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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
恒基陽光資產管理有限公司

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2015

The board of directors (the "**Board**") of Henderson Sunlight Asset Management Limited (the "**Manager**") is pleased to announce the final results of Sunlight Real Estate Investment Trust ("**Sunlight REIT**") for the year ended 30 June 2015 (the "**Year**") as follows :

FINANCIAL HIGHLIGHTS

(in HK$' million, unless otherwise specified)

	2015	2014	Change (%)
For the year ended 30 June :			
Revenue	**754.4**	688.9	9.5
Net property income	**586.6**	535.1	9.6
Cost-to-income ratio (%)	**22.2**	22.3	N/A
Profit after taxation	**1,902.7**	1,230.0	54.7
Total distributable income	**375.2**	342.8	9.4
Distribution per unit (HK cents)	**22.0**	20.0	10.0
Payout ratio (%)	**95.9**	94.8	N/A
At 30 June :			
Portfolio valuation	**17,035.3**	15,390.6	10.7
Net asset value	**13,097.1**	11,494.9	13.9
Net asset value per unit (HK$)	**7.99**	7.06	13.2
Gearing ratio (%)	**22.0**	24.3	N/A

PORTFOLIO STATISTICS

Property	Operational Statistics						Property Financials				
	Occupancy at 30 June (%)		Passing Rent [1] at 30 June (HK$ / sq. ft.)		Rental Reversion [2] (%)		Net Property Income (HK$'000)		Capitalisation Rate at 30 June 2015 (%)		Appraised Value at 30 June 2015 (HK$'000)
	2015	2014	2015	2014	FY2014/15	FY2013/14	FY2014/15	FY2013/14	Office	Retail	
Office											
Grade A											
Sunlight Tower [3]	99.6	98.5	34.1	32.1	19.2	28.9	150,280	135,346	3.85	3.75	4,306,000
Grade B											
Bonham Trade Centre	98.1	97.4	26.1	24.1	18.6	25.8	32,492	28,617	3.65	4.00	1,003,100
Righteous Centre	98.2	100.0	40.1	36.2	21.7	19.2	22,659	20,239	3.95	3.60	662,500
Winsome House Property	100.0	97.2	39.3	38.0	12.1	13.3	16,604	16,349	3.65	3.80	538,700
135 Bonham Strand Trade Centre Property	95.2	100.0	24.6	22.3	16.2	17.9	15,240	14,610	3.65	4.00	505,100
235 Wing Lok Street Trade Centre	98.9	98.9	18.4	16.9	21.0	17.5	9,674	8,994	3.65	4.00	314,300
Everglory Centre [4]	95.1	100.0	21.3	19.7	20.9	21.2	6,420	6,184	3.10	3.10	309,100
Yue Fai Commercial Centre Property [4, 5]	97.4	99.4	18.2	18.8	14.4	16.5	7,834	7,631	3.60	3.60	287,000
Java Road 108 Commercial Centre	98.1	100.0	22.0	20.5	17.0	16.9	7,879	7,394	3.95	4.20	254,000
On Loong Commercial Building Property [5]	100.0	100.0	28.6	27.3	14.8	17.3	7,630	7,368	3.85	3.90	239,300
Sun Fai Commercial Centre Property	100.0	98.1	21.6	20.6	12.5	19.2	5,753	5,516	4.00	4.25	169,500
Wai Ching Commercial Building Property	100.0	100.0	11.8	10.7	22.9	23.5	1,649	1,621	3.75	4.10	65,500
Sub-total/Average	**98.7**	**98.7**	**29.4**	**27.5**	**18.3**	**23.4**	**284,114**	**259,869**			**8,654,100**
Retail											
New Town											
Sheung Shui Centre Shopping Arcade	99.8	97.4	111.3	102.9	27.3	36.2	150,088	131,034	N/A	4.40	4,060,700
Metro City Phase I Property	98.8	98.3	48.1	44.9	15.3	17.9	107,575	102,373	N/A	4.50	2,891,300
Kwong Wah Plaza Property	99.3	99.3	46.0	43.8	24.9	31.7	31,067	28,484	3.85	3.80	958,800
Urban											
Royal Terrace Property [4]	88.4	100.0	48.0	47.6	16.6	N/A	5,854	6,097	N/A	2.80	246,400
Beverley Commercial Centre Property	100.0	94.5	52.1	51.8	2.7	18.2	4,527	4,436	N/A	4.30	126,500
Supernova Stand Property	100.0	100.0	47.6	47.6	N/A	23.8	2,325	1,948	N/A	4.00	59,200
Palatial Stand Property	58.7	100.0	13.5	13.2	N/A	26.4	1,030	824	N/A	4.35	38,300
Sub-total/Average	**98.1**	**98.2**	**66.8**	**61.6**	**20.3**	**28.8**	**302,466**	**275,196**			**8,381,200**
Total/Average	**98.5**	**98.6**	**41.1**	**38.2**	**19.2**	**26.0**	**586,580**	**535,065**			**17,035,300**

Notes :
1. Passing rent is calculated on the basis of average rent per sq. ft. for all occupied gross rentable area ("**GRA**") on the relevant date.
2. Rental reversion is calculated on the basis of change in effective rent of the leases renewed during the relevant year.
3. The property was previously known as 248 Queen's Road East.
4. In May 2015, Sunlight REIT disposed of Everglory Centre, Yue Fai Commercial Centre Property (excluding 1/F) and Royal Terrace Property. Completion of the disposals took place in July and August 2015.
5. Subsequent to the Year, Sunlight REIT disposed of 1/F of Yue Fai Commercial Centre in exchange for Unit 6A of On Loong Commercial Building. It further acquired the remaining interests in On Loong Commercial Building and has become the sole owner of the building with effect from 3 August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

For the Year, Sunlight REIT recorded a 9.5% year-on-year increase in revenue to HK$754.4 million. After deducting operating expenses of HK$167.8 million, net property income came in at HK$586.6 million, up 9.6% year-on-year. Finance costs decreased 3.5% from the preceding year to HK$110.5 million, mainly attributable to a relatively smaller fee amortisation relating to loan refinancing activities. After taking into account a fair value gain on investment properties amounting to HK$1,596.5 million, Sunlight REIT reported a profit after taxation of HK$1,902.7 million (FY2013/14: HK$1,230.0 million).

The overall portfolio of Sunlight REIT recorded an average occupancy of 98.5% at 30 June 2015, largely unchanged from the previous year. The occupancies of the office and retail portfolios stood at 98.7% and 98.1% (30 June 2014: 98.7% and 98.2%) respectively. During the Year, a total of 573,258 sq. ft. were leased out, 23.4% of which was attributable to new lettings while the remainder was renewal. The moderating pace of office market decentralisation to areas such as Kowloon East contributed to a high retention rate of 79.4% (FY2013/14: 71.0%) for the office portfolio, while the lower retention rate for the retail portfolio at 65.1% (FY2013/14: 74.5%) was mainly due to the tenant reconfiguration exercise at Metro City Phase I Property ("**MCPI**").

Average passing rent of the office portfolio was HK$29.4 per sq. ft., up 6.9% year-on-year, while that of the retail portfolio was HK$66.8 per sq. ft., up 8.4% from a year ago. During the Year, rental reversions of 18.3% and 20.3% were secured by the office and retail portfolios respectively.

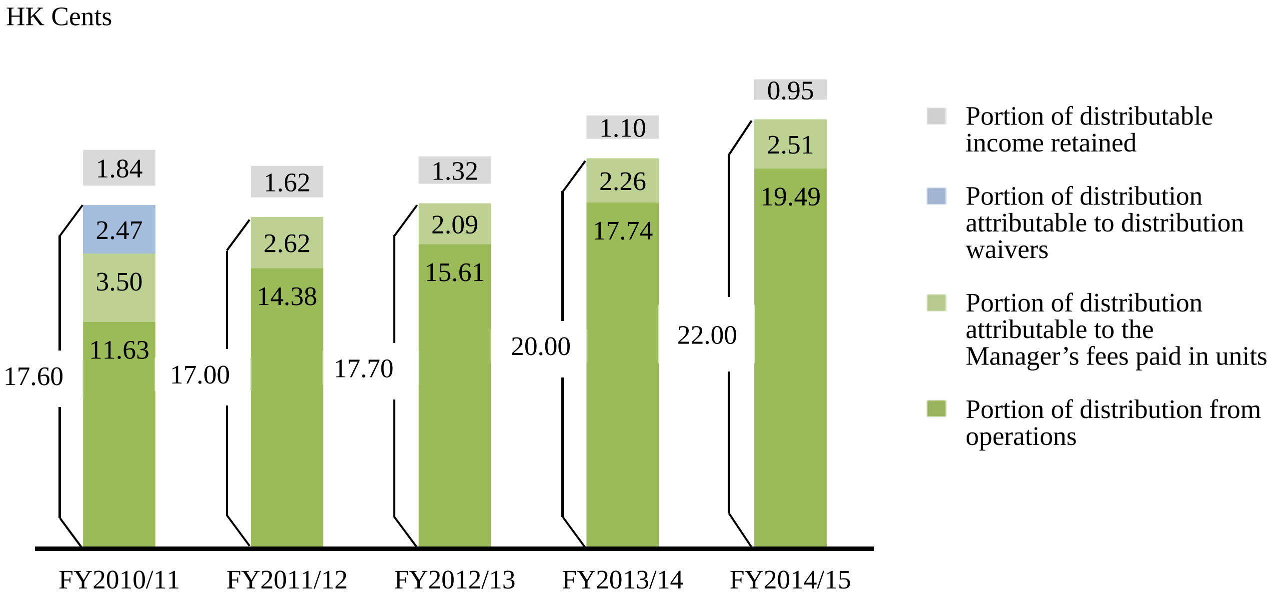
Given sustained inflationary pressure, the Manager maintained a high level of discipline in containing expenses for Sunlight REIT during the Year. Key property related expenses such as security, cleaning and utilities were kept under adequate control, while higher expenses for items such as rental commission and government rents and rates essentially reflected the growth in rental income and increased assessable value of the properties. In all, the cost-to-income ratio of 22.2% (FY2013/14: 22.3%) remained competitive and satisfactory.

Distribution

The total distributable income of Sunlight REIT for the Year was HK$375.2 million, representing an increase of 9.4% from the previous year. The Board has resolved to declare a final distribution of HK 11.5 cents per unit, or HK$188.2 million. Together with the interim distribution of HK 10.5 cents per unit, or HK$171.4 million, total distributions for the Year would amount to HK$359.7 million, implying a payout ratio of 95.9%. The full year distribution per unit ("**DPU**") of HK 22.0 cents is 10.0% higher than the preceding year, and represents a distribution yield of 5.6% based on the closing unit price of HK$3.95 on the last trading day of the Year.

A comparison of annual DPU with composition breakdown (attributable to operations, cash savings from Manager's fees paid in units and distribution waivers (as applicable)) is illustrated in the chart titled "Distribution at a Glance". The chart also depicts the distribution income retained expressed on a per unit basis.

Distribution at a Glance



Distribution Entitlement and Closure of Register of Unitholders

The ex-distribution date and record date for the final distribution are Friday, 25 September 2015 and Monday, 5 October 2015 respectively. The register of unitholders will be closed from Wednesday, 30 September 2015 to Monday, 5 October 2015, both days inclusive, during which period no transfer of units will be effected. In order to be entitled to the final distribution, completed transfer forms accompanied by the relevant unit certificates must be lodged for registration with the unit registrar of Sunlight REIT, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 29 September 2015. Payment of the final distribution will be made to unitholders on Tuesday, 20 October 2015.

Financial Position

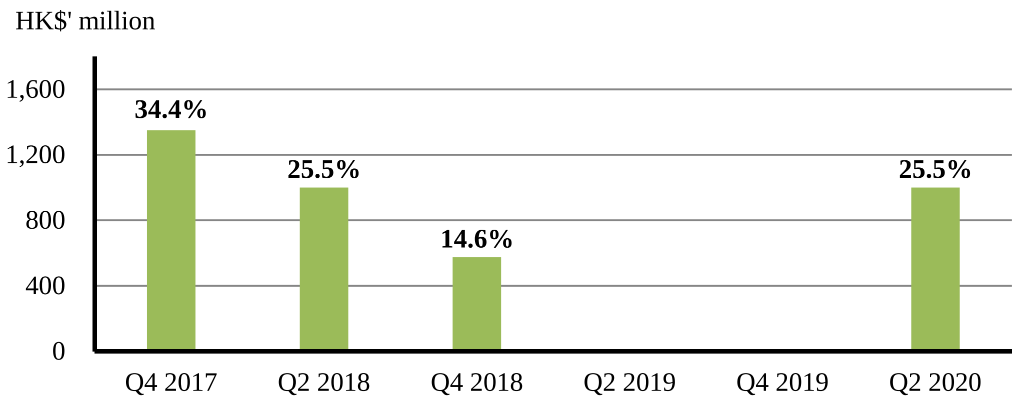
Sunlight REIT's portfolio was appraised by the principal valuer at HK$17,035.3 million at 30 June 2015, representing a 10.7% appreciation from the same time last year. Accordingly, the net assets of Sunlight REIT rose by 13.9% to HK$13,097.1 million (30 June 2014: HK$11,494.9 million). After taking into account the effect of payment of Manager's fees in units and the cancellation of units bought back during the Year, net asset value per unit increased by 13.2% to HK$7.99 (30 June 2014: HK$7.06).

Given the higher property valuation, the gearing ratio of Sunlight REIT, defined as total borrowings as a percentage of gross assets, decreased from 24.3% at 30 June 2014 to 22.0% at 30 June 2015; gross liabilities[1] as a percentage of gross assets also dropped to 26.8%. As the EBITDA[2] of Sunlight REIT grew 8.5% year-on-year to HK$481.6 million, the interest coverage ratio[3] for the Year further improved to 4.89 times as compared with 4.68 times recorded in the previous year. In respect of contingent liabilities, Sunlight REIT has provided a guarantee to a commercial bank for its issuance of bank guarantees in lieu of deposit to electricity utility companies, the amount of which was HK$4.7 million at 30 June 2015.

Capital Management

At 30 June 2015, Sunlight REIT had in place total loan facilities of HK$4,225.0 million, comprising term loan facilities of HK$3,925.0 million which were fully drawn and a HK$300 million revolving credit facility with HK$290 million undrawn. The term loan facilities, carrying a blended interest margin of 1.24% per annum over HIBOR (before interest rate swap arrangements) and a weighted loan maturity period of 3.3 years, are secured by a pool of securities (shared on a pari passu basis) including, among others, a mortgage over certain properties held by Sunlight REIT (with an appraised value of HK$14,112.5 million at 30 June 2015), assignment of proceeds under tenancies and a floating charge over the bank balances relating to these properties.

Debt Maturity Profile[4]



Notes :

1. Gross liabilities include total borrowings, tenants' deposits and other liabilities.
2. EBITDA represents net earnings before change in fair value of investment properties, interest expenses, taxation, depreciation and amortisation.
3. Interest coverage ratio is calculated by dividing EBITDA by cash interest expense incurred on gross borrowings.
4. Excluding the revolving credit facility.

Following the special resolutions passed by the unitholders at an extraordinary general meeting held in March 2015 and the consequential changes to the trust deed constituting Sunlight REIT dated 26 May 2006 (as modified, supplemented and amended from time to time) (the "**Trust Deed**"), flexibility has been introduced in treasury management activities for Sunlight REIT. Under the new regime, the Manager is permitted to place funds as bank deposits and relevant investments[1] as governed by the Code on Real Estate Investment Trusts (the "**REIT Code**") and the Trust Deed, with maturity profile compatible with projected funding requirements.

At 30 June 2015, Sunlight REIT had total cash and bank balances of HK$464.3 million, and had no exposure to relevant investments. Taking into consideration the recurrent income generated from its operations, the current cash position and sources of funding available, the Manager is of the view that Sunlight REIT has sufficient financial resources to satisfy its working capital, distribution payment and capital expenditure requirements.

In order to mitigate financial market risks, Sunlight REIT has maintained certain interest rate swap arrangements. At 30 June 2015, approximately 77.5% (or HK$3,050 million) of Sunlight REIT's borrowings was hedged to fixed rates. Subsequent to the Year, the Manager unwound three existing interest rate swaps in July 2015, each with a notional amount of HK$500 million and all due for expiry on 30 June 2016, for a total cost of HK$22.2 million. Meanwhile, new interest rate swaps with an aggregate notional amount of HK$400 million and HK$600 million were entered into at weighted average interest rates of 1.441% per annum and 1.661% per annum, and with expiry dates in August 2019 and 2020 respectively. Subsequent to the above transactions, the weighted tenure of the interest rate swaps will be extended from 2.0 years to 3.6 years.

Interest Rate Swaps Profile

	At 30 June 2015		Current position (at 10 September 2015)	
Tenure	**Notional amount** (HK$' million)	**Weighted average interest rate**[2] (per annum)	**Notional amount** (HK$' million)	**Weighted average interest rate**[2] (per annum)
4 July 2011 – 30 June 2016	1,500	2.0973%	N/A	N/A
7 October 2011 – 28 September 2018	300	1.5975%	300	1.5975%
2 July 2013 – 29 June 2018	500	0.8150%	500	0.8150%
2 October 2013 – 29 September 2017	300	1.3100%	300	1.3100%
23 October 2014 – 28 September 2018	150	1.3180%	150	1.3180%
16 January 2015 – 31 December 2018	300	1.2700%	300	1.2700%
3 August 2015 – 2 August 2019	N/A	N/A	400	1.4410%
3 August 2015 – 3 August 2020	N/A	N/A	600	1.6610%
Total	**3,050**	**1.6408%**	**2,550**	**1.3457%**

Notes:

1. Relevant investments shall have the meaning as defined in paragraph 7.2B of the REIT Code.
2. This represents the weighted average interest rate currently payable on the interest rate swap contracts, excluding the relevant interest margin under the respective term loan agreements. The tenure of these contracts may not exactly match with that of Sunlight REIT's borrowings.

OUTLOOK

While the nervousness arising from the Greek debt crisis has seemingly subsided, the continued decline in oil and commodity prices has bred concerns about global growth prospects, which can be further undermined by untimely interest rate hikes in the US. The Manager considers that given the prevailing commodity-led deflation and the still accommodative monetary policies implemented in most other major economies, any interest rate increase in the US would likely be mild. The recent depreciation in the value of the Renminbi, causing further havoc to global financial markets, certainly adds credence to this view. This is further exemplified by the flat yield curve in the US (as well as in Hong Kong), with the differential between short (3-year) and long (10-year) dated fixed rates hovering around 1% year-to-date. As such, the net adverse impact on Hong Kong's economic growth is expected to be relatively limited.

The demand-supply dynamics of the retail and office property markets, while apparently less favourable than in previous years, should on balance bode reasonably well for the prospects of Sunlight REIT in the foreseeable future. The supply of new retail premises is expected to be minimal over the next twelve months, although the Manager is mindful that approximately 0.7 million sq. ft. of new shopping space may come on stream in Tseung Kwan O in or before 2018. From the perspective of demand, the Manager has not seen (at the time of making this announcement) any material deterioration in the occupancy costs for the key retail tenants. However, given the growingly cautious investment sentiment, sluggish consumer spending and thus softer retail leasing demand is expected to become a more prominent feature. Gratifyingly, the retail properties of Sunlight REIT are defensively located in key transportation hubs and areas with high population growth; coupled with a diversified tenant mix and timely executed improvement works, the Manager is hopeful that, despite the latest financial market disruptions, customer traffic would stay healthy, providing support to rental rates in the coming year.

On the office front, although more than 3 million sq. ft. of new Grade A office space is scheduled for completion in the run-up to 2017, the majority of this new supply will be located in Kowloon East, with a good portion already locked in by pre-sales to end-users en-bloc or on a strata-titled basis. For Hong Kong Island, there should be no material Grade A office supply before early 2018. Meanwhile, in light of the historical five-year average annual take-up rate of approximately 1.7 million sq. ft., the new supply in the coming two years is expected to be readily absorbed. The recent Mainland-Hong Kong Mutual Recognition of Funds initiative, together with the potential launch of the Shenzhen-Hong Kong Stock Connect scheme later this year, may continue to spur demand for new offices from the financial services sector. The Manager is therefore guardedly optimistic about the outlook for the office leasing market, and is of the view that the vacancy rate for Grade A offices would continue to stay at or below 5% on average in the next twelve months.

Consequently, it is hopeful that the portfolio of Sunlight REIT, barring unforeseen circumstances, will be able to enjoy further positive rental reversions in the year ahead. However, investors should realise that Sunlight REIT has maintained an impressive record of sustaining growth in rental income. It is therefore only logical to assume that the pace of rental reversion for Sunlight REIT's existing portfolio would become more subdued going forward. Further, the prevailing consumer sentiment might dampen the upside potential of retail rents at least in the near term. Nonetheless, such possible slowdown in growth momentum will be well managed and can hopefully be mitigated on several fronts. For one thing, despite chronic wage pressure, the Manager has been able to keep operating costs more under control with sustainable savings accrued from sound utilities and energy management.

Besides, previous investments in asset enhancement have begun to bear fruit. With the completion of renovation works at MCPI, a host of new tenants occupying a total of approximately 15,000 sq. ft. have committed to commencing business in the second half of 2015. Given a greater variety of shops and restaurants, with an emphasis on more lifestyle trades as well as food and beverage options, coupled with accompanying attractions offered by two adjoining phases owned by Henderson Land Development Company Limited (which together form the Metro City shopping complex), this property looks set to enjoy further improvement in customer flow and business.

Elsewhere, more asset enhancement initiatives are in the pipeline. The Manager has budgeted approximately HK$9 million for the installation of a second water-cooled chiller in Sunlight Tower, which, upon completion, will further enhance the reliability and cost efficiency of the air-conditioning system. The Manager has also planned to reconfigure some 20% of the lettable space at Sheung Shui Centre Shopping Arcade, with a view to enhancing the dynamics and footfall in this property. Although the project will inevitably incur a rent void in respect of the affected area for an approximately nine-month period beginning from March 2016, the benefits to be reaped from the refurbishment works should outweigh the brief interruption to income.

On capital management, the Manager has proactively restructured the overall interest rate swap profile for Sunlight REIT, so that its borrowings have been substantially anchored to fixed rates until September 2017 at the earliest. In the meantime, the Manager will continue to monitor the overall funding environment, and will strengthen the financial base of Sunlight REIT as and when opportune.

The proceeds raised from the successful disposals of three non-core assets have further enriched the coffers of Sunlight REIT, enabling the Manager to pursue various value-added strategies for the benefit of unitholders, such as unit buy-back in view of the steep discount at which the unit is trading against its underlying asset value. In addition, the Manager will continue to explore acquisition opportunities that are complementary to Sunlight REIT's current portfolio and can enhance the overall portfolio return. This is evident in the recent acquisition of the remaining strata-titled interests in On Loong Commercial Building, which has afforded the Manager greater autonomy and flexibility in terms of usage and renovation of the building.

Since its listing in December 2006, Sunlight REIT has achieved compound average annual growth rates of 9.6% and 11.0% in net property income and net asset value respectively. This is an enviable track record considering a competitive environment in which it has been operating. The path of development ahead will unavoidably be littered with obstacles, but the Manager is, as always, determined to rise to the challenge. Its unwavering commitment to professionalism has helped build an invaluable bond of trust with the tenants, clients and customers of Sunlight REIT, while formulating proactive and innovative investment strategies is its forte when faced with barriers. In sum, the Manager continues to view the future with confidence, and is dedicated to creating value for the stakeholders of Sunlight REIT in the years to come.

EMPLOYEES

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

CORPORATE GOVERNANCE

The Manager is committed to upholding a high level of corporate governance standard. Good corporate governance entails a sound and effective system of checks and balances, and requires practices and procedures that promote awareness and observance of stakeholder rights. To ensure that the above objectives are satisfied and the relevant legislations and regulations are duly observed, the Manager has adopted a compliance manual (the "**Compliance Manual**") which sets out the key processes, systems, measures, corporate governance policies as well as other policies and procedures governing the management and operations of Sunlight REIT. The Compliance Manual is reviewed regularly and modifications are made if necessary or if relevant legislations or regulations have been enacted or amended.

During the Year, the Manager has complied with the provisions of the Compliance Manual.

The key components of the corporate governance policies together with details of the updates of the Compliance Manual made during the Year will be set out in the forthcoming annual report of Sunlight REIT.

Public Float

At 30 June 2015, based on information that is publicly available and within the knowledge of the directors of the Manager, Sunlight REIT has maintained a public float of not less than 25% of the outstanding units in issue as required by the Securities and Futures Commission.

New Units Issued

Except for an aggregate of 11,906,287 new units issued to the Manager as payment of part of the Manager's fees, there were no other new units issued during the Year.

Buy-back, Sale or Redemption of Units

Pursuant to the general mandate granted by unitholders at the annual general meeting held on 3 November 2014, the Manager bought back on behalf of Sunlight REIT a total of 1,000,000 units on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in November 2014, for an aggregate consideration of approximately HK$3.4 million (excluding buy-back expenses). The highest and the lowest price paid per unit for such buy-backs were HK$3.46 and HK$3.36 respectively. All bought back units were cancelled prior to the end of the Year. Subsequent to the Year, the Manager bought back on behalf of Sunlight REIT a total of 1,850,000 units on the Stock Exchange in July 2015, for an aggregate consideration of approximately HK$7.0 million (excluding buy-back expenses). The highest and the lowest price paid per unit for such buy-backs were HK$3.93 and HK$3.67 respectively. All bought back units were cancelled in July 2015.

Save as disclosed above, there was no purchase, sale or redemption of units by Sunlight REIT or its wholly owned and controlled entities during the Year.

Acquisition and Disposal of Properties

Pursuant to a public tender launched in April 2015, Sunlight REIT entered into binding agreements with various purchasers in May 2015 to dispose of three properties, namely Everglory Centre, Yue Fai Commercial Centre Property (excluding the 1st Floor) and Royal Terrace Property. Completion of the disposals took place in July and August 2015.

In July 2015, Sunlight REIT disposed of the 1st Floor of Yue Fai Commercial Centre in exchange for Unit 6A of On Loong Commercial Building and an equality money of HK$8 million.

In August 2015, Sunlight REIT acquired the remaining units (namely, the 21st Floor) of On Loong Commercial Building and since then has become the sole owner of all the units of On Loong Commercial Building.

For details of the above transactions, please refer to announcements of Sunlight REIT issued on 14 April 2015, 29 May 2015, 31 July 2015, 3 August 2015 and 31 August 2015 respectively.

Save as disclosed above, there was no acquisition and disposal of properties by Sunlight REIT or its wholly owned and controlled entities during the Year.

Review of Final Results

The final results of Sunlight REIT for the Year have been reviewed by the Audit Committee and the Disclosures Committee in accordance with their respective terms of reference.

The financial figures contained in the preliminary announcement of the results of Sunlight REIT for the Year have been compared by the auditor of Sunlight REIT, KPMG, Certified Public Accountants, to the amounts set out in the consolidated financial statements of Sunlight REIT for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

ISSUANCE OF ANNUAL REPORT

The 2014/15 Annual Report of Sunlight REIT will be sent to unitholders on 24 September 2015.

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 regarding the industry and sectors in which Sunlight REIT operates. 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 year ended 30 June 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Revenue	4 & 5	**754,354**	688,905
Property operating expenses	4 & 6	**(167,774)**	(153,840)
Net property income		**586,580**	535,065
Other income	7	**3,603**	3,678
Administrative expenses		**(108,660)**	(94,836)
Net increase in fair value of investment properties		**1,596,525**	961,041
Profit from operations		**2,078,048**	1,404,948
Finance costs on interest bearing liabilities	8(a)	**(110,528)**	(114,510)
Profit before taxation and transactions with unitholders	8	**1,967,520**	1,290,438
Income tax	9	**(64,817)**	(60,391)
Profit after taxation and before transactions with unitholders		**1,902,703**	1,230,047

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015
(Expressed in Hong Kong dollars)

	2015	2014
	$'000	$'000
Profit after taxation and before transactions with unitholders	**1,902,703**	1,230,047
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss :		
- Changes in fair value of cash flow hedges recognised during the year	**2,558**	3,658
Total comprehensive income for the year	**1,905,261**	1,233,705

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Non-current assets			
Fixed assets			
- Investment properties		**16,192,800**	15,390,600
- Other fixed assets		**87**	79
		16,192,887	15,390,679
Deferred tax assets		**-**	566
Derivative financial instruments		**8,841**	19,989
Prepayments	11	**-**	17,735
Reimbursement rights		**197,145**	203,413
		16,398,873	15,632,382
Current assets			
Trade and other receivables	11	**27,356**	24,031
Cash and bank balances		**464,334**	345,254
Tax recoverable		**157,569**	150,198
		649,259	519,483
Investment properties and assets of disposal groups held for sale	12	**849,564**	-
		1,498,823	519,483
Total assets		**17,897,696**	16,151,865
Current liabilities			
Tenants' deposits		**(186,975)**	(178,638)
Rent receipts in advance		**(10,161)**	(9,459)
Trade and other payables	13	**(309,563)**	(215,784)
Bank borrowings		**(10,000)**	-
Derivative financial instruments		**(34,122)**	(33,188)
Tax payable		**(55,072)**	(50,406)
		(605,893)	(487,475)
Liabilities directly associated with the assets of disposal groups held for sale	12	**(18,411)**	-
		(624,304)	(487,475)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2015

(Expressed in Hong Kong dollars)

	2015	2014
	$'000	$'000
Net current assets	**874,519**	32,008
Total assets less current liabilities	**17,273,392**	15,664,390
Non-current liabilities, excluding net assets attributable to unitholders		
Bank borrowings	**(3,884,068)**	(3,872,268)
Deferred tax liabilities	**(291,052)**	(281,470)
Derivative financial instruments	**(1,132)**	(15,772)
	(4,176,252)	(4,169,510)
Total liabilities, excluding net assets attributable to unitholders	**(4,800,556)**	(4,656,985)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	**13,097,140**	11,494,880
Number of units in issue	**1,638,486,780**	1,627,580,493
Net asset value attributable to unitholders per unit	**$7.99**	$7.06

DISTRIBUTION STATEMENT

For the year ended 30 June 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Profit after taxation and before transactions with unitholders		**1,902,703**	1,230,047
Adjustments : (note (i))			
- Net increase in fair value of investment properties		**(1,596,525)**	(961,041)
- Manager's fees paid or payable in the form of units		**42,869**	38,807
- Non-cash finance costs on interest bearing liabilities		**11,800**	19,632
- Deferred tax	9	**14,320**	15,370
		(1,527,536)	(887,232)
Total distributable income (note (i))		**375,167**	342,815
Interim distribution, paid (notes (ii) and (iv))		**171,448**	155,616
Final distribution, to be paid to unitholders (notes (iii) and (iv))		**188,213**	169,268
Total distributions for the year (note (i))		**359,661**	324,884
Payout ratio (note (iii))		**95.9%**	94.8%
Distribution per unit :			
Interim distribution per unit, paid		**10.5 cents**	9.6 cents
Final distribution per unit, to be paid to unitholders		**11.5 cents**	10.4 cents
		22.0 cents	20.0 cents

DISTRIBUTION STATEMENT (continued)

For the year ended 30 June 2015
(Expressed in Hong Kong dollars)

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.

Distributable income means the amount calculated by the Manager as representing the consolidated profit after taxation and before transactions with unitholders of Sunlight REIT for the relevant financial period, as adjusted to eliminate the effects of certain adjustments (as defined in the Trust Deed) recorded in the consolidated statement of profit or loss for the relevant financial period. The adjustments for the year included an adjustment to eliminate non-cash finance costs on interest bearing liabilities of $11,800,000, or 0.72 cents per unit (2014: $19,632,000, or 1.21 cents per unit).

(ii) The interim distribution of $171,448,000 for the six months ended 31 December 2014 (31 December 2013: $155,616,000) is calculated by multiplying the interim distribution per unit of 10.5 cents by 1,632,836,625 units in issue at 27 February 2015, the record date for 2015 interim distribution (31 December 2013: 9.6 cents by 1,620,998,045 units in issue at 6 March 2014, the record date for 2014 interim distribution).

(iii) The final distribution of $188,213,000 for the year ended 30 June 2015 (2014: $169,268,000) is calculated by multiplying the final distribution per unit of 11.5 cents by 1,636,636,780 units* anticipated to be in issue at 5 October 2015, the record date for 2015 final distribution (the "**Record Date**") (2014: 10.4 cents by 1,627,580,493 units in issue at 7 October 2014, the record date for 2014 final distribution).

Together with the interim distribution, the total distributions for the year ended 30 June 2015 represent a payout ratio of 95.9% (2014: 94.8%) of Sunlight REIT's total distributable income for the year.

(iv) The 2015 interim distribution was paid to unitholders on 12 March 2015. The 2015 final distribution is expected to be paid on 20 October 2015 to unitholders whose names appear on the register of unitholders on the Record Date.

(v) The final distribution proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

* After the end of the reporting period, 1,850,000 units were bought back and cancelled in July 2015. It is anticipated that no additional units will be bought back and cancelled before the Record Date.

** Certain figures in these notes to distribution statement have been 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 authorised under section 104 of the Securities and Futures Ordinance. Sunlight REIT is listed on the Main Board of the Stock Exchange.

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, Sunlight Tower, 248 Queen's Road East, Wan Chai, Hong Kong.

2. Basis of preparation

The final results set out in this announcement do not constitute the Group's statutory consolidated financial statements for the year ended 30 June 2015 but are extracted from those consolidated financial statements.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C of the REIT Code. The consolidated financial statements also comply with the relevant disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange as if those requirements were applicable to Sunlight REIT.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

3. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements :

- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

These developments have had no material impact on the Group's 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.

Segment results, assets and liabilities

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

Segment assets include all tangible, intangible and current assets with the exception of cash and bank balances, tax recoverable, deferred tax assets and other corporate assets. Segment liabilities include tenants' deposits, rent receipts in advance and trade and other payables managed directly by the segments.

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 net increase/(decrease) in fair value of investment properties, finance costs on interest bearing liabilities, income tax, interest income and the unallocated net income/(expenses).

4. Segment reporting (continued)

Segment results, assets and liabilities (continued)

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 year is set out below :

	2015			2014		
	Office properties $'000	**Retail properties $'000**	**Total $'000**	Office properties $'000	Retail properties $'000	Total $'000
Revenue						
- rental income	**294,590**	**309,083**	**603,673**	269,853	282,539	552,392
- car park income	**3,627**	**29,969**	**33,596**	3,576	25,970	29,546
- rental related income	**60,368**	**56,717**	**117,085**	55,272	51,695	106,967
	358,585	**395,769**	**754,354**	328,701	360,204	688,905
Property operating expenses	**(74,471)**	**(93,303)**	**(167,774)**	(68,832)	(85,008)	(153,840)
Net property income	**284,114**	**302,466**	**586,580**	259,869	275,196	535,065
Administrative expenses	**(44,995)**	**(43,968)**	**(88,963)**	(40,994)	(39,941)	(80,935)
Segment results	**239,119**	**258,498**	**497,617**	218,875	235,255	454,130
Net increase in fair value of investment properties	**883,872**	**712,653**	**1,596,525**	420,839	540,202	961,041
Finance costs on interest bearing liabilities			**(110,528)**			(114,510)
Income tax			**(64,817)**			(60,391)
Interest income			**3,456**			3,677
Unallocated net expenses			**(19,550)**			(13,900)
Profit after taxation and before transactions with unitholders			**1,902,703**			1,230,047
Depreciation	**12**	**16**	**28**	14	16	30

4. Segment reporting (continued)

Segment results, assets and liabilities (continued)

	2015			2014		
	Office properties $'000	**Retail properties $'000**	**Total $'000**	Office properties $'000	Retail properties $'000	Total $'000
Segment assets	**8,798,021**	**8,464,987**	**17,263,008**	7,903,624	7,728,453	15,632,077
Derivative financial instruments			**8,841**			19,989
Cash and bank balances			**464,334**			345,254
Tax recoverable			**157,571**			150,198
Deferred tax assets			**57**			566
Unallocated assets			**3,885**			3,781
Total assets			**17,897,696**			16,151,865
Segment liabilities	**(169,186)**	**(132,113)**	**(301,299)**	(126,308)	(119,129)	(245,437)
Derivative financial instruments			**(35,254)**			(48,960)
Bank borrowings			**(3,894,068)**			(3,872,268)
Tax payable			**(55,072)**			(50,406)
Deferred tax liabilities			**(295,281)**			(281,470)
Unallocated liabilities			**(219,582)**			(158,444)
Total liabilities, excluding net assets attributable to unitholders			**(4,800,556)**			(4,656,985)
Capital expenditure incurred during the year	**8,818**	**21,658**	**30,476**	10,178	25,164	35,342

5. Revenue

Revenue represents gross income generated from leasing of investment properties. The amount of each significant category of revenue recognised during the year is as follows :

	2015 $'000	2014 $'000
Rental income (note)	**603,673**	552,392
Car park income	**33,596**	29,546
Rental related income	**117,085**	106,967
	754,354	688,905

Note: Included additional rents based on business revenue of tenants amounting to $2,185,000 (2014: $1,350,000).

6. Property operating expenses

	2015	2014
	$'000	$'000
Building management fee	**56,609**	54,568
Property manager's fees	**49,462**	46,591
Government rent and rates	**32,380**	26,487
Marketing and promotion expenses	**11,348**	10,242
Car park operating costs	**6,286**	5,994
Bad debts expenses	**137**	150
Other direct costs	**11,552**	9,808
	167,774	153,840

7. Other income

	2015	2014
	$'000	$'000
Bank interest income	**3,456**	3,677
Others	**147**	1
	3,603	3,678

8. Profit before taxation and transactions with unitholders

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

	2015	2014
	$'000	$'000
(a) Finance costs on interest bearing liabilities		
Interest on bank borrowings	**98,429**	94,669
Other borrowing costs	**12,099**	19,841
	110,528	114,510

Other borrowing costs represent various financing charges and the amortisation of the debts establishment fees for the bank borrowings.

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

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

	2015 $'000	2014 $'000
(b) Other items		
Manager's fees	**85,739**	77,614
Property manager's fees (note (i))	**49,462**	46,591
Trustee's remuneration and charges	**4,349**	3,963
Auditor's remuneration		
- Audit services	**1,860**	1,800
- Other services	**1,280**	1,023
Valuation fees	**770**	547
Other legal and professional fees	**11,703**	8,444
Commission to property agents	**2,539**	2,522
Bank charges	**343**	461

Notes :

(i) Included rental commission of $14,014,000 (2014: $13,295,000).

(ii) Sunlight REIT did not appoint any director and the Group did not engage any employee during the year. No employee benefit expense has been incurred in the year accordingly.

9. Income tax

Income tax in the consolidated statement of profit or loss represents :

	2015 $'000	2014 $'000
Current tax - Provision for Hong Kong Profits Tax		
Provision for the year	**50,827**	45,190
Over-provision in respect of prior years	**(330)**	(169)
	50,497	45,021
Deferred tax		
Origination and reversal of temporary differences	**14,320**	15,370
	64,817	60,391

9. Income tax (continued)

Provision for Hong Kong Profits Tax has been made at 16.5% on the estimated assessable profits for the current and prior years, taking into account a one-off reduction of 75% of the tax payable for the year of assessment 2014/15 subject to a ceiling of $20,000 allowed by the Government of Hong Kong Special Administrative Region for each business (2014: the same statutory concession, except that the ceiling was $10,000, was granted for the year of assessment 2013/14 and was taken into account in calculating the provision for 2014).

In the financial year ended 30 June 2014, the Inland Revenue Department ("**IRD**") raised additional profits tax assessments on certain subsidiaries of the Group for the year of assessment 2007/08 in an aggregate amount of $1,021,000 as the IRD disallowed the deductions of the management and property management fees and in some cases certain rental commission incurred by these subsidiaries. During the year ended 30 June 2015, the IRD further raised additional profits tax assessments on certain subsidiaries of the Group in respect of such disallowance for the year of assessment 2008/09, with one of the subsidiaries covering the years of assessment up to 2013/14 in an aggregate amount of $7,176,000. Notices of objection were filed with the IRD and tax reserve certificates of $8,197,000 in total have been purchased. Based on the opinion of the Group's legal and tax advisers, the Manager is of the view that there are strong grounds to object the additional profits tax assessments raised.

10. Earnings per unit before transactions with unitholders

The basic earnings per unit before transactions with unitholders for the year ended 30 June 2015 amounted to $1.17 (2014: $0.76). The calculation of basic earnings per unit before transactions with unitholders is based on the Group's profit after taxation and before transactions with unitholders of $1,902,703,000 (2014: $1,230,047,000) and the weighted average of 1,632,195,886 units in issue during the year (2014: 1,620,013,212 units).

Diluted earnings per unit before transactions with unitholders for the years ended 30 June 2015 and 2014 are not presented as there was no potential dilution of earnings per unit before transactions with unitholders.

11. Trade and other receivables

	2015	2014
	$'000	$'000
Rental receivables	**13,340**	12,812
Deposits and prepayments	**10,029**	25,974
Other receivables	**1,689**	2,345
Amounts due from related companies	**2,298**	635
	27,356	41,766
Represented by :		
Current portion	**27,356**	24,031
Non-current portion	**-**	17,735
	27,356	41,766

11. Trade and other receivables (continued)

At 30 June 2014, the balance under non-current portion represented progress payments for the improvement works carried out on certain investment properties of the Group which were in progress at the end of the reporting period.

$4,147,000 (2014: $4,757,000) included in deposits and prepayments is expected to be recovered after more than one year. Apart from the above, all of the balances are expected to be recovered or recognised as expense within one year.

At the end of the reporting period, the ageing analysis of rental receivables, based on the date of revenue recognition and net of allowance for doubtful debts, is as follows :

	2015	2014
	$'000	$'000
Current	**10,476**	9,386
Less than 1 month overdue	**1,835**	2,632
More than 1 month and up to 3 months overdue	**393**	341
More than 3 months and up to 6 months overdue	**360**	199
More than 6 months overdue	**276**	254
	13,340	12,812

The Group has no significant concentrations of credit risk. The Manager is of the opinion that monthly rents in respect of leasing properties are received in advance and there is no specific credit terms given to the tenants. Sufficient rental deposits are held to cover potential exposure to credit risk.

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

12. Investment properties and disposal groups held for sale

On 14 April 2015, the Manager intended to dispose of certain properties of the Group by way of a public tender. On 29 May 2015, the Group, through certain of its wholly-owned subsidiaries, accepted the tender documents submitted by certain independent third parties, which constituted binding agreements in respect of the disposals of two subsidiaries, namely Strong Bright Technology Limited and Lucky Million Development Limited (collectively the "**Subsidiaries**"), and one property, namely Royal Terrace Property ("**Royal Terrace**"), for an aggregate consideration of $919,520,000 (subject to post-completion adjustments). Strong Bright Technology Limited was the owner of Everglory Centre and Lucky Million Development Limited was the owner of Yue Fai Commercial Centre Property, excluding the first floor.

On 8 May 2015, the Group, through a wholly-owned subsidiary, entered into an exchange agreement with an independent third party to sell the first floor of Yue Fai Commercial Centre ("**1/F Yue Fai**") in exchange for Unit 6A of On Loong Commercial Building ("**Unit 6A of On Loong**") and a sum of $8,000,000 (the "**Exchange of Properties**"). The gross considerations in respect of the disposal of 1/F Yue Fai and the acquisition of Unit 6A of On Loong are $13,800,000 and $5,800,000 respectively.

12. Investment properties and disposal groups held for sale (continued)

(a) The assets and liabilities attributed to the Subsidiaries, which have been reclassified as disposal groups held for sale at 30 June 2015, are as follows :

	$'000
Investment properties	580,800
Reimbursement rights	6,268
Deferred tax assets	57
Trade and other receivables	737
Tax recoverable	2
Total assets of disposal groups held for sale	587,864
Tenants' deposits	5,535
Rent receipts in advance	304
Trade and other payables	8,343
Deferred tax liabilities	4,229
Total liabilities directly associated with the assets of disposal groups held for sale	18,411

(b) The carrying amounts of Royal Terrace and 1/F Yue Fai in a total amount of $261,700,000 have been reclassified as investment properties held for sale at 30 June 2015.

13. Trade and other payables

	2015	2014
	$'000	$'000
Creditors and accrued charges	**33,716**	36,287
Deposits received from disposals of investment properties and subsidiaries	**92,752**	-
Manager's fees payable	**24,975**	21,489
Amounts due to related companies	**158,120**	158,008
	309,563	215,784

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

13. Trade and other payables (continued)

Manager's fees payable is due within four months and payable in the form of cash and units.

The amounts due to related companies primarily represent amounts received from certain vendors (comprising subsidiaries of Shau Kee Financial Enterprises Limited, Henderson Land Development Company Limited, Henderson Investment Limited, Henderson Development Limited and Jetwin International Limited) (collectively referred to as the "**Vendors**") for purchasing tax reserve certificates on their behalf in respect of the potential tax liabilities arising from the outstanding tax cases. The outstanding tax cases relate to the notional gains arising from reclassification of properties at the date of acquisition and the potential tax liabilities are indemnified by the Vendors. The relevant balances of tax reserve certificates were classified as tax recoverable under current assets at the year end. The amounts are unsecured, interest-free and have no fixed terms of repayment except for the amount due to the trustee of Sunlight REIT of $1,272,000 (2014: $1,079,000) which is due within 30 days.

14. Non-adjusting events after the reporting period

(a) In July 2015, the Group bought back a total of 1,850,000 units on the Stock Exchange at an aggregate consideration of $6,956,000. All bought back units were cancelled in July 2015.

(b) After the end of the reporting period, the Board of the Manager proposed a final distribution. Further details are disclosed in the "Distribution Statement" on pages 15 and 16 of this announcement.

(c) On 26 June 2015, the Group, through a wholly-owned subsidiary, entered into a sale and purchase agreement with an independent third party to acquire the 21st floor of On Loong Commercial Building at a consideration of $16,350,000. The acquisition was completed on 3 August 2015.

(d) The Exchange of Properties, the disposals of the Subsidiaries and the disposal of Royal Terrace were completed on 3 July 2015, 31 July 2015 and 31 August 2015 respectively. Further details are disclosed in note 12.

15. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

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, 10 September 2015

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, Mr. MA Kwong Wing and Dr. TSE Kwok Sang.