



Press Release

**Sunlight REIT reports steady rental and occupancy growth  
in its first annual results**

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**Asset and trade mix enhancement initiatives  
support organic growth**

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**Highlights**

- ◇ **Distribution per unit 16.3 % ahead of IPO forecast**
  - ◇ **Net asset value per unit grew 15.6%**
  - ◇ **Occupancy increased from 88.5% to 93.8%**
  - ◇ **Passing rental improved by 8.4%**
  - ◇ **Property operating expenses 20.3% less than IPO forecast**
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Hong Kong, 17 September 2007 – **Sunlight REIT** (HKSE: 435), the first diversified office and retail REIT in Hong Kong, today announced its annual results for the period from 21 December 2006 to 30 June 2007 (the “Reporting Period”).

**Mr Keith Wu, CEO and Executive Director of Henderson Sunlight Asset Management Limited** (the “Manager”), the manager of Sunlight REIT, said, “We strive to provide quality and performance. Uniquely for a Hong Kong listed REIT, our portfolio combines thriving office assets with defensive retail properties, offering unitholders a secure yet promising investment opportunity in the Hong Kong property market. We are pleased with the strong rental reversionary growth during the Reporting Period, which has resulted in sustained improvement in rental rates across our property portfolio. We now intend to maximise the benefits of this growth through asset enhancement and active operational management, aiming to achieve long term benefits for our unitholders.”

**For the Reporting Period, Sunlight REIT reported a distributable income of HK\$141.8 million. In accordance with its stated policy of distributing 100% of annual distributable income, the board of Directors of the Manager is recommending a distribution per unit (“DPU”) of approximately 13.51 HK cents, an improvement of 16.3% over the DPU of 11.62 HK cents forecast at the time of listing. Based on the closing unit price of HK\$ 2.21 as at 14 Sep 2007, the DPU represents an annualised distribution yield of 11.6%. Meanwhile, net asset value per unit also rose by 15.6% during the Reporting Period to HK\$3.19 at the end of the financial year.**

The robust property market, coupled with Sunlight REIT’s active asset enhancement strategy, has contributed to an appreciation in the value of its property portfolio. The portfolio, which has a combined gross rentable area of 1,294,389 sq. ft., was valued at HK\$9,558 million as of 30 June 2007, an increase of 5.1% from the valuation conducted in September 2006.

Passing rental continued to improve during the Reporting Period. The positive reversionary cycle propelled the office properties to achieve an average passing rental growth of 11.5% to HK\$14.6 per sq. ft. as at 30 June 2007. The flagship office property, 248 Queen’s Road East Property, has particularly benefited from spillover demand from Hong Kong’s core business districts, as well as office expansion by existing tenants. The property achieved an average unit rental of approximately HK\$23.5 per sq. ft. for leases committed during the Reporting Period, representing a premium of 62.1 % over its passing rental of HK\$ 14.5 as of 30 Jun 2007



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The retail properties also saw satisfactory improvement, with passing rental rising 6.0% from HK\$34.6 per sq. ft. to HK\$36.7 per sq. ft. during the Reporting Period. While this was the average across the portfolio, certain retail properties achieved particularly impressive figures, such as Sheung Shui Centre Shopping Arcade Property, which exceeded HK\$90.0 per sq. ft, excluding food and beverages. Growth across the retail properties was supported by buoyant retail sales, continued new town development and the Manager's tenant mix and asset enhancement efforts.

Occupancy levels also made gains across the property portfolio, increasing from 88.5% to 93.8%. Many of the new tenants were high-quality multinationals and retail operators, in line with Sunlight REIT's leasing strategy of creating a diversified and quality tenant base that will support long term sustainable growth.

Sunlight REIT's net property income of HK\$148.4 million for the Reporting Period was marginally lower than the HK\$151.5 million forecast at the time of listing, largely due to a strategic decision to focus on improving the rental quality and performance rather than seeking an immediate rise in occupancy levels.

Commenting on this, Mr Wu said, "Upgrading the image and quality of our properties through tenant mix improvement and space reconfiguration has been our priority. While this has resulted in slightly lower than expected net property income, the sponsors' rental support in the form of adjustment payments coupled with our efficient cost control policy, evidence of which is seen in a much improved cost-to-income ratio of 25.9%, have actually enabled us to declare a distribution higher than our forecast estimate. In this way, Sunlight REIT has been able to offer our unitholders short term protection, while aiming to deliver long term appreciation."

Looking ahead, Mr Wu stated, "We are confident that rising occupancy levels and the positive rental reversionary cycle will continue to underpin Sunlight REIT's performance in the coming year. We also intend to acquire additional income-producing investment properties to augment our current portfolio. In conjunction with our enhancement strategies and the favourable outlook of the property market, we are optimistic about the prospects of Sunlight REIT."

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### **About Sunlight REIT and Henderson Sunlight Asset Management Limited:**

Sunlight REIT (HKSE: 435), managed by Henderson Sunlight Asset Management Limited ("HSAM" or the "Manager"), offers the investors the opportunity to invest in a diversified portfolio comprising 20 quality income-producing office and retail properties in Hong Kong at a total valuation of HK\$9.56 billion (as of 30 June 2007). Total gross rentable area of Sunlight REIT's portfolio is 1,294,389 sq.ft.

HSAM was incorporated in Hong Kong on 18 August 2005. HSAM is an indirect wholly-owned subsidiary of Henderson Land Development Company Limited. HSAM has the general power of management over the assets of Sunlight REIT. Its main responsibility is to manage Sunlight REIT and its property portfolio in accordance with Sunlight REIT's trust deed in the sole interest of the unitholders of Sunlight REIT and in accordance with the Manager's investment strategy.

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