



SUNLIGHT REIT

Sunlight Real Estate Investment Trust

(a Hong Kong collective investment scheme authorised 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

**FINAL RESULTS ANNOUNCEMENT FOR THE PERIOD FROM
21 DECEMBER 2006 (DATE OF LISTING) TO 30 JUNE 2007
AND CLOSURE OF REGISTER OF UNITHOLDERS**

PERFORMANCE HIGHLIGHTS

Our achievements during the Reporting Period:

- ◆ **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**

The Board of the Manager is pleased to announce the audited results of Sunlight REIT for the Reporting Period.

DISTRIBUTION

For the Reporting Period, the annual distributable income of Sunlight REIT was HK\$141.8 million. In accordance with the Manager's stated policy to distribute 100% of annual distributable income for each financial year to unitholders, the Board is recommending, after taking into account certain distribution waivers, a DPU of approximately 13.51 HK cents for the Reporting Period as compared with the IPO forecast DPU of 11.62 HK cents stated at the time of listing.

OPERATION REVIEW

Buoyant Operating Environment

The Hong Kong economy continued to forge ahead in the first half of 2007, benefiting from continuing economic growth in Mainland China. This was particularly apparent in the second quarter, as gross domestic product achieved a year-on-year growth of 6.9%, up from the respectable 5.7% registered in the first quarter. Against this positive economic backdrop, the property investment market in Hong Kong continued to prosper as many local and overseas companies consider business expansion as a key priority.

Both domestic and multinational companies have committed to expansion and relocation plans under this atmosphere of economic growth. Despite the imminent supply of quality office space at locations outside central business districts, an increasing spillover demand into decentralised business areas such as Sheung Wan, Wanchai and Island East continues to support growth in both occupancy and rentals. The local retail property sector also saw significant rental growth across most shopping districts in the first half of 2007, driven by sustained sales and volume growth in the industry. Visitors, particularly tourists from the Mainland, have been the impetus driving retail business.

Sunlight REIT's Diversified Portfolio Capitalising On The Robust Economy

Sunlight REIT has witnessed an improvement in passing rental across its Portfolio since the IPO. Benefiting from the positive reversion cycle, the office properties achieved an average passing rental growth of 11.5% from HK\$13.1 per sq. ft. on Listing Date to HK\$14.6 per sq. ft. as of 30 June 2007 while the retail properties' passing rental increased 6.1% from HK\$34.6 per sq. ft. to HK\$36.7 per sq. ft.. For the Portfolio as a whole, net property income for the Reporting Period amounted to HK\$148.4 million while the average monthly rental per sq. ft. achieved for all leases committed was approximately HK\$25.0 per sq. ft..

During the Reporting Period, occupancy levels across the Portfolio registered noticeable improvement. As of 30 June 2007, office and retail occupancy reached 91.9% and 97.7% respectively.

Trends in occupancy during the Reporting Period

Property	As of 21 December 2006	As of 31 March 2007	As of 30 June 2007
Office			
248 Queen's Road East Property	90.2%	89.7%	94.0%
Bonham Trade Centre Property	88.1%	91.9%	87.1%
135 Bonham Strand Trade Centre Property	87.2%	92.1%	98.6%
235 Wing Lok Street Trade Centre Property	68.4%	76.1%	83.1%
Winsome House Property	91.5%	94.3%	100.0%
Everglory Centre Property	92.6%	95.2%	95.2%
Righteous Centre Property	91.1%	88.4%	89.2%
Sun Fai Commercial Centre Property	74.5%	75.4%	85.0%
Wai Ching Commercial Building Property	65.1%	76.2%	75.1%
On Loong Commercial Building Property	93.6%	100.0%	100.0%
Java Road 108 Commercial Centre Property	80.7%	86.5%	94.2%
Yue Fai Commercial Centre Property	76.2%	80.0%	84.8%
Office average occupancy	86.7%	88.7%	91.9%
Retail			
Metro City Phase I Property	90.8%	93.8%	96.8%
Sheung Shui Centre Shopping Arcade Property	95.3%	95.6%	99.4%
Kwong Wah Plaza Property	95.5%	97.9%	98.3%
Beverley Commercial Centre Property	76.6%	79.7%	89.8%
Royal Terrace Property	100.0%	97.3%	97.3%
Supernova Stand Property	88.4%	100.0%	100.0%
Glory Rise Property	49.4%	49.4%	90.0%
Palatial Stand Property	100.0%	58.7%	100.0%
Retail average occupancy	92.3%	93.4%	97.7%
Portfolio average occupancy	88.5%	90.2%	93.8%

Strong Tenant Base Supports Rental Growth

The Portfolio has a diverse tenant base, with a total of 1,015 tenancies as of 30 June 2007. The 10 largest tenants by rental income, which contributed approximately 16.0% of the total rental income for June 2007, occupied approximately 13.0% of total GRA.

Cost-effective Management Approach Boosts Savings

The Manager has been disciplined and systematic in its attempts to improve the cost-to-income ratio, which stood at 25.9% for the Reporting Period. While seasonal factors contributed to a reduction in utility expenses during this shortened financial year, the Manager has also achieved significant savings through optimising the repair and maintenance schedule, reducing reliance on external property agents through direct communication with potential tenants, and streamlining property management operations.

Stable Utilisation Rate Improves Car Park Income

There are a total of 844 car parking spaces in the Portfolio, generating gross income of approximately HK\$10.4 million during the Reporting Period, or equivalent to approximately HK\$1,944 per parking space per month.

FINANCIAL REVIEW

Key Financial Figures (in HK\$' million, unless specified)	Actual	IPO forecast
Turnover	200.3	216.6
Property operating expenses	51.9	65.1
Net property income	148.4	151.5
Profit after tax ^{note 1}	940.1	62.8
Annual distributable income ^{note 2}	141.8	122.0
Cost to income ratio	25.9%	30.1%
Portfolio valuation ^{note 3}	9,558.0	9,090.0
Key unit data	Actual	IPO forecast
DPU ^{note 4}	13.51 HK cents	11.62 HK cents
Annualised distribution yield ^{note 5}	11.4%	8.5%
Net asset value per unit ^{note 3}	HK\$ 3.19	HK\$ 2.76

Notes:

1. The profit after tax for the Reporting Period included a net increase in fair value of investment properties of HK\$468.0 million and the excess of interest in fair values of identifiable net assets acquired over cost of combination of HK\$533.6 million (including Adjustment Payments of HK\$59.8 million as detailed below) whereas that of the IPO forecast did not assume or include such items, except for the Adjustment Payments.
2. The annual distributable income for the Reporting Period and under the IPO forecast referred to such amount for the period from the Listing Date to 30 June 2007.
3. No forecasts were made for asset values, comparison is against valuation or pro forma figures disclosed at the time of IPO.
4. A total of 441,642,638 units owned by certain unitholders (who agreed to waive their entitlements to distributions for any period up to 30 June 2011) was assumptively excluded in the calculation of DPU.
5. Calculations are based on annualised DPU and the unit price of Sunlight REIT as at the end of the Reporting Period of HK\$2.25.

Turnover

During the Reporting Period, turnover (being the aggregate of rental income, car park income and rental related income) amounted to HK\$200.3 million. This was less than the IPO forecast level (refer to table above) as a result of the Manager's decision to focus on improving the quality of the tenant base rather than seeking an immediate rise in occupancy levels.

Expenses

Property operating expenses for the Reporting Period amounted to HK\$51.9 million, achieving a 20.3% savings as compared with the IPO forecast level of HK\$65.1 million. As discussed in the "Operation Review" above, the Manager's cost control measures included a reduction in repair and maintenance expenses as well as savings on commissions paid to external agents.

Net Property Income

After deducting direct costs (which comprised property management fees and other operating expenses), net property income for the Reporting Period amounted to HK\$148.4 million.

Turnover and net property income by property

Property	Turnover (HK\$'000)	Net property income (HK\$'000)
<i>Office</i>		
248 Queen's Road East Property	40,693	31,247
Bonham Trade Centre Property	10,405	7,140
135 Bonham Strand Trade Centre Property	5,207	3,859
235 Wing Lok Street Trade Centre Property	2,905	1,969
Winsome House Property	5,389	4,493
Everglory Centre Property	3,066	2,381
Righteous Centre Property	6,694	5,400
Sun Fai Commercial Centre Property	2,210	1,390
Wai Ching Commercial Building Property	734	237
On Loong Commercial Building Property	2,904	1,992
Java Road 108 Commercial Centre Property	3,237	2,232
Yue Fai Commercial Centre Property	3,084	2,068
Office sub-total	86,528	64,408
<i>Retail</i>		
Metro City Phase I Property	43,693	31,049
Sheung Shui Centre Shopping Arcade Property	53,039	39,581
Kwong Wah Plaza Property	10,775	8,559
Beverly Commercial Centre Property	1,305	849
Royal Terrace Property	2,058	1,599
Supernova Stand Property	1,136	1,031
Glory Rise Property	1,187	910
Palatial Stand Property	554	365
Retail sub-total	113,747	83,943
Total	200,275	148,351

Adjustment Payments

Pursuant to several Deeds of Adjustment Payments, all dated 2 December 2006, the aggregate adjustment payments to Sunlight REIT for the Reporting Period amounted to HK\$59.8 million, representing the difference between the relevant consolidated rental income and the assured minimum rental per annum, calculated on a pro rata basis in respect of the Reporting Period.

Profit After Tax

After accounting for, among others, the excess of interest in fair value of the acquirees' identifiable net assets over cost of combination of HK\$533.6 million (including adjustment payments as discussed above), the net increase in fair value of investment properties of HK\$468.0 million and finance costs of HK\$94.5 million, profit after taxation of Sunlight REIT for the Reporting Period was HK\$940.1 million.

Distribution

For the Reporting Period, the annual distributable income of Sunlight REIT was HK\$141.8 million, which exceeded the IPO forecast by 16.3%. The annual distributable income is calculated by the Manager as representing the audited consolidated net profit after tax of Sunlight REIT, adjusted to factor in the effects of certain items as set out in the “Distribution Statement” of this announcement.

In accordance with the Offering Circular, the Manager set a policy to distribute 100% of Sunlight REIT’s annual distributable income for each financial year to unitholders. Pursuant to the Trust Deed, Sunlight REIT is in any event required to ensure that the total amount distributed or distributable to unitholders shall be no less than 90% of Sunlight REIT’s annual distributable income for each financial year.

In addition, the subsidiaries of both Shau Kee Financial Enterprises Limited and HLD have agreed to waive their entitlements, in varying extent, to receive distributions of Sunlight REIT declared until 30 June 2011 pursuant to two Deeds of Distribution Waiver as disclosed in the Offering Circular. Taking into account such distribution waivers, the DPU for the Reporting Period will amount to 13.51 HK cents.

Portfolio Valuation

Independent valuer, Savills Valuation and Professional Services Limited, valued the Portfolio at HK\$9,558 million as of 30 June 2007. This represents an increase of 5.1% from the valuation as of 30 September 2006. Of this total appraised value, office properties accounted for 49.2% and registered a 7.7% growth since 30 September 2006, while retail properties accounted for 50.8% and recorded a 2.8% increase over the same period.

Net Assets

As of 30 June 2007, net assets attributable to unitholders amounted to HK\$4,754.7 million, or HK\$3.19 per unit. All investment properties of Sunlight REIT and all bank balances held under the name of Sunlight REIT Treasury Limited, a subsidiary of Sunlight REIT, were mortgaged or charged to The Hongkong and Shanghai Banking Corporation Limited, in its capacity as the security trustee for the term loan and revolving credit facilities granted by the principal bankers to Sunlight REIT.

Capital Structure Management

On the listing of Sunlight REIT, a total of 1,487,013,000 units were issued at HK\$2.60 per unit. The proceeds of approximately HK\$3,866.2 million from the IPO together with HK\$3,950 million of bank financing were applied towards the acquisition of the Portfolio and various property companies, and the payment of costs and expenses associated with the listing including debt and swap-related payments.

During the Reporting Period, Sunlight REIT had in place total loan facilities of HK\$4,050 million, of which the HK\$3,950 million term loan facility had been fully drawn on the Listing Date, while there was a further HK\$100 million revolving credit facility that remained undrawn. Both the term loan and the revolving credit facilities have a term of five years. As of 30 June 2007, the gearing ratio of Sunlight REIT, defined as total borrowings as a percentage of gross assets, was 38.0%. For the Reporting Period, total borrowing costs amounted to HK\$94.5 million.

Hedging Policy

The Manager employs a prudent and efficient capital management strategy by utilising an appropriate mix of debt and equity capital. In order to minimise financial market risks and maintain financial flexibility, Sunlight REIT has entered into interest rate swap arrangements, under which interest rates of the term loan have been effectively fixed at a flat rate of 3.0% per annum for the period from the Listing Date to 30 June 2007 and 3.50% per annum throughout the remaining period up to 30 June 2011.

Liquidity

As of 30 June 2007, Sunlight REIT had a total bank and cash balance of HK\$210.8 million, including tenants' deposits of HK\$89.6 million. Taking into consideration the current cash position and the unutilised credit facility available, it has sufficient financial resources to satisfy its working capital, distribution payment and capital expenditure requirements.

Contingent Liabilities

The contingent liabilities of Sunlight REIT amounted to HK\$4.7 million as of 30 June 2007. These represent the guarantee given by Sunlight REIT to a commercial bank to secure a banking facility granted to a subsidiary of Sunlight REIT.

Future Plans For Material Investments

Save for the initial acquisitions for the establishment of Sunlight REIT (as detailed in the Offering Circular), no acquisitions or disposals were made during the Reporting Period. At the time of writing, the Manager has not entered into any negotiation to acquire further properties on behalf of Sunlight REIT.

OUTLOOK

We expect demand for office space to continue to be strong, being undergirded by continued economic expansion in Hong Kong and Mainland China. In the retail sector, sustainable consumer confidence and growing tourism are expected to lend support to both retail rentals and occupancy.

We will devote considerable resources and efforts to capitalise on this positive environment. We aim to improve both the rental value and income of the properties under management through a range of proactive leasing and asset enhancement activities. An increasing focus on customer requirements will further enhance performance and outcomes.

Our office properties are sufficiently resilient to withstand the rise in new office supply which is mainly focused on the eastern side of Hong Kong Island and Kowloon. The gap between market rents in Central district and areas such as Wanchai and Sheung Wan has further widened over the past year but we believe that this gap will begin to narrow, to the benefit of our Portfolio. A positive rental reversion cycle, coupled with leases constituting 31.1% of office rental income due for expiry in the coming financial year, are expected to strengthen our future income base.

Our retail properties offer a unique exposure to regional growth in Hong Kong which is well supported by the Government's urban revitalisation initiatives and attendant infrastructure development. Their strategic locations result in potential not only derived from robust domestic demand, but also from rising inbound tourism from Mainland China. The opening of the KCR Lok Ma Chau Spur Line in August 2007 is poised to increase the flow of travellers to and from Mainland China via the Sheung Shui and Yuen Long areas, greatly expanding the prospects for our retail properties situated in these districts.

In addition to market rental improvement, we will continue to explore opportunities for value creation and to enhance our retail properties through upgrading the shopping environment, increasing efforts in advertising and promotion to drive higher traffic flow, and implementing plans to enrich and rejuvenate the trade mix by establishing specific themes catering to demographic needs. As leases accounting for 39.3% of our retail rental income will expire in the coming financial year, we have ample room to implement our strategy without impediments.

We anticipate, therefore, organic growth to continue in our existing Portfolio over the course of the coming financial year. Additional revenue growth may come from the acquisition of new properties, both office and retail, which we will actively seek out. Our sponsor HLD has provided us with a good acquisition platform through the pipeline agreement as we endeavour to build an even more substantial presence, particularly in those parts of Hong Kong in which we already operate.

Barring any unforeseen change in the global economic picture, the outlook for Sunlight REIT in the coming financial year appears favourable to improvement in the performance of our Portfolio and an increase in value for the unitholders.

EMPLOYEES

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

NEW UNITS ISSUED

Except for an aggregate of 4,765,433 units issued to the Manager in lieu of payment of the Manager's fees, there were no new units issued during the Reporting Period.

REPURCHASE, SALE OR REDEMPTION OF UNITS

Under the Trust Deed, the Manager is not permitted to repurchase or redeem any of the units in Sunlight REIT until permitted to do so by the relevant codes and guidelines issued by the SFC from time to time. During the Reporting Period, there was no purchase, sale or redemption of the units by Sunlight REIT or its wholly owned and controlled entities.

PUBLIC FLOAT

As far as the Manager is aware, more than 25% of the issued and outstanding units were held in public hands as of 30 June 2007.

CORPORATE GOVERNANCE

The Manager commits to the highest level of corporate governance practices and procedures. Good corporate governance relies on an optimal mix of checks and balances and has a strong emphasis on high transparency to and alignment of interests with unitholders. The Manager has adopted a Compliance Manual which sets out the key processes, systems, measures, policies and procedures governing the management and operation of Sunlight REIT. Compliance by the Manager with the Compliance Manual ensures that the relevant regulations and legislations are duly observed. During the Reporting Period, the Manager has complied with the provisions of the Compliance Manual save for the disclosure herein
note

A summary of the key components of the corporate governance policies that have been adopted and complied with by the Manager and Sunlight REIT will be set out in the forthcoming annual report of Sunlight REIT.

Note : An independent non-executive director inadvertently effected the purchase of 10,000 units on the Listing Date and subsequently unwinded the long position on 22 December 2006 without prior notification to the designated director of the Manager. The Manager shortly reported the incident to the Trustee and the SFC and, as part of the remedial measures, issued a letter to all directors and senior executives reminding them of the obligation to observe the Compliance Manual and the code governing dealings in Units by Directors as set out therein.

CLOSURE OF REGISTER OF UNITHOLDERS

For Distribution Entitlement

For the purposes of ascertaining unitholders' entitlement to distribution in accordance with the Trust Deed, the Record Date for the Reporting Period shall be Thursday, 4 October 2007.

The register of unitholders of Sunlight REIT will be closed from the Record Date to Thursday, 11 October 2007, both days inclusive, during which period no transfer of units will be registered. In order to entitle to distribution for the Reporting Period, all properly completed transfer forms accompanied by the relevant unit certificates must be lodged for registration with the Unit Registrar, no later than 4:00 p.m. on Wednesday, 3 October 2007.

Distribution for the Reporting Period will be paid to unitholders on or about 30 October 2007.

For Annual General Meeting

The AGM will be held on Wednesday, 24 October 2007. Details of the AGM are set out in the notice of AGM in the forthcoming annual report of Sunlight REIT for the Reporting Period.

The register of unitholders of Sunlight REIT will be closed from Wednesday, 17 October 2007 to Wednesday, 24 October 2007, both days inclusive, during which period no transfer of units will be registered. In order to qualify for attending the AGM, all properly completed transfer forms accompanied by the relevant unit certificates must be lodged for registration with the Unit Registrar no later than 4:00 p.m. on Tuesday, 16 October 2007.

REVIEW OF FINAL RESULTS

The final results of Sunlight REIT for the Reporting Period has been reviewed by the Disclosures Committee and the Audit Committee in accordance with their respective terms of references.

ISSUANCE OF ANNUAL REPORT

The annual report of Sunlight REIT will be sent to unitholders on or about 28 September 2007.

FORWARD-LOOKING STATEMENTS

This announcement contains several statements that are “forward-looking” or which use certain “forward-looking” terminologies. These statements are based on the current beliefs, assumptions, expectations and projections of the Board of the Manager regarding the industry and markets in which Sunlight REIT operates. These statements are subject to risks, uncertainties and other factors beyond the Manager’s control.

FINANCIAL STATEMENTS

Consolidated income statement

for the period from 21 December 2006 (date of listing) to 30 June 2007

(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>\$'000</i>
Turnover	4	200,275
Property operating expenses	5	<u>(51,924)</u>
Net property income		148,351
Other income	6	6,106
Administrative expenses		(31,331)
Excess of interest in fair values of the acquirees' identifiable net assets over cost of business combination		533,585
Net increase in fair value of investment properties		<u>468,000</u>
Profit from operations		1,124,711
Finance costs on interest bearing liabilities	7(a)	<u>(94,458)</u>
Profit before taxation and transactions with unitholders	7	1,030,253
Income tax	8	<u>(90,198)</u>
Profit after taxation and before transactions with unitholders		940,055 =====

Consolidated balance sheet
at 30 June 2007
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>\$'000</i>
Non-current assets		
Investment properties		9,558,000
Deferred tax assets		1,807
Reimbursement rights		206,612
Derivative financial instruments		<u>275,112</u>
		10,041,531

Current assets		
Trade and other receivables	10	86,033
Pledged deposits		210,612
Cash and cash equivalents		<u>151</u>
		296,796

Total assets		10,338,327

Current liabilities		
Tenants' deposits		(89,642)
Rent receipts in advance		(2,826)
Trade and other payables	11	(46,197)
Current taxation		<u>(11,615)</u>
		(150,280)

Net current assets		146,516

Total assets less current liabilities		10,188,047

Consolidated balance sheet
at 30 June 2007 (continued)
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>\$'000</i>
Non-current liabilities, excluding net assets attributable to unitholders		
Secured bank borrowings		(3,931,880)
Deferred tax liabilities		<u>(1,501,445)</u>
		(5,433,325)
		=====
Total liabilities, excluding net assets attributable to unitholders		(5,583,605)
		=====
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		4,754,722
		=====
Number of units in issue		1,491,778,433
		=====
Net asset value attributable to unitholders per unit		\$ 3.19
		=====

Distribution statement

for the period from 21 December 2006 (date of listing) to 30 June 2007
(Expressed in Hong Kong dollars)

	\$'000
Profit after taxation and before transactions with unitholders	940,055

Adjustments:	
- Excess of interest in fair values of the acquirees' identifiable net assets over cost of business combination except for the amount relating to Adjustment Payments	(473,815)
- Net increase in fair value of investment properties	(468,000)
- Manager's fees paid or payable in the form of units	24,562
- Non-cash finance costs on interest bearing liabilities	32,044
- Deferred tax	<u>86,997</u>
	(798,212)

Total distributable income	141,843
=====	
Distribution per unit:	
- Before adjusting for distribution waivers (notes (ii) & (iii))	9.51 cents
=====	
- After adjusting for distribution waivers (notes (ii) & (iv))	13.51 cents
=====	

Notes:

- (i) Pursuant to the REIT Code and the Trust Deed, Sunlight REIT is in any event required to ensure that the total amounts distributed or distributable to unitholders shall be no less than 90% of annual distributable income for each financial year. The policy of the Manager is to distribute to unitholders as dividends an amount equal to 100% of Sunlight REIT's annual distributable income for each financial year.
- (ii) In accordance with two Deeds of Distribution Waiver both of 2 December 2006 as disclosed in Sunlight REIT's Offering Circular, certain unitholders who subscribed for a total of 441,642,638 units have agreed to waive their entitlement, in varying extents, to receive distributions from Sunlight REIT in respect of any period up to 30 June 2011 and have agreed to, where applicable, make payments to Sunlight REIT in case they have disposed these original units subscribed under the IPO. These unitholders have not disposed of any units during the period.
- (iii) The DPU, before adjusting for distribution waivers as mentioned in (ii) above, of 9.51 cents is calculated based on the total distributable income for the period of \$141,843,000 and 1,491,778,433 units, being the number of units in issue at the end of the period as well as the anticipated number of units in issue as of the Record Date for the distribution for the period.
- (iv) The DPU, after adjusting for distribution waivers as mentioned in (ii) above, of 13.51 cents is calculated based on the total distributable income for the period of \$141,843,000 and 1,050,135,795 units, which is calculated as follows:

Anticipated number of units in issue as of the Record Date for distribution for the period	1,491,778,433
Less : Assumed number of units held by the unitholders, who agreed to waive their entitlement to distribution for the period, on the Record Date	(441,642,638)
	<u>1,050,135,795</u>
=====	

Notes on the consolidated financial statements

(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 authorised under section 104 of the Securities and Futures Ordinance. Sunlight REIT is listed on the Main Board of the SEHK.

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 producing stable and sustainable distributions to unitholders and to achieve long term growth in the net asset value per unit. It has its principal place of business at 30th Floor, 248 Queen’s Road East, Wan Chai, Hong Kong.

2. Basis of preparation

The state of deposition of the assets and liabilities of the Group as at 30 June 2007 and of the Group’s results for the period then ended set out in this announcement do not constitute the Group’s consolidated financial statements for the period ended 30 June 2007 (the “consolidated financial statements”), but are extracted from the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, 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, accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable disclosure provisions of the REIT Code and the Rules Governing the Listing of Securities on the SEHK.

3. Segment reporting

The Group comprises two business segments, namely “Office properties” segment and “Retail properties” segment.

	Office properties \$'000	Retail properties \$'000	Total \$'000
<i>(a) Segmental results</i>			
Turnover			
- rental income	65,713	87,768	153,481
- car park income	1,669	8,687	10,356
- rental related income	<u>19,146</u>	<u>17,292</u>	<u>36,438</u>
	86,528	113,747	200,275
Property operating expenses	<u>(22,120)</u>	<u>(29,804)</u>	<u>(51,924)</u>
Net property income	64,408	83,943	148,351
Administrative expenses	<u>(13,074)</u>	<u>(13,661)</u>	<u>(26,735)</u>
Segment results	51,334	70,282	121,616
Net increase in fair value of investment properties	335,000	133,000	468,000
Excess of interest in fair values of the acquirees' identifiable net assets over cost of business combination			533,585
Finance costs on interest bearing liabilities			(94,458)
Income tax			(90,198)
Unallocated other income, net of unallocated administrative expenses			<u>1,510</u>
Profit after taxation and before transactions with unitholders			940,055
			=====

3. Segment reporting (continued)

	Office properties \$'000	Retail properties \$'000	Total \$'000
<i>(b) Segmental balance sheet</i>			
Segment assets	4,855,304	4,936,733	9,792,037
Derivative financial instruments			275,112
Pledged deposits			210,612
Cash and cash equivalents			151
Unallocated assets			<u>60,415</u>
Total assets			10,338,327 =====
Segment liabilities	(795,967)	(836,157)	(1,632,124)
Secured bank borrowings			(3,931,880)
Unallocated liabilities			<u>(19,601)</u>
Total liabilities, excluding net assets attributable to unitholders			(5,583,605) =====

4. Turnover

Turnover represents gross income generated from leasing of investment properties. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	\$'000
Rental income (note)	153,481
Car park income	10,356
Rental related income	<u>36,438</u>
	200,275 =====

Note: Included contingent rental income of \$377,000.

5. Property operating expenses

	\$'000
Property management fee	4,915
Government rent and rates	6,786
Car park operating costs	2,894
Other direct costs	<u>37,329</u>
	51,924
	=====

6. Other income

	\$'000
Bank interest income	6,085
Others	<u>21</u>
	6,106
	=====

7. Profit before taxation and transactions with unitholders

Profit before taxation and transactions with unitholders is arrived at after charging:

	\$'000
(a) Finance costs on interest bearing liabilities:	
Interest on borrowings	62,334
Other borrowing costs	<u>32,124</u>
	94,458
	=====

The total amount represents finance costs on interest bearing liabilities wholly repayable after two years but within five years, whereas other borrowing costs represent the amortisation of the upfront payments for the interest rate swaps and various financing charges.

7. Profit before taxation and transactions with unitholders (continued)

(b) Other items:	\$'000
Manager's fees	24,562
Property Manager's fees	13,941
Trustee's remuneration	1,482
Auditor's remuneration	
- Audit services	1,500
- Other services	300
Valuation fees	762
Other legal and professional fees	535

=====

Sunlight REIT did not appoint any director and the Group did not engage any employee during the period ended 30 June 2007. No employee benefit expense has been incurred in the period accordingly.

8. Income tax

Income tax in the consolidated income statement represents:

	\$'000
Current tax - Provision for Hong Kong Profits Tax	
Provision for the period	3,201

Deferred tax	
Origination and reversal of temporary differences	86,997

	90,198
	=====

Provision for Hong Kong Profits Tax has been made at 17.5% on the estimated assessable profits for the period.

9. Earnings per unit before transactions with unitholders

The basic earnings per unit for the period from 21 December 2006 (date of listing) to 30 June 2007 amounted to \$0.63. The calculation of basic earnings per unit is based on the Group's profit after taxation and before transactions with unitholders of \$940,055,000 and the weighted average of 1,488,770,986 units in issue during the period.

Diluted earnings per unit for the period ended 30 June 2007 is not presented as there was no potential dilution of earnings per unit.

10. Trade and other receivables

	<i>\$'000</i>
Rental receivables	17,577
Deposits and prepayments	6,110
Other receivables	64
Amounts due from related companies	<u>62,282</u>
	86,033
	=====

The trade and other receivables include \$6,110,000 which is expected to be recovered after more than one year. Apart from the above, all of the balances are expected to be recovered within one year.

Included in rental receivables are debtors with the following ageing analysis:

	<i>\$'000</i>
Current and up to 1 month overdue	17,405
More than 1 month overdue and up to 3 months overdue	161
More than 3 months overdue and up to 6 months overdue	10
More than 6 months overdue	<u>1</u>
	17,577
	=====

Monthly rents in respect of leasing properties are received in advance and there is no specific credit terms given to the tenants.

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

11. Trade and other payables

	<i>\$'000</i>
Creditors and accrued charges	24,257
Amounts due to related companies	<u>21,940</u>
	46,197
	=====

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

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

PERFORMANCE TABLE

As at 30 June 2007

(Expressed in Hong Kong dollars)

	<i>Note</i>	
Net asset value		\$ 4,754,722,000
Net asset value per unit		\$ 3.19
Highest traded price during the period		\$ 2.60
Highest premium of the traded price to net asset value per unit	(i)	N/A
Lowest traded price during the period		\$ 2.11
Highest discount of the traded price to net asset value per unit		33.9%
Distribution yield per unit	(ii)	6.0%
Annualised distribution yield per unit	(ii)	11.4%
		=====

Notes:

- (i) The highest traded price during the period was \$2.60 which is lower than the net asset value per unit as at 30 June 2007. Accordingly, no premium of the traded price to net asset value per unit is recorded.
- (ii) Distribution yield per unit is calculated based on the DPU, after adjusting for distribution waivers, of 13.51 cents for the period from 21 December 2006 (date of listing) to 30 June 2007, the only distribution made for the financial period ended 30 June 2007, over the closing market price of \$2.25 as at 29 June 2007, the last trading day for the period ended 30 June 2007. The annualised distribution yield per unit is calculated based on a factor of 365/192.

GLOSSARY OR DEFINITIONS

AGM	the annual general meeting of unitholders of Sunlight REIT
Board	the board of Directors
Compliance Manual	the Manager's compliance manual in relation to the management of Sunlight REIT
DPU	distribution per unit of Sunlight REIT
GRA	gross rentable area
HLD	Henderson Land Development Company Limited
IPO	the initial public offering of Sunlight REIT
Listing Date	21 December 2006
Manager	Henderson Sunlight Asset Management Limited, the manager of Sunlight REIT
Offering Circular	the offering circular dated 8 December 2006 of Sunlight REIT
Portfolio	the portfolio of properties, comprising 20 diverse office and retail properties, acquired by Sunlight REIT on the Listing Date
Property Manager	Henderson Sunlight Property Management Limited
Record Date	the date for ascertaining unitholders' entitlement to distribution in accordance with the Trust Deed; the record date for the Reporting Period shall be Thursday, 4 October 2007
REIT Code	Code on Real Estate Investment Trusts
Reporting Period	21 December 2006 (date of listing) to 30 June 2007
SEHK	The Stock Exchange of Hong Kong Limited
SFC	Securities and Futures Commission
Sunlight REIT	Sunlight Real Estate Investment Trust
Trustee	HSBC Institutional Trust Services (Asia) Limited

Trust Deed the trust deed constituting Sunlight REIT dated 26 May 2006 entered into among Uplite Limited, as settlor, the Trustee and the Manager (as supplemented by two supplemental deeds dated 1 June 2006 and 28 November 2006 respectively)

Unit Registrar the unit registrar of Sunlight REIT, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

By order of the Board
CHEUNG Kam Yee
Company Secretary

Hong Kong, 17 September 2007

As at the date of this announcement, the Board of the Manager comprises : (1) Chairman and Non-executive Director : Mr. KAN Fook Yee; (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, Mr. MA Kwong Wing and Dr. TSE Kwok Sang.