>	<b>(26,280)</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

(Expressed in Hong Kong dollars)

	Note	2024 (unaudited) \$'000	2023 (audited) \$'000
<b>Non-current assets</b>			
Fixed assets			
- Investment properties		18,418,600	18,512,200
- Other fixed assets		412	1,115
		18,419,012	18,513,315
Deferred tax assets		365	358
Derivative financial instruments		1,347	9,234
Reimbursement rights		37,436	37,436
Other financial assets		58,469	80,769
Other non-current assets		262	12,430
		18,516,891	18,653,542
<b>Current assets</b>			
Trade and other receivables	11	59,584	53,254
Derivative financial instruments		19,088	25,816
Other financial assets		15,594	-
Cash and bank balances		445,490	485,242
Tax recoverable		5	8
		539,761	564,320
<b>Total assets</b>		<b>19,056,652</b>	<b>19,217,862</b>
<b>Current liabilities</b>			
Tenants' deposits		(206,027)	(206,358)
Rent receipts in advance		(11,612)	(15,765)
Trade and other payables	12	(79,889)	(75,434)
Bank and other borrowings		(499,479)	(707,000)
Derivative financial instruments		(8,107)	(8,829)
Tax payable		(52,597)	(58,635)
		(857,711)	(1,072,021)
<b>Net current liabilities</b>		<b>(317,950)</b>	<b>(507,701)</b>
<b>Total assets less current liabilities</b>		<b>18,198,941</b>	<b>18,145,841</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2024

(Expressed in Hong Kong dollars)

	2024 (unaudited) \$'000	2023 (audited) \$'000
<b>Non-current liabilities, excluding net assets attributable to unitholders</b>		
Bank and other borrowings	(4,328,763)	(4,164,229)
Deferred tax liabilities	(246,617)	(241,557)
Derivative financial instruments	(127,948)	(70,851)
	<u>(4,703,328)</u>	<u>(4,476,637)</u>
<b>Total liabilities, excluding net assets attributable to unitholders</b>	<u>(5,561,039)</u>	<u>(5,548,658)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u>13,495,613</u>	<u>13,669,204</u>
<b>Number of units in issue</b>	<u>1,714,051,303</u>	<u>1,695,035,157</u>
<b>Net asset value attributable to unitholders per unit</b>	<u>\$7.87</u>	<u>\$8.06</u>

## DISTRIBUTION STATEMENT

For the 12 months ended 30 June 2024 – unaudited  
(Expressed in Hong Kong dollars)

	Note	12 months ended 30 June 2024 (unaudited) \$'000	Year ended 30 June 2023 (audited) \$'000
<b>Profit/(loss) after taxation and before transactions with unitholders</b>		<b>159,235</b>	<b>(28,432)</b>
Adjustments (note (i)) :			
- Net decrease in fair value of investment properties		117,220	354,424
- Manager's fees paid or payable in the form of units		46,176	45,161
- Interest rate swaps - cash flow hedges	8(a)	485	(5,384)
- Non-cash finance costs on interest-bearing liabilities	8(a)	5,046	4,084
- Deferred tax	9	5,053	10,246
- Depreciation		703	173
		<b>174,683</b>	<b>408,704</b>
<b>Distributable income (note (i))</b>		<b>333,918</b>	<b>380,272</b>
Interim distribution for the financial year ended 30 June 2023 (“FY2022/23”), paid (note (ii))		-	185,712
First interim distribution for the six months ended 31 December 2023 (“ <b>First Interim Distribution</b> ”), paid (note (iii))		153,242	-
Second interim distribution for the 12 months ended 30 June 2024 (“ <b>Second Interim Distribution</b> ”), to be paid to unitholders (note (iv))		155,978	-
Final distribution for FY2022/23, paid (note (v))		-	186,454
<b>Total distributions for the period/year (note (i))</b>		<b>309,220</b>	<b>372,166</b>
Payout ratio		<b>92.6%</b>	97.9%
<b>Distribution per unit :</b>			
Interim distribution per unit for FY2022/23, paid		-	11.0 cents
First Interim Distribution per unit, paid		<b>9.0 cents</b>	-
Second Interim Distribution per unit, to be paid to unitholders		<b>9.1 cents</b>	-
Final distribution per unit for FY2022/23, paid		-	11.0 cents
		<b>18.1 cents</b>	<b>22.0 cents</b>

## DISTRIBUTION STATEMENT (continued)

For the 12 months ended 30 June 2024 – unaudited  
(Expressed in Hong Kong dollars)

Notes\* :

- (i) Under the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong, 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, 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.

In arriving at the amount available for distribution for the 12 months ended 30 June 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 \$5,046,000 or 0.29 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.

- (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.
- (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 anticipated to be in issue at 3 September 2024, the record date for the Second Interim Distribution. The Second Interim Distribution is expected to be 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 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

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 current financial year will cover the 18 months period from 1 July 2023 to 31 December 2024. The condensed interim financial statements now presented cover the 12 months period from 1 July 2023 to 30 June 2024. The comparative figures presented therein cover the financial year from 1 July 2022 to 30 June 2023.

### 3. Changes in accounting policies

The Hong Kong Institute of Certified Public Accountants has issued a number of amendments to Hong Kong Financial Reporting Standards that are first effective for the current accounting period of the Group.

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

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

### 4. 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.

#### 4. Segment reporting (continued)

##### *Segment results*

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

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, finance costs on interest-bearing liabilities, income tax, interest income and the unallocated net expenses.

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 :

	12 months ended 30 June 2024 (unaudited)			Year ended 30 June 2023 (audited)		
	Office properties \$'000	Retail properties \$'000	Total \$'000	Office properties \$'000	Retail properties \$'000	Total \$'000
Revenue						
- Rental income	306,659	335,739	642,398	315,776	302,311	618,087
- Car park income	4,925	33,189	38,114	4,967	29,661	34,628
- Rental related income	70,435	79,312	149,747	63,897	66,660	130,557
	<u>382,019</u>	<u>448,240</u>	<u>830,259</u>	<u>384,640</u>	<u>398,632</u>	<u>783,272</u>
Property operating expenses	(78,309)	(103,913)	(182,222)	(69,876)	(89,420)	(159,296)
	<u>303,710</u>	<u>344,327</u>	<u>648,037</u>	<u>314,764</u>	<u>309,212</u>	<u>623,976</u>
Administrative expenses	(48,463)	(47,535)	(95,998)	(49,277)	(45,759)	(95,036)
	<u>255,247</u>	<u>296,792</u>	<u>552,039</u>	<u>265,487</u>	<u>263,453</u>	<u>528,940</u>
Segment results						
(Decrease)/increase in fair value of investment properties	(268,094)	150,874	(117,220)	(345,203)	(9,221)	(354,424)
Finance costs on interest-bearing liabilities			(223,006)			(132,294)
Income tax			(57,236)			(67,208)
Interest income			23,482			20,820
Unallocated net expenses			(18,824)			(24,266)
			<u>159,235</u>			<u>(28,432)</u>
Profit/(loss) after taxation and before transactions with unitholders						
Depreciation	13	690	703	12	161	173



## 5. 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 :

	<b>12 months ended 30 June 2024 (unaudited) \$'000</b>	Year ended 30 June 2023 (audited) \$'000
Rental income (note)	<b>642,398</b>	618,087
Car park income	<b>38,114</b>	34,628
Rental related income	<b>149,747</b>	130,557
	<b><u>830,259</u></b>	<u>783,272</u>

Note: Included a rental guarantee of \$5,000,000 (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.

## 6. Property operating expenses

	<b>12 months ended 30 June 2024 (unaudited) \$'000</b>	Year ended 30 June 2023 (audited) \$'000
Building management fee	<b>70,632</b>	63,944
Property manager's fees (note)	<b>46,185</b>	44,695
Government rent and rates	<b>38,512</b>	31,929
Car park operating costs	<b>7,546</b>	6,720
Rental commission (third party property agents) (note 8(b))	<b>5,941</b>	2,162
Marketing and promotion expenses	<b>3,636</b>	3,429
Provision/(reversal of provision) for credit losses on rental receivables (note 11(b))	<b>660</b>	(684)
Other direct costs	<b>9,110</b>	7,101
	<b><u>182,222</u></b>	<u>159,296</u>

Note : Included rental commission of \$8,441,000 (2023: \$9,485,000) (note 8(b)).

During the year ended 30 June 2023, the property manager waived the Group an amount of \$788,000 from the reimbursement of staff costs incurred on its behalf, being the subsidies received by the property manager from the Employment Support Scheme set up by The Government of the Hong Kong Special Administrative Region.

## 7. Other net income

	<b>12 months ended 30 June 2024 (unaudited) \$'000</b>	Year ended 30 June 2023 (audited) \$'000
Bank interest income	20,903	17,162
Interest income from debt securities	2,579	3,658
Provision for credit losses on debt securities	(6,332)	(13,329)
Others	18	-
	<u>17,168</u>	<u>7,491</u>

## 8. Profit before taxation and transactions with unitholders

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

	<b>12 months ended 30 June 2024 (unaudited) \$'000</b>	Year ended 30 June 2023 (audited) \$'000
(a) Finance costs on interest-bearing liabilities		
Interest on bank and other borrowings	217,475	133,594
Other borrowing costs	5,046	4,084
	<u>222,521</u>	<u>137,678</u>
Interest rate swaps – cash flow hedges		
- Reclassified from net assets attributable to unitholders	883	(4,904)
- Net fair value gain of ineffective cash flow hedges	(398)	(480)
	<u>485</u>	<u>(5,384)</u>
	<u>223,006</u>	<u>132,294</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.

## 8. Profit before taxation and transactions with unitholders (continued)

	<b>12 months ended 30 June 2024 (unaudited) \$'000</b>	<b>Year ended 30 June 2023 (audited) \$'000</b>
(b) Other items		
Manager's fees	92,351	91,800
Trustee's remuneration and charges	4,601	4,709
Auditor's remuneration		
- Audit services	1,535	2,148
- Other services	1,074	512
Valuation fee payable to principal valuer	477	447
Legal and other professional fees	4,357	3,014
Commission (note 6)		
- Property manager	8,441	9,485
- Third party property agents	5,941	2,162
Bank charges	302	303
Foreign exchange loss	371	136

Note : Sunlight REIT does not appoint any director and the Group does not engage any employee. Accordingly, no employee benefit expense was incurred in the current period and prior years.

## 9. Income tax

	<b>12 months ended 30 June 2024 (unaudited) \$'000</b>	<b>Year ended 30 June 2023 (audited) \$'000</b>
<b>Current tax - Hong Kong Profits Tax</b>		
Provision for the period/year	52,419	57,037
Over-provision in respect of prior years	(236)	(75)
	<u>52,183</u>	<u>56,962</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	5,053	10,246
	<u>57,236</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.

## 10. Earnings/(loss) per unit before transactions with unitholders

The basic earnings per unit before transactions with unitholders for the 12 months ended 30 June 2024 amounted to \$0.09 (2023: basic loss per unit before transactions with unitholders of \$0.02). The calculation of basic earnings/(loss) per unit before transactions with unitholders is based on the Group's profit after taxation and before transactions with unitholders of \$159,235,000 (2023: loss after taxation and before transactions with unitholders of \$28,432,000) and the weighted average of 1,702,448,668 units (2023: 1,687,367,291 units) in issue during the period.

Diluted earnings/(loss) per unit before transactions with unitholders for the 12 months ended 30 June 2024 and for the year ended 30 June 2023 are not presented as there was no potential dilution of earnings/(loss) per unit before transactions with unitholders.

## 11. Trade and other receivables

	<b>2024</b> <b>(unaudited)</b> <b>\$'000</b>	2023 (audited) \$'000
Rental receivables	35,175	37,606
Deposits and prepayments	13,770	11,452
Other receivables	8,683	3,567
Amounts due from related companies	1,956	629
	<u>59,584</u>	<u>53,254</u>

Included unamortized rent-free and rental concession, deposits and prepayment of \$27,502,000 (2023: \$24,656,000) which are expected to be recovered or recognized as expenses after one year. Apart from the above, all of the balances are expected to be recovered or recognized as expenses within one year.

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

### (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 :

	<b>2024</b> <b>(unaudited)</b> <b>\$'000</b>	2023 (audited) \$'000
Current	23,511	28,213
Less than 1 month overdue	6,921	5,730
More than 1 month and up to 3 months overdue	2,081	2,564
More than 3 months and up to 6 months overdue	574	114
More than 6 months overdue	2,088	985
	<u>35,175</u>	<u>37,606</u>

## 11. Trade and other receivables (continued)

### (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 :

	<b>2024</b> <b>(unaudited)</b> <b>\$'000</b>	2023 (audited) \$'000
At the beginning of the period/year	<b>5,581</b>	7,182
Provision/(reversal of provision) for credit losses (note 6)	<b>660</b>	(684)
Written off	<b>(2,499)</b>	(917)
	<hr/> <b>3,742</b> <hr/>	<hr/> 5,581 <hr/>
At the end of the period/year	<b>3,742</b>	5,581

## 12. Trade and other payables

	<b>2024</b> <b>(unaudited)</b> <b>\$'000</b>	2023 (audited) \$'000
Creditors and accrued charges	<b>48,440</b>	44,563
Manager's fees payable	<b>23,036</b>	22,666
Amounts due to related companies	<b>8,413</b>	8,205
	<hr/> <b>79,889</b> <hr/>	<hr/> 75,434 <hr/>

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 \$1,142,000 (2023: \$1,128,000) which is due within 30 days.

### **13. Non-adjusting event after the Reporting Period**

After the end of the Reporting Period, the Board of the Manager declared a second interim 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, 13 August 2024

*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.*