



Press Release

Sunlight REIT reports interim results for FY2007/08

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Improved occupancy and rental rates drive solid performance

Results highlights

- ◇ Occupancy increased from 93.8% to 97.0%
- ◇ Passing rental improved by 6.3%
- ◇ Portfolio valuation grew by 3.7%
- ◇ Interim distribution per unit of 7.44 HK cents is recommended

Hong Kong, 22 February 2008 – **Sunlight REIT** (HKSE: 435), the first diversified office and retail REIT in Hong Kong, today announced its interim results for the six months ended 31 December 2007 (the “**Reporting Period**”).

Sunlight REIT reported a distributable income of HK\$79.0 million in the Reporting Period. In accordance with its stated policy of distributing 100% of annual distributable income, the board of Directors of the Manager is recommending an interim distribution per unit of 7.44 HK cents. Total revenue and total property operating expenses for the Reporting Period were HK\$210.7 million and HK\$57.7 million respectively, resulting in net property income of HK\$153.0 million and a cost-to-income ratio of 27.4%.

Savills Valuation and Professional Services Limited, the independent valuer of Sunlight REIT, valued the Portfolio at HK\$9,935.0 million as of 31 December 2007. This represents an increase of 3.9% from the valuation as of 30 June 2007. Of this total appraised value, office properties registered a 7.0% growth since 30 June 2007, while retail properties recorded a 1.0% increase over the same period.

Mr Keith Wu, CEO of Henderson Sunlight Asset Management Limited (“HSAM”), said, “In addition to an encouraging financial performance, we are pleased to witness solid improvement in both passing rental and occupancy across the property portfolio as a result of our proactive management and leasing strategies.”

Operating highlights of the first half of FY2007/08:

Solid rental growth – Rental reversion continued to drive improvement. During the Reporting Period, as the Manager witnessed a further improvement in overall passing rental by 6.3% to HK\$23.5 per sq. ft.. The office portfolio registered an encouraging 10.2% passing rental growth to HK\$16.2 per sq. ft. as of 31 December 2007. The retail portfolio also performed well as average passing rental grew 5.1% to HK\$38.9 per sq. ft..

Continued improvement in overall occupancy - A key highlight of the interim results was the continued improvement in overall occupancy, which attained a level of 97.0% as of 31 December 2007. It was particularly gratifying to see major improvements in occupancy at the smaller office properties, including 235 Wing Lok Street Trade Centre Property, Sun Fai Commercial Centre Property and Wai Ching Commercial Building Property.



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Rewarding proactive leasing approach - Apart from raising passing rental and occupancy, the Manager's proactive leasing strategies have also contributed to an upgrade in the tenant mix across the Portfolio. For instance, the Manager has successfully accommodated the organic expansion of existing tenants at 248 Queen's Road East Property, notably government and government-related entities which, in terms of GRA, have collectively increased their exposure to the property to 20.9% at the end of the Reporting Period.

Commenting on the outlook for Sunlight REIT, Mr. Wu added, "The positive rental reversionary cycle will continue to underpin Sunlight REIT's performance in the second half of the current financial year. Meanwhile, the favourable economic environment characterised by declining interest rates and burgeoning inflation should bode well for Sunlight REIT."

Strategic acquisition to drive further growth – In accordance with the pipeline agreement, the Manager will hold discussions with Henderson Land Development, which is required to make available at least two office and/or retail properties with a valuation not less than HK\$2,727.0 million (equivalent to 30% of the appraised value of Sunlight REIT's existing portfolio as of the time of listing) for sale to Sunlight REIT within 18 months (but after the first anniversary of the listing date) from the listing date, subject to negotiations and entering into of a legally binding agreement and compliance with applicable regulatory requirements.

Mr. Wu concluded, "The Manager is committed to growing Sunlight REIT by acquisition. However, in doing so, we will take great care to ensure that any such acquisitions will provide asset enhancement potential and synergistic benefits to the portfolio of Sunlight REIT."

Remarks: Attached passing rental and occupancy performance of 20 properties.

About Sunlight REIT and Henderson Sunlight Asset Management Limited:

Listed on The Stock Exchange of Hong Kong Limited on 21 December 2006, Sunlight REIT (HKSE: 435) offers investors the opportunity to invest in a diversified portfolio comprising 20 quality office and retail properties in Hong Kong at a total valuation of HK\$9,935.0 million (as of 31 December 2007). Total GRA of Sunlight REIT's portfolio is 1,294,389 sq.ft.

Henderson Sunlight Asset Management Limited (the "Manager") was incorporated in Hong Kong on 18 August 2005. It is an indirect wholly-owned subsidiary of Henderson Land Development Company Limited. The Manager 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 the sole interest of the unitholders in accordance with the trust deed governing Sunlight REIT and the Manager's investment strategy.

Disclaimer:

The information contained in this press release does not constitute an offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for units in Sunlight REIT in Hong Kong or any other jurisdiction.

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Trends in Occupancy and Passing Rental

	Occupancy (%) ^{Note 1}		Passing Rental (HK\$) ^{Note 2}	
	30/06/2007	31/12/2007	30/06/2007	31/12/2007
Office Properties				
248 Queen's Road East Property	94.0	99.7	14.5	16.8
Bonham Trade Centre Property	87.1	92.6	13.7	14.4
135 Bonham Strand Trade Centre Property	98.6	98.4	13.3	14.1
235 Wing Lok Street Trade Centre Property	83.1	93.1	9.9	11.0
Winsome House Property	100.0	94.3	22.1	23.8
Everglory Centre Property	95.2	95.2	15.6	17.4
Righteous Centre Property	89.2	95.2	20.5	23.1
Sun Fai Commercial Centre Property	85.0	96.7	14.6	15.2
Wai Ching Commercial Building Property	75.1	100.0	7.0	7.1
On Loong Commercial Building Property	100.0	97.8	15.9	16.8
Java Road 108 Commercial Centre Property	94.2	96.1	14.3	15.2
Yue Fai Commercial Centre Property	84.8	90.5	12.6	12.7
Office Average	91.9	96.9	14.7	16.2
Retail Properties				
Metro City Phase 1 Property	96.8	98.7	28.0	30.3
Sheung Shui Centre Shopping Arcade Property	99.4	96.1	60.5	63.4
Kwong Wah Plaza Property	98.3	96.7	24.1	26.1
Beverly Commercial Centre Property	89.8	100.0	26.6	27.5
Royal Terrace Property Property	97.3	97.3	26.2	26.4
Supernova Stand Property Property	100.0	88.4	41.6	43.6
Glory Rise Property	90.0	90.0	33.6	33.9
Palatial Stand Property	100.0	100.0	11.3	11.3
Retail Average	97.7	97.4	37.0	38.9
Overall	93.8	97.0	22.1	23.5

Notes:

1. Calculated on the basis of occupied GRA as a proportion of total GRA of the relevant building on the relevant date.
2. Calculated on the basis of average rental per sq. ft. for all occupied GRA on the relevant date.