



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**

**RESULTS ANNOUNCEMENT FOR THE PERIOD  
FROM 21 DECEMBER 2006 TO 31 DECEMBER 2006**

The board of directors (the “Board”) of Henderson Sunlight Asset Management Limited (the “Manager”), the Manager of Sunlight Real Estate Investment Trust (“Sunlight REIT”), is pleased to announce the unaudited results of Sunlight REIT for the period from 21 December 2006 (“Listing Date”) to 31 December 2006 (the “Reporting Period”) as follows:

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**Consolidated Income Statement**

*For the period from 21 December 2006 (date of listing) to 31 December 2006 — Unaudited*  
*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<i>\$'000</i>
<b>Turnover</b>	3	<b>10,617</b>
Operating expenses	4	<u>(2,674)</u>
<b>Net property income</b>		<b>7,943</b>
Interest income		1,778
Administrative expenses		(1,630)
Excess of interest in fair values of the acquirees’ identifiable net assets over cost of business combination		<u>473,742</u>
<b>Profit from operations</b>		<b>481,833</b>
Finance costs	5(a)	<u>(5,412)</u>
<b>Profit before taxation</b>	5	<b>476,421</b>
Income tax	6	<u>(605)</u>
<b>Change in net assets attributable to unitholders</b>		<u><u>475,816</u></u>

## Consolidated Balance Sheet

At 31 December 2006 — Unaudited

(Expressed in Hong Kong dollars)

\$'000

### Non-current assets

Investment properties	9,090,000
Deferred tax assets	2,365
Reimbursement rights	211,595
Derivative financial instruments	178,311

9,482,271

### Current assets

Trade and other receivables	61,613
Cash and cash equivalents	167,776

229,389

### Total assets

9,711,660

### Current liabilities

Tenants' deposits	(77,918)
Rent receipts in advance	(2,278)
Trade and other payables	(112,036)
Current taxation	(12,834)

(205,066)

### Net current assets

24,323

### Total assets less current liabilities

9,506,594

### Non-current liabilities, excluding net assets attributable to unitholders

Bank borrowings	(3,929,872)
Deferred tax liabilities	(1,421,745)

(5,351,617)

### Total liabilities, excluding net assets attributable to unitholders

(5,556,683)

### NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

4,154,977

### Number of units in issue

1,487,013,000

### Net asset value attributable to unitholders per unit

HK\$2.79

## Distribution Statement

For the period from 21 December 2006 (date of listing) to 31 December 2006 — Unaudited  
(Expressed in Hong Kong dollars)

	<b>\$'000</b>
Change in net assets attributable to unitholders for the period	<b>475,816</b>
Adjustments:	
— Excess of interest in fair values of the acquirees' identifiable net assets over cost of business combination	<b>(473,742)</b>
— Manager's fees paid or payable in the form of units	<b>1,124</b>
— Finance costs	<b>1,836</b>
— Deferred tax	<b>425</b>
	<b>(470,357)</b>
Total distributable income	<b>5,459</b>
Distribution per unit <i>(Notes (ii))</i>	<b>N/A</b>

### Notes:

- (i) Pursuant to the Trust Deed (as defined hereinafter), Sunlight REIT is in any event required to ensure that the total amounts distributed or distributable to unitholders of Sunlight REIT ("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) As disclosed in Sunlight REIT's offering circular dated 8 December 2006 (the "Offering Circular"), Sunlight REIT's first distribution after the Listing Date will be for the period from the Listing Date to 30 June 2007. Accordingly, income available for distribution for the Reporting Period together with the income available for distribution for the first half of 2007 will be paid to registered Unitholders of Sunlight REIT as of the record date for the final distributions for the period ending 30 June 2007.

## Notes on the Condensed Interim Financial Statements

(Expressed in Hong Kong dollars)

### 1. General

Sunlight REIT is a Hong Kong collective investment scheme constituted as a unit trust by a trust deed (the "Trust Deed") entered into among Uplite Limited, as the settlor, the Manager, and HSBC Institutional Trust Services (Asia) Limited, as the trustee of Sunlight REIT (the "Trustee") on 26 May 2006 (as amended by the supplemental deeds dated 1 June 2006 and 28 November 2006 respectively) and is authorised under section 104 of the Securities and Futures Ordinance. Sunlight REIT is listed on The Stock Exchange of Hong Kong Limited ("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, Wanchai, Hong Kong.

The condensed interim financial statements were authorised for issuance on 23 February 2007.

## 2. Segment reporting

	<b>Office properties \$'000</b>	<b>Retail properties \$'000</b>	<b>Total \$'000</b>
Turnover			
— rental income	3,432	4,622	8,054
— car park income	82	520	602
— rental related income	<u>1,057</u>	<u>904</u>	<u>1,961</u>
	4,571	6,046	10,617
Operating expenses and indirect costs	<u>(1,181)</u>	<u>(1,744)</u>	<u>(2,925)</u>
Segment results	3,390	4,302	7,692
Excess of interest in fair values of the acquirees' identifiable net assets over cost of business combination			473,742
Finance costs			(5,412)
Income tax			(605)
Unallocated operating income and expenses			<u>399</u>
Change in net assets attributable to unitholders			<u><u>475,816</u></u>

## 3. Turnover

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

	<i>\$'000</i>
Rental income	8,054
Car park income	602
Rental related income	<u>1,961</u>
	<u><u>10,617</u></u>

## 4. Operating expenses

	<i>\$'000</i>
Property management fee	260
Government rent and rates	466
Car park operating costs	174
Other direct costs	<u>1,774</u>
	<u><u>2,674</u></u>

## 5. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	<b>\$'000</b>
<b>(a) Finance costs:</b>	
Interest on borrowings	5,285
Other borrowing costs	127
	<u>5,412</u>
<b>(b) Other items:</b>	
Interest income	(1,778)
Manager's fees	1,124
Property manager's fees	686
Bank charges	12
Trustee's remuneration	88
Auditors' remuneration	350
Legal and professional fees	22
	<u>22</u>

## 6. Income tax

	<b>\$'000</b>
Current tax — Hong Kong Profits Tax	180
Deferred tax	425
	<u>605</u>

The provision for Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profits for the period ended 31 December 2006.

## 7. Earnings per unit before transactions with unitholders

The basic earnings per unit for the Reporting Period amounted to HK\$0.32. The calculation of basic earnings per unit is based on the Group's change in net assets attributable to unitholders (before any distributions to unitholders) for the period of HK\$475,816,000 and the number of units in issue during the period.

Diluted earnings per unit for the Reporting Period is not presented as there was no potential dilution of earnings per unit.

## DISTRIBUTION

It is the Manager's policy to distribute to Unitholders an amount equivalent to 100% of annual distributable income for each financial year. Pursuant to the Trust Deed and in compliance with the Code on Real Estate Investment Trusts ("REIT Code"), Sunlight REIT is in any event required to ensure the total amounts distributed or distributable to Unitholders shall be no less than 90% of its annual distributable income (audited net income after tax under the REIT Code) for each financial year.

The unaudited distributable income of Sunlight REIT to Unitholders for the Reporting Period amounted to approximately HK\$5,459,000. Pursuant to the distribution policy stated in the Offering Circular in connection with the initial public offering (“IPO”) of Sunlight REIT, the first distribution of Sunlight REIT will be declared upon the announcement of its final results for the financial period ending 30 June 2007 which is expected to take place no later than 31 October 2007. Subsequently, two distributions will be made each year in respect of the six-month periods ending 31 December and 30 June.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Operation Review**

The overall occupancy of the portfolio stood at 89.0% as at 31 January 2007 (88.0% as at 31 December 2006). When compared with the overall occupancy of 89.2% as at 30 September 2006, it reflects an improvement in retail occupancy that was offset by a decrease in office occupancy. For the office portfolio, the occupancy rate decreased slightly from 89.2% as at 30 September 2006 to 87.1% as at 31 January 2007 (86.1% as at 31 December 2006). The drop was mainly attributable to a higher vacancy recorded at the 248 Queen’s Road East Property. In contrast, the overall retail occupancy increased from 89.2% as at 30 September 2006 to 93.0% as at 31 January 2007 (91.8% as at 31 December 2006) on the back of strong take-up at Metro City Phase I Property and Sheung Shui Centre Shopping Arcade Property.

In terms of passing rental, the average passing rental in terms of gross area for the entire portfolio was HK\$20.7 psf as at 31 January 2007 (HK\$20.4 psf as at 31 December 2006) compared to HK\$18.9 psf as at 30 September 2006. Sunlight REIT had been able to capitalise on the robust activities in the office sector as the average passing rental of the office portfolio increased from HK\$12.2 psf as at 30 September 2006 to HK\$13.7 psf as at 31 January 2007 (HK\$13.2 psf as at 31 December 2006). At the same time, the Manager’s proactive leasing strategy also delivered results for the retail portfolio with the average passing rental reaching HK\$34.9 psf as at 31 January 2007 (HK\$34.8 psf as at 31 December 2006) compared with HK\$33.4 psf as at 30 September 2006.

The portfolio has a diverse tenant base with 926 tenancies as at 31 January 2007 (920 tenancies as at 31 December 2006) and the 10 largest tenants in terms of rental income contributed approximately 17.6% (approximately 16.9% as at 31 December 2006) of the total rental income. No single tenant accounted for more than 3.0% of the total rental income.

### **Financial Review**

Total revenue and total operating expenses of Sunlight REIT for the Reporting Period were approximately HK\$10,617,000 and HK\$2,674,000 respectively, resulting in net property income of approximately HK\$7,943,000. After accounting for excess of fair value of identifiable assets and liabilities over cost of acquisition and deducting certain non-property operating expenses, the consolidated net profit of Sunlight REIT for the Reporting Period was approximately HK\$475,816,000.

As at 31 December 2006, Sunlight REIT had in place total loan facilities of HK\$4,050,000,000 of which the HK\$3,950,000,000 term loan facility had been fully drawn on the Listing Date, while there was a further HK\$100,000,000 revolving credit facility that remained undrawn. Both the term loan and the revolving credit facilities have a term of 5 years. As at 31 December 2006, the gearing ratio of Sunlight REIT, defined as total borrowings as a percentage of gross assets, was 40.5%.

As at 31 December 2006, Sunlight REIT had cash balances and bank deposits totaling HK\$167,776,000 with maturities well diversified to satisfy its financial commitments and working capital requirements.

## PERFORMANCE TABLE

As at 31 December 2006

Net asset value (HK\$'000)	4,154,977
Net asset value per unit (HK\$)	2.79
Highest traded price during the Reporting Period (HK\$)	2.60
Highest premium of the traded price to net asset value <sup>(Note 1)</sup>	N/A
Lowest traded price during the Reporting Period (HK\$)	2.19
Highest discount of the traded price to net asset value	21.5%
Net yield per unit <sup>(Note 2)</sup>	N/A

### Notes:

1. The highest traded price during the period was HK\$2.60 which is lower than the net asset value as at 31 December 2006. Accordingly, no premium of the traded price to net asset value is recorded.
2. Please refer to note (ii) under the section entitled the Distribution Statement of the Condensed Interim Financial Statements.

## CORPORATE GOVERNANCE

The Manager is committed 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 (the "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 and Sunlight REIT with the Compliance Manual ensures that the relevant regulations and legislations are duly observed.

During the Reporting Period, the Manager and Sunlight REIT have complied with the provisions of the REIT Code, the Securities and Futures Ordinance, the Rules Governing the Listing of Securities on SEHK (the "Listing Rules"), the Trust Deed, the Listing Agreement and the requirements and procedures laid down in the Compliance Manual and all the directors confirmed that they have complied with the code governing dealings in units of Sunlight REIT (the "Units") by Directors save for the disclosure herein <sup>(Note)</sup>.

*Note:* An independent non-executive director inadvertently effected the purchase of 10,000 Units on 21 December 2006 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 Securities and Futures Commission (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.

## PUBLIC FLOAT

The Manager confirmed that as at 31 December 2006, the total number of Units outstanding was 1,487,013,000.

As at the date of this announcement, the Manager confirmed that Sunlight REIT has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to Sunlight REIT and to the best knowledge of the Manager.

## **NEW UNITS ISSUED**

The Manager confirmed that, save for the 1,487,013,000 Units issued at the IPO, there were no new Units issued during the Reporting Period.

## **REPURCHASE, SALE OR REDEMPTION OF UNITS**

Under the Trust Deed, the Manager shall not repurchase or redeem any Units on behalf of Sunlight REIT until permitted to do so by the relevant codes and guidelines issued by the SFC from time to time. On behalf of Sunlight REIT, the Manager confirmed that there was no purchase, sale or redemption of Units during the Reporting Period.

## **REVIEW OF RESULTS**

The results of Sunlight REIT for the Reporting Period have been reviewed by the Disclosures Committee and Audit Committee of the Manager and by the auditors in accordance with Statement of Auditing Standards 700 “Engagements to Review Interim Financial Reports” issued by the Hong Kong Institute of Certified Public Accountants.

## **ISSUANCE OF REPORT**

The report of the results of Sunlight REIT for the Reporting Period will be sent to Unitholders on or before 28 February 2007.

By order of the Board  
**Henderson Sunlight Asset Management Limited**  
*as manager of Sunlight REIT*  
**Cheung Kam Yee**  
*Company Secretary*

Hong Kong, 23 February 2007

*The Directors of the Manager as at the date of this announcement are Mr. Kan Fook Yee as Chairman and Non-executive Director, Mr. Wu Shiu Kee, Keith as Chief Executive Officer and Executive Director, Mr. Kwok Ping Ho as Non-executive Director; Mr. Kwan Kai Cheong, Mr. Ma Kwong Wing and Dr. Tse Kwok Sang as Independent Non-executive Directors.*

Please also refer to the published version of this announcement in The Standard.