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 2016

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 2016 (the "**Year**") as follows :

FINANCIAL HIGHLIGHTS

(in HK$' million, unless otherwise specified)

	2016	2015	Change (%)
For the year ended 30 June :			
Revenue	**769.7**	754.4	2.0
Net property income	**608.5**	586.6	3.7
Cost-to-income ratio (%)	**20.9**	22.2	N/A
Profit after taxation	**825.3**	1,902.7	(56.6)
Total distributable income	**415.0**	375.2	10.6
Distribution per unit (HK cents)	**24.3**	22.0	10.5
Payout ratio (%)	**95.8**	95.9	N/A
At 30 June :			
Portfolio valuation	**16,651.0**	17,035.3	(2.3)[1]
Net asset value	**13,518.1**	13,097.1	3.2
Net asset value per unit (HK$)	**8.26**	7.99	3.4
Gearing ratio (%)	**21.9**	22.0	N/A

Note :

1. Excluding the disposed properties, portfolio valuation was up 2.8% year-on-year.

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 2016 (%)		Appraised Value at 30 June 2016[4] (HK$'000)
	2016	2015	2016	2015	FY2015/16	FY2014/15	FY2015/16	FY2014/15	Office	Retail	
Office											
Grade A											
Sunlight Tower	99.7	99.6	35.3	34.1	11.7	19.2	163,577	150,280	3.85	3.75	4,553,000
Grade B											
Bonham Trade Centre	95.1	98.1	27.7	26.1	18.0	18.6	35,275	32,492	3.65	4.00	1,076,000
Righteous Centre	98.1	98.2	41.5	40.1	13.2	21.7	24,555	22,659	3.95	3.60	650,000
Winsome House Property	97.1	100.0	41.0	39.3	5.7	12.1	17,378	16,604	3.65	3.80	562,600
135 Bonham Strand Trade Centre Property	98.7	95.2	26.0	24.6	16.5	16.2	17,029	15,240	3.65	4.00	546,000
235 Wing Lok Street Trade Centre	96.4	98.9	19.9	18.4	17.3	21.0	11,046	9,674	3.65	4.00	337,000
Java Road 108 Commercial Centre	94.2	98.1	23.3	22.0	13.3	17.0	8,688	7,879	3.95	4.20	272,000
On Loong Commercial Building Property [3]	94.0	100.0	30.3	28.6	8.7	14.8	7,780	7,630	3.85	3.90	262,000
Sun Fai Commercial Centre Property	97.1	100.0	22.2	21.6	4.2	12.5	5,633	5,753	4.00	4.25	176,000
Wai Ching Commercial Building Property	100.0	100.0	13.2	11.8	18.8	22.9	1,851	1,649	3.75	4.10	68,900
Sub-total/Average	**98.0**	**98.9** [4]	**31.6**	**30.2** [4]	**12.7**	**18.4** [4]	**292,812**	**269,860**			**8,503,500**
Retail											
New Town											
Sheung Shui Centre Shopping Arcade	77.6[5]	99.8	131.7[6]	111.3	17.7	27.3	155,952	150,088	N/A	4.40	4,009,000
Metro City Phase I Property	98.4	98.8	51.8	48.1	17.4	15.3	117,381	107,575	N/A	4.50	2,923,000
Kwong Wah Plaza Property	100.0	99.3	50.0	46.0	23.8	24.9	33,541	31,067	3.85	3.80	996,000
Urban											
Beverley Commercial Centre Property	96.6	100.0	51.3	52.1	(3.2)	2.7	4,441	4,527	N/A	4.30	120,400
Supernova Stand Property	100.0	100.0	47.8	47.6	N/A	N/A	2,329	2,325	N/A	4.00	61,000
Palatial Stand Property	75.2	58.7	12.0	13.5	0.0	N/A	83	1,030	N/A	4.35	38,100
Sub-total/Average	**91.7**	**98.4** [4]	**71.6**	**67.2**[4]	**18.2**	**20.4** [4]	**313,727**	**296,612**			**8,147,500**
Total/Average (excluding the disposed properties)	**95.9**	**98.7**	**44.2**	**42.4**	**15.3**	**19.3**	**606,539**	**566,472**			**16,651,000**
Disposed properties							1,957	20,108			
Total							**608,496**	**586,580**			

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. Sunlight REIT acquired the remaining interests in On Loong Commercial Building and has become the sole owner of the building with effect from 3 August 2015. The operational statistics and property financials before and after 3 August 2015 were calculated on the basis of total GRA of 25,564 sq. ft. and 27,206 sq. ft. respectively.
4. These figures have been adjusted to reflect the disposals of three properties completed in July and August 2015 respectively.
5. Excluding the renovated area vacated at Sheung Shui Centre Shopping Arcade ("**SSC**"), the occupancy of SSC would have been 98.5%.
6. The renovated area vacated at SSC is excluded from the calculation.

PERFORMANCE HIGHLIGHTS

The net property income of Sunlight REIT for the Year increased by 3.7% year-on-year to HK$608.5 million, as its portfolio continued to enjoy high occupancies, while healthy rental reversion and adequate cost control more than offset the income loss due to the disposal of three non-core properties completed during the Year. Further, the capital management initiative implemented by the Manager proved rewarding in reducing cash interest outlay. As a result, total distributable income recorded a year-on-year growth of 10.6% to HK$415.0 million.

The Board has declared a final distribution of HK 12.3 cents per unit, or HK$201.2 million. Together with an interim distribution of HK 12.0 cents per unit, the total distribution per unit ("**DPU**") for the Year would amount to HK 24.3 cents, up 10.5% year-on-year. The implied payout ratio is 95.8%, compared with 95.9% in the preceding year.

The value of Sunlight REIT's portfolio was appraised at HK$16,651.0 million at 30 June 2016, which was 2.8% higher than a year earlier (after excluding the disposed properties). Meanwhile, its net asset value rose by 3.2% to HK$13,518.1 million at 30 June 2016, or HK$8.26 per unit (30 June 2015: HK$7.99 per unit).

Looking back on the decade since its listing in December 2006, Sunlight REIT's achievements have been impressive. Although the number of properties under management was strategically trimmed from 20 to 16, resulting in a 6.8% reduction in GRA, net property income expanded by a compound annual growth rate of 8.9%. Likewise, net asset value also increased by 10.2%. Such a remarkable track record has been delivered despite cyclical swings in the office and retail leasing markets, and is a testament to the excellent asset management performance of the Manager.

The Manager is also delighted to report that Sunlight REIT's unit price closed at HK$4.42 on 30 June 2016, which compares favourably to the initial public offering price of HK$2.60 per unit. The annualised total return to investors over the past decade (assuming reinvestment of distributions) is approximately 14.5%[1], yet another enviable achievement.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The overall portfolio of Sunlight REIT recorded an average occupancy of 95.9%[2] at 30 June 2016 (30 June 2015: 98.7%). The occupancies of the office and retail portfolios were 98.0% and 91.7%[2] (30 June 2015: 98.9% and 98.4%) respectively. During the Year, a total of 471,248 sq. ft. were leased out, 25.1% of which was attributable to new lettings while the remainder was renewal. The tight supply in the office market and the moderating pace of office decentralisation continued to contribute to a high retention rate of 72.5% (FY2014/15: 80.4%) for the office portfolio, while the retention rate for the retail portfolio remained stable at 64.9% (FY2014/15: 65.0%).

Notes:
1. Source: Bloomberg
2. Excluding the renovated area vacated at SSC, the occupancies for the overall portfolio and retail portfolio would have been 98.1% and 98.2% respectively.

Average passing rent of the office portfolio was HK$31.6 per sq. ft. at 30 June 2016, up 4.6% year-on-year, while that of the retail portfolio was HK$71.6 per sq. ft.[1], an increase of 6.5% from a year ago. During the Year, rental reversions of 12.7% and 18.2% were secured by the office and retail portfolios respectively.

The Manager remained prudent in cost control despite lessened inflationary pressure. Key property related expenses such as security, cleaning and utilities as well as repair and maintenance costs were kept under strict control. Substantial savings were also achieved by more efficient energy consumption. In all, the cost-to-income ratio was improved to a satisfactory level of 20.9% for the Year, compared with 22.2% recorded in the preceding financial year.

Sunlight Tower

Mirroring the stable Grade A office leasing market, Sunlight Tower achieved a high retention rate of 79.7% during the Year. Supported by a rental reversion of 11.7%, passing rent rose 3.5% to HK$35.3 per sq. ft. at 30 June 2016, leading to a year-on-year growth of 8.8% in net property income.

Various asset enhancement initiatives were carried out at Sunlight Tower during the Year. In particular, the chiller conversion and replacement project was completed in April 2016, which should further enhance the reliability and cost efficiency of the building's air-conditioning system. Meanwhile, the installation of light sensors and the adoption of LED lighting in common areas have further promoted the green image of this flagship property.

Sheung Shui Centre Shopping Arcade

Although weaker inbound tourism has adversely affected the retail sector, shopping malls such as SSC that cater to the mass market remained resilient, being well-supported by stable domestic spending. With a clear focus on necessity shopping, SSC enjoyed a rental reversion of 17.7%, while its passing rent reached HK$131.7 per sq. ft.[1] at 30 June 2016. Its occupancy stood at 77.6%, or 98.5% if the area vacated for renovation is excluded.

On renovation, the reconfiguration plan in respect of a key section of SSC was launched in April 2016. The revamped area is expected to re-open in November 2016, by which time a cluster of new trade types and brands will be introduced to enhance the vitality and dynamics of this property.

Metro City Phase I Property ("MCPI")

The Manager's effort in continuously reconfiguring the tenant mix of MCPI with a special focus on consumer staples, has proved rewarding. Its decent operating performance was demonstrated by an encouraging rental reversion of 17.4% and passing rent increase of 7.7% to HK$51.8 per sq. ft. at 30 June 2016. Occupancy stood at 98.4%, largely unchanged from the previous year.

During the Year, the Manager tactically increased the diversity of food and beverages at the mall and, at the same time, began the process of streamlining the composition of educational tenants on the lower floor. These planned initiatives are expected to help sustain the performance of MCPI, which is well-regarded by shoppers as a service-oriented retail destination.

Note:
1. The renovated area vacated at SSC is excluded from the calculation.

Financial Review

Operating Results and Financial Ratios

For the Year, Sunlight REIT reported a 2.0% growth in revenue to HK$769.7 million. After deducting operating expenses of HK$161.2 million, net property income came in at HK$608.5 million, up 3.7% year-on-year. The reported growth figures were affected by the completion of the disposal of three non-core properties during the Year; stripping out their contributions, the growth in revenue and net property income would have been 5.4% and 7.1% respectively.

Finance costs increased 16.5% year-on-year to HK$128.8 million, mainly attributable to the unwinding of certain interest rate swaps ("**IRS**") for a total cost of HK$22.2 million (the "**Unwinding Cost**"), which was recorded in the first half of the Year. Cash interest expenses, on the contrary, dropped 8.5%, thanks to more favourable rates locked in for the new IRSs entered during the Year. Meanwhile, due to the absence of substantial professional fees, administrative expenses recorded a year-on-year decrease of 9.5% to HK$98.4 million.

Profit after taxation for the Year was HK$825.3 million (FY2014/15: HK$1,902.7 million), principally reflecting a smaller increase in fair value of investment properties as compared to the previous financial year.

At 30 June 2016, the gross assets of Sunlight REIT was HK$17,925.0 million (30 June 2015: HK$17,897.7 million). Its gearing ratio, defined as total borrowings as a percentage of gross assets, stayed at 21.9%, virtually unchanged from the previous year; while gross liabilities[1] as a percentage of gross assets dropped to 24.6%.

The EBITDA[2] of Sunlight REIT grew 7.8% year-on-year to HK$519.3 million while cash interest expenses were reduced as a result of the change in the IRS profile (as elaborated in the "Capital and Interest Rate Management" section on page 6). Consequently, the interest coverage ratio[3] for the Year further improved to 5.8 times as compared with 4.9 times recorded in the previous financial year.

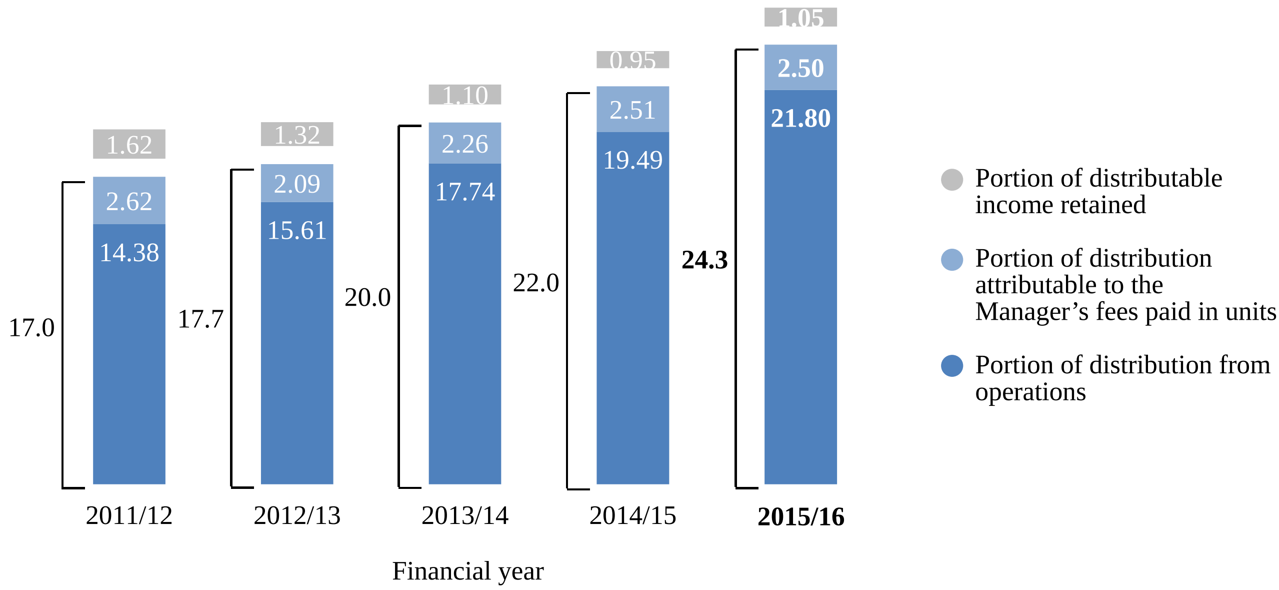
Distribution Analysis

Total distributable income of Sunlight REIT for the Year was HK$415.0 million, representing an increase of 10.6% from the previous year. The reported figure has, among other adjustments, included the adding back of the Unwinding Cost which is capital in nature and amounted to HK 1.36 cents per unit. The DPU for the full year of HK 24.3 cents is 10.5% ahead of the preceding year, and represents a distribution yield of 5.5% based on the closing unit price of HK$4.42 on 30 June 2016. A comparison of annual DPU with composition breakdown is illustrated in the chart titled "Distribution at a Glance".

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. Net gain on disposals of investment properties and subsidiaries has been excluded.
3. Interest coverage ratio is calculated by dividing EBITDA by cash interest expense incurred on total borrowings.

Distribution at a Glance (HK cents)



Capital and Interest Rate Management

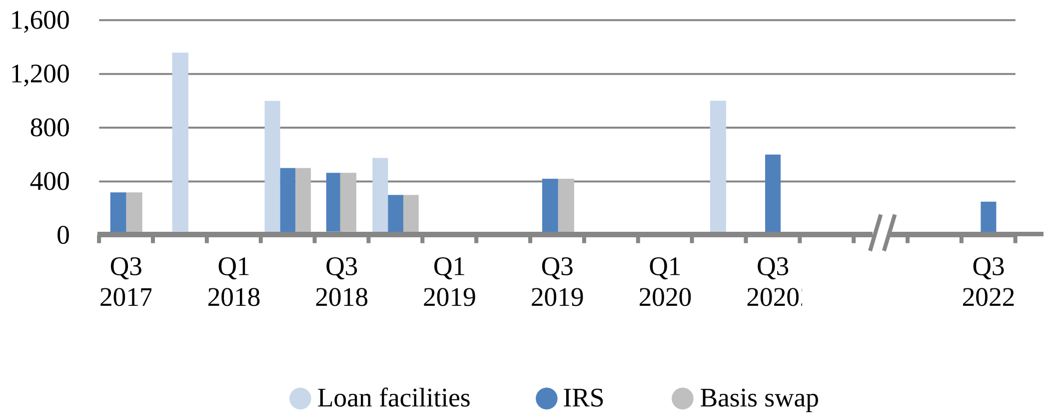
At 30 June 2016, Sunlight REIT had in place total loan facilities of HK$4,225.0 million, comprising term loan facilities of HK$3,925.0 million which were fully drawn and an unsecured revolving credit facility of HK$300.0 million which was not utilised. The term loan facilities, with a blended interest margin of 1.24% per annum over Hong Kong Interbank Offered Rate ("**HIBOR**") (before IRS arrangements) and a weighted loan maturity period of 2.3 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$14,278.6 million at 30 June 2016.

During the Year, the Manager capitalised on the favourable interest rate environment and restructured the IRS profile of Sunlight REIT. In July 2015, the Manager executed an early unwinding of IRSs with an aggregate notional amount of HK$1,500.0 million, due for expiry in June 2016 with a weighted average interest rate of 2.10% per annum. Subsequently, a series of new IRSs with an aggregate notional amount of HK$1,250.0 million and a weighted average interest rate of 1.59% per annum have been put in place, with maturity spanning 4 to 7 years. At 30 June 2016, approximately 71.3% (or HK$2,800.0 million) of Sunlight REIT's borrowings was hedged to fixed rates with a weighted average tenure of 3.0 years.

During the last quarter of the Year, the Manager captured the market opportunity of a widened gap between 1-month HIBOR and 3-month HIBOR and entered into a series of interest rate basis swaps with an aggregate notional amount of HK$1,550.0 million beginning 30 June 2016, the maturity of which match the expiry of selected existing IRSs. Subsequent to the financial year-end, an additional basis swap was entered into with a notional amount of HK$400.0 million beginning 30 September 2016. With the benefit of these basis swap arrangements, the weighted average interest rate (before loan interest margin) of the fixed rate portion of Sunlight REIT's borrowings will be reduced from 1.37% to 1.17% per annum.

A summary of the maturity profile of loan facilities, IRS and basis swap (at the date of this announcement) are provided in the chart below.

Maturity Profile of Loan Facilities, IRS and Basis Swap (HK' million)



Finally, in light of the steep discount of Sunlight REIT's market price relative to its net asset value, the Manager utilised HK$54.9 million to buy back (and cancel) a total of 13,948,000 units during the Year at an average price of approximately HK$3.92 per unit, representing a discount of over 52.5% to the net asset value per unit of Sunlight REIT.

OUTLOOK

While the world has been wrestling with the muted momentum of an ongoing economic recovery, Britain's unexpected decision to leave the European Union will inevitably prolong the period of global economic uncertainty. In particular, this may render the US Federal Reserve Board to further postpone raising interest rates as against its previously stated intention. Given a spate of unknown factors, it is difficult to arrive at a consensual conclusion on the trajectory of the global economy ahead. As such, the Manager will closely monitor the evolving trends and developments locally and globally, assess their impact on the operating environment of Sunlight REIT and map out appropriate responses accordingly.

In any event, the prevailing weakness in domestic retail sales caused primarily by a slowdown in tourist arrivals and changing consumer preferences is expected to linger. While the Manager is hopeful that the impact on Sunlight REIT can be cushioned by the preponderance of trades focusing on necessities and consumer staples, the prospect of slowing rental reversion, and negative in selected cases, is clearly an emerging scenario. Meanwhile, the rental outlook for Grade A offices in decentralised business districts appears less certain given that the new supply in Kowloon East will gradually come on stream from 2017 onwards. However, Grade A office rents in Hong Kong Island should be more stable given the limited supply and location superiority. On office take-up, tenant retention rate is expected to remain satisfactory in view of the prohibitively high relocation costs as well as the cautious stance adopted by multinational corporations in light of the global economic climate. On balance, barring a dramatic change in market conditions, the pace of rental reversion for Sunlight REIT's portfolio will naturally decelerate in the short-to-medium term.

Regarding the revitalisation initiative at SSC, the Manager is pleased to report that the project works have been completed substantially, with the revamped area (which provides GRA of close to 26,000 sq. ft.) earmarked for soft opening in November this year. While the leasing progress has admittedly been slower than expected in tandem with the overall retail sentiment, the Manager is gratified to have already secured pre-commitments representing almost 70% of the new rentable space. It should, however, be noted that the rent void relating to the ongoing reconfiguration will largely remain until end-2016, while the substantial rental commission expenses attributable to the new letting activities are expected to push up the operating expenses of SSC transiently in the first half of FY2016/17. Similarly, increased new letting commitments at Sunlight Tower, as well as the space reconfiguration of approximately 8% of GRA at the ground floor of MCPI will also incur additional operating outlays. Taking into consideration the rent void impact on SSC and the various ad-hoc expenses as mentioned above, the Manager is currently projecting that the net property income of Sunlight REIT may fall in the first half of FY2016/17 (as compared with the same period last year), before exhibiting a nice rebound in the second half of the financial year.

With the proceeds made available from asset disposals, the Manager can pursue the acquisition growth strategy more vigorously. However, while caution is prevailing in the leasing market for commercial properties in light of an uncertain economic outlook, intense competition from aggressive investors as well as end users such as multinational and mainland corporations has helped to hold up capital values. More time and effort will therefore have to be spent on exploring acquisition targets that can be both complementary to Sunlight REIT's portfolio and accretive to yield.

Despite all the challenges described above, there are reasonable grounds for cautious optimism. The Manager is confident that the asset enhancement programmes customised for SSC and MCPI can facilitate the introduction of a wider array of quality brands, products and services as well as food and beverage options that can lift the shopping experience of customers and hence boost the footfall in these shopping malls. Based on current projections, the benefits should start to surface in 2017 and the rental improvement derived from the revamped areas is expected to mitigate the slowdown in rental reversion which might persist for some time.

On the cost side, the escalation in contractual expenses relating to cleaning and security services over the past few years seems relenting to a certain extent, thus easing the pressure on the operating margin of Sunlight REIT. Besides making continued investments to economise on electricity consumption, the Manager is dedicated to streamlining various property management functions such as repairs and maintenance to promote greater operational efficiency and yet without compromising the quality of services provided.

As it appears unlikely for the US Federal Reserve Board to tighten its monetary reins as previously envisaged, funding costs should be kept in check accordingly. Meanwhile, the continued compression in interest margin on loan and debt instruments will provide the Manager with a valuable opportunity to refine and bolster the capital structure of Sunlight REIT, especially in view of the need for refinancing a reasonable portion of its loan facilities maturing in 2017. In addition, a conducive corporate lending environment would aid Sunlight REIT in expanding its portfolio when suitable acquisition targets are identified.

In sum, the rental growth momentum of Sunlight REIT's property portfolio is envisaged to take a breather in FY2016/17, with SSC's ongoing renovation likely to post an adverse, though transitory impact on net property income. However, the situation should be somewhat moderated by the Manager's proactive capital management and cost control initiatives, not to mention the potential upside brought about by future acquisitions. A review of the history of Sunlight REIT shows that it survived well amidst the 2008 global financial crisis even though it was still in its infancy. As the past decade has seen the trust strengthen in terms of its income base and financial health, together with a well-timed boost to cash resources and a more flexible investment mandate, Sunlight REIT is well-positioned to endure the adversity looming on the horizon. Going forward, the global economy may falter if undesirable consequences arise while Britain and the European Union are reshaping their relationship. Nonetheless, in the face of an increasingly challenging operating environment, the Manager will employ effective value-added strategies to temper the woes, ensuring that the income and distribution of Sunlight REIT can remain substantially intact, and the long-term benefits of unitholders can continue to grow.

DISTRIBUTION ENTITLEMENT AND CLOSURE OF REGISTER OF UNITHOLDERS

The ex-distribution date and record date for the final distribution are Wednesday, 21 September 2016 and Tuesday, 27 September 2016 respectively. The register of unitholders will be closed from Friday, 23 September 2016 to Tuesday, 27 September 2016, 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 Thursday, 22 September 2016. Payment of the final distribution will be made to unitholders on Wednesday, 12 October 2016.

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. Modifications to the Compliance Manual will be 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.

Public Float

At 30 June 2016, 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 11,371,125 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 29 October 2015, the Manager bought back on behalf of Sunlight REIT a total of 13,948,000 units on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the Year, for an aggregate consideration of approximately HK$54.7 million (excluding buy-back expenses). Details of the buy-backs are as follows :

Month of Buy-back	Number of Units Bought Back	Highest Price Paid per Unit (HK$)	Lowest Price Paid per Unit (HK$)	Aggregate Consideration Paid* (HK$'000)
July 2015	1,850,000	3.93	3.67	6,956
September 2015	783,000	3.93	3.83	3,058
October 2015	4,030,000	3.92	3.84	15,687
February 2016	1,531,000	3.86	3.72	5,820
March 2016	2,339,000	4.00	3.84	9,100
April 2016	1,171,000	4.10	4.00	4,773
May 2016	1,494,000	4.12	4.04	6,113
June 2016	750,000	4.29	4.17	3,155
Total	**13,948,000**			**54,662**

* Excluding buy-back expenses.

All bought back units were cancelled prior to the end of the Year.

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

During the Year, three non-core properties, namely Everglory Centre, Yue Fai Commercial Centre Property (excluding the 1st Floor) and Royal Terrace Property, were disposed of by way of a public tender. Completion of the transactions 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. In August 2015, Sunlight REIT acquired the remaining units (namely the 21st Floor) of On Loong Commercial Building, upon completion of which the ownership of the building has been unified.

Announcements relating to the above transactions were published 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.

Employees

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

ISSUANCE OF ANNUAL REPORT

The 2015/16 Annual Report of Sunlight REIT will be sent to unitholders on 20 September 2016.

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 2016
(Expressed in Hong Kong dollars)

	Note	**2016** **$'000**	2015 $'000
Revenue	3 & 4	**769,738**	754,354
Property operating expenses	3 & 5	**(161,242)**	(167,774)
Net property income		**608,496**	586,580
Other income	6	**9,388**	3,603
Administrative expenses		**(98,358)**	(108,660)
Net gain on disposals of investment properties and subsidiaries	11(c)	**91,154**	-
Net increase in fair value of investment properties		**412,417**	1,596,525
Profit from operations		**1,023,097**	2,078,048
Finance costs on interest bearing liabilities	7(a)	**(128,767)**	(110,528)
Profit before taxation and transactions with unitholders	7	**894,330**	1,967,520
Income tax	8	**(69,010)**	(64,817)
Profit after taxation and before transactions with unitholders		**825,320**	1,902,703

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016
(Expressed in Hong Kong dollars)

	2016	2015
	$'000	$'000
Profit after taxation and before transactions with unitholders	**825,320**	1,902,703
Other comprehensive income for the year		
Items that have been reclassified/may be reclassified subsequently to profit or loss :		
- Changes in fair value of cash flow hedges recognised during the year	**(35,572)**	2,558
- Reclassification adjustments for amounts transferred to profit or loss in respect of finance costs on interest bearing liabilities	**26,567**	-
	(9,005)	2,558
Total comprehensive income for the year	**816,315**	1,905,261

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016
(Expressed in Hong Kong dollars)

	Note	**2016** **$'000**	2015 $'000
Non-current assets			
Fixed assets			
- Investment properties		**16,651,000**	16,192,800
- Other fixed assets		**79**	87
		16,651,079	16,192,887
Deferred tax assets		**305**	-
Derivative financial instruments		**816**	8,841
Prepayments	10	**4,626**	-
Reimbursement rights		**37,436**	197,145
Other financial assets		**61,871**	-
		16,756,133	16,398,873
Current assets			
Trade and other receivables	10	**20,517**	27,356
Derivative financial instruments		**65**	-
Cash and bank balances		**1,134,762**	464,334
Tax recoverable		**13,489**	157,569
		1,168,833	649,259
Investment properties and assets of disposal groups held for sale	11	**-**	849,564
		1,168,833	1,498,823
Total assets		**17,924,966**	17,897,696
Current liabilities			
Tenants' deposits		**(185,368)**	(186,975)
Rent receipts in advance		**(9,087)**	(10,161)
Trade and other payables	12	**(68,636)**	(309,563)
Bank borrowings		**-**	(10,000)
Derivative financial instruments		**(18,401)**	(34,122)
Tax payable		**(63,420)**	(55,072)
		(344,912)	(605,893)
Liabilities directly associated with the assets of disposal groups held for sale	11	**-**	(18,411)
		(344,912)	(624,304)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2016
(Expressed in Hong Kong dollars)

	2016	2015
	$'000	$'000
Net current assets	**823,921**	874,519
Total assets less current liabilities	**17,580,054**	17,273,392
Non-current liabilities, excluding net assets attributable to unitholders		
Bank borrowings	**(3,895,868)**	(3,884,068)
Deferred tax liabilities	**(143,815)**	(291,052)
Derivative financial instruments	**(22,268)**	(1,132)
	(4,061,951)	(4,176,252)
Total liabilities, excluding net assets attributable to unitholders	**(4,406,863)**	(4,800,556)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	**13,518,103**	13,097,140
Number of units in issue	**1,635,909,905**	1,638,486,780
Net asset value attributable to unitholders per unit	**$8.26**	$7.99

DISTRIBUTION STATEMENT

For the year ended 30 June 2016
(Expressed in Hong Kong dollars)

	Note	2016 $'000	2015 $'000
Profit after taxation and before transactions with unitholders		**825,320**	1,902,703
Adjustments : (note (i))			
- Net gain on disposals of investment properties and subsidiaries	11(c)	**(91,154)**	-
- Net increase in fair value of investment properties		**(412,417)**	(1,596,525)
- Manager's fees paid or payable in the form of units		**42,609**	42,869
- Cash flow hedges reclassified from net assets attributable to unitholders	7(a)	**26,567**	-
- Non-cash finance costs on interest bearing liabilities		**11,800**	11,800
- Deferred tax	8	**12,243**	14,320
		(410,352)	(1,527,536)
Total distributable income (note (i))		**414,968**	375,167
Interim distribution, paid (notes (ii) and (iv))		**196,524**	171,448
Final distribution, to be paid to unitholders (notes (iii) and (iv))		**201,217**	188,213
Total distributions for the year (note (i))		**397,741**	359,661
Payout ratio (note (iii))		**95.8%**	95.9%
Distribution per unit :			
Interim distribution per unit, paid		**12.0 cents**	10.5 cents
Final distribution per unit, to be paid to unitholders		**12.3 cents**	11.5 cents
		24.3 cents	22.0 cents

DISTRIBUTION STATEMENT (continued)

For the year ended 30 June 2016
(Expressed in Hong Kong dollars)

Notes :

(i) Pursuant to the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong (the "**REIT Code**") and the trust deed dated 26 May 2006 (as amended and supplemented by six supplemental deeds) (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 the adding back of: (a) cash flow hedges reclassified from net assets attributable to unitholders of $22,197,000, or 1.36 cents per unit resulting from unwinding of three existing IRSs (2015: nil), and (b) non-cash finance costs on interest bearing liabilities of $11,800,000, or 0.72 cents per unit (2015: $11,800,000, or 0.72 cents per unit).

(ii) The interim distribution of $196,524,000 for the six months ended 31 December 2015 (31 December 2014: $171,448,000) is calculated by multiplying the interim distribution per unit of 12.0 cents by 1,637,702,927 units in issue at 9 March 2016, the record date for FY2015/16 interim distribution (31 December 2014: 10.5 cents by 1,632,836,625 units in issue at 27 February 2015, the record date for FY2014/15 interim distribution).

(iii) The final distribution of $201,217,000 for the year ended 30 June 2016 (2015: $188,213,000) is calculated by multiplying the final distribution per unit of 12.3 cents by 1,635,909,905 units* anticipated to be in issue at 27 September 2016, the record date for FY2015/16 final distribution (the "**Record Date**") (2015: 11.5 cents by 1,636,636,780 units in issue at 5 October 2015, the record date for FY2014/15 final distribution).

Together with the interim distribution, the total distributions for the year ended 30 June 2016 represent a payout ratio of 95.8% (2015: 95.9%) of Sunlight REIT's total distributable income for the year.

(iv) The FY2015/16 interim distribution was paid to unitholders on 22 March 2016. The FY2015/16 final distribution is expected to be paid on 12 October 2016 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.

* 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 2016 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 and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, 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.

There are no new and revised HKFRSs that are first effective for the current accounting period of the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. 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.

3. Segment reporting (continued)

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, other financial 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 in fair value of investment properties, net gain on disposals of investment properties and subsidiaries, finance costs on interest bearing liabilities, income tax, interest income and the unallocated net expenses.

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 :

	2016			2015		
	Office properties $'000	**Retail properties $'000**	**Total $'000**	Office properties $'000	Retail properties $'000	Total $'000
Revenue						
- rental income	**297,256**	**320,456**	**617,712**	294,590	309,083	603,673
- car park income	**3,853**	**25,626**	**29,479**	3,627	29,969	33,596
- rental related income	**63,550**	**58,997**	**122,547**	60,368	56,717	117,085
	364,659	**405,079**	**769,738**	358,585	395,769	754,354
Property operating expenses	**(70,777)**	**(90,465)**	**(161,242)**	(74,471)	(93,303)	(167,774)
Net property income	**293,882**	**314,614**	**608,496**	284,114	302,466	586,580
Administrative expenses	**(45,223)**	**(43,615)**	**(88,838)**	(44,995)	(43,968)	(88,963)
Segment results	**248,659**	**270,999**	**519,658**	239,119	258,498	497,617
Net increase in fair value of investment properties	**407,488**	**4,929**	**412,417**	883,872	712,653	1,596,525
Net gain on disposals of investment properties and subsidiaries	**58,476**	**32,678**	**91,154**	-	-	-
Finance costs on interest bearing liabilities			**(128,767)**			(110,528)
Income tax			**(69,010)**			(64,817)
Interest income			**8,585**			3,456
Unallocated net expenses			**(8,717)**			(19,550)
Profit after taxation and before transactions with unitholders			**825,320**			1,902,703
Depreciation	**17**	**16**	**33**	12	16	28

3. Segment reporting (continued)

Segment results, assets and liabilities (continued)

	2016			2015		
	Office properties $'000	**Retail properties $'000**	**Total $'000**	Office properties $'000	Retail properties $'000	Total $'000
Segment assets	**8,549,213**	**8,161,469**	**16,710,682**	8,798,021	8,464,987	17,263,008
Derivative financial instruments			**881**			8,841
Other financial assets			**61,871**			-
Cash and bank balances			**1,134,762**			464,334
Tax recoverable			**13,489**			157,571
Deferred tax assets			**305**			57
Unallocated assets			**2,976**			3,885
Total assets			**17,924,966**			17,897,696
Segment liabilities	**(125,196)**	**(136,113)**	**(261,309)**	(169,186)	(132,113)	(301,299)
Derivative financial instruments			**(40,669)**			(35,254)
Bank borrowings			**(3,895,868)**			(3,894,068)
Tax payable			**(63,420)**			(55,072)
Deferred tax liabilities			**(143,815)**			(295,281)
Unallocated liabilities			**(1,782)**			(219,582)
Total liabilities, excluding net assets attributable to unitholders			**(4,406,863)**			(4,800,556)
Capital expenditure incurred during the year	**38,017**	**12,417**	**50,434**	8,818	21,658	30,476

4. 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 :

	2016 $'000	2015 $'000
Rental income (note)	**617,712**	603,673
Car park income	**29,479**	33,596
Rental related income	**122,547**	117,085
	769,738	754,354

Note : Included additional rents based on business revenue of tenants amounting to $2,269,000 (2015: $2,185,000).

5. Property operating expenses

	2016	2015
	$'000	$'000
Building management fee	**56,567**	56,609
Property manager's fees	**47,887**	49,462
Government rent and rates	**34,770**	32,380
Marketing and promotion expenses	**5,933**	11,348
Car park operating costs	**6,289**	6,286
Other direct costs	**9,796**	11,689
	161,242	167,774

6. Other income

	2016	2015
	$'000	$'000
Bank interest income	**7,148**	3,456
Interest income from debt securities	**1,437**	-
Others	**803**	147
	9,388	3,603

7. Profit before taxation and transactions with unitholders

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

	2016	2015
	$'000	$'000
(a) Finance costs on interest bearing liabilities		
Interest on bank borrowings	**90,101**	98,429
Other borrowing costs	**12,099**	12,099
	102,200	110,528
Interest rate swaps: cash flow hedges, reclassified from net assets attributable to unitholders	**26,567**	-
	128,767	110,528

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

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

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

	2016	2015
	$'000	$'000
(b) Other items		
Manager's fees	**85,218**	85,739
Property manager's fees (note (i))	**47,887**	49,462
Trustee's remuneration and charges	**4,348**	4,349
Auditor's remuneration		
- Audit services	**1,772**	1,860
- Other services	**475**	1,280
Fees payable to principal valuers		
- Valuation fees	**630**	770
- Commission	**-**	344
Legal and other professional fees	**6,295**	11,703
Bank charges	**344**	343
Net foreign exchange gain	**(231)**	-

Notes :

(i) Included rental commission of $12,303,000 (2015: $14,014,000).

(ii) Sunlight REIT does not appoint any director and the Group does not engage any employee. No employee benefit expense was incurred in the year accordingly.

8. Income tax

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

	2016	2015
	$'000	$'000
Current tax - Provision for Hong Kong Profits Tax		
Provision for the year	**57,125**	50,827
Over-provision in respect of prior years	**(358)**	(330)
	56,767	50,497
Deferred tax		
Origination and reversal of temporary differences	**12,243**	14,320
	69,010	64,817

8. 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.

In prior years, the Inland Revenue Department ("**IRD**") raised additional profits tax assessments on certain subsidiaries of the Group, with one of the subsidiaries (the "**Particular Subsidiary**") covering the years of assessment up to 2013/14 and 15 other subsidiaries covering the years of assessment 2007/08 and 2008/09, in an aggregate amount of $8,195,000 as the IRD disallowed the deductions of the management fees and property management fees and in some cases certain rental commission incurred by these subsidiaries. During the year ended 30 June 2016, the IRD further raised additional profits tax assessments on the Particular Subsidiary for the year of assessment 2014/15 and on the 15 other subsidiaries for the year of assessment 2009/10 in respect of such disallowance, bringing the aggregate amount to $13,283,000. Notices of objection were filed with the IRD and, as required, tax reserve certificates ("**TRCs**") of $13,283,000 in total have been purchased.

The Manager has sought and obtained positive advice from the legal and tax advisers of Sunlight REIT, and, in particular, has received an unequivocal opinion from Senior Counsel to the effect that there are strong prospects of establishing the deductibility of the management fees, property management fees and rental commission. In light of such opinion, the Manager will strenuously contest the additional profits tax assessments already raised.

If the IRD were to issue additional profits tax assessments on the 15 other subsidiaries on the basis of disallowing deductions of a similar nature in respect of the years of assessment 2010/11 to 2014/15, the estimated total additional profits tax liabilities would amount to approximately $61,813,000, which includes $13,283,000 as mentioned above. Based on the positive advice received, such additional profits tax assessments, if issued, will likewise be vigorously contested.

9. Earnings per unit before transactions with unitholders

The basic earnings per unit before transactions with unitholders for the year ended 30 June 2016 amounted to $0.50 (2015: $1.17). 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 $825,320,000 (2015: $1,902,703,000) and the weighted average of 1,636,892,942 units in issue during the year (2015: 1,632,195,886 units).

Diluted earnings per unit before transactions with unitholders for the years ended 30 June 2016 and 2015 are not presented as there was no potential dilution of earnings per unit before transactions with unitholders.

10. Trade and other receivables

	2016	2015
	$'000	$'000
Rental receivables	**12,298**	13,340
Deposits and prepayments	**9,932**	10,029
Other receivables	**2,219**	1,689
Amounts due from related companies	**694**	2,298
	25,143	27,356
Represented by :		
Current portion	**20,517**	27,356
Non-current portion	**4,626**	-
	25,143	27,356

At 30 June 2016, 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.

$3,782,000 (2015: $4,147,000) 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 :

	2016	2015
	$'000	$'000
Current	**9,435**	10,476
Less than 1 month overdue	**2,115**	1,835
More than 1 month and up to 3 months overdue	**282**	393
More than 3 months and up to 6 months overdue	**172**	360
More than 6 months overdue	**294**	276
	12,298	13,340

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.

11. Investment properties and disposal groups held for sale

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.

On 29 May 2015, the Group, through certain of its wholly-owned subsidiaries, entered into binding agreements with certain independent third parties in respect of the disposals of two subsidiaries, namely Strong Bright Technology Limited and Lucky Million Development Limited (the "**Two Subsidiaries**"), and one property, namely Royal Terrace Property ("**Royal Terrace**"), for an aggregate consideration of $919,520,000 (which was subsequently adjusted to $920,540,000 upon the completion of the disposals). 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.

(a) The assets and liabilities attributed to the Two Subsidiaries, which have been reclassified as disposal groups held for sale at 30 June 2015 and disposed of at 31 July 2015, are as follows :

	31 July 2015	*30 June 2015*
	$'000	$'000
Investment properties	580,800	580,800
Reimbursement rights	6,115	6,268
Deferred tax assets	6	57
Trade and other receivables	550	737
Tax recoverable	2	2
Total assets of disposal groups held for sale	587,473	587,864
Tenants' deposits	5,311	5,535
Rent receipts in advance	3	304
Trade and other payables	6,406	8,343
Deferred tax liabilities	4,254	4,229
Total liabilities directly associated with the assets of disposal groups held for sale	15,974	18,411
Net assets disposed of	571,499	

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

(b) The carrying amounts of 1/F Yue Fai and Royal Terrace in a total amount of $261,700,000 have been reclassified as investment properties held for sale at 30 June 2015. The completion of disposals of these properties took place on 3 July 2015 and 31 August 2015 respectively.

(c) The net gain on disposals of investment properties and subsidiaries is as follows :

	$'000
Total consideration	
- Cash consideration	928,540
- Exchange of Properties – Unit 6A of On Loong	5,800
	934,340
Less: Transaction costs	(9,987)
Less: Net assets of the Two Subsidiaries (note 11(a))	(571,499)
Less: Investment properties held for sale (note 11(b))	(261,700)
Net gain on disposals of investment properties and subsidiaries	91,154
Represented by :	
Net gain on disposals of investment properties	31,013
Net gain on disposals of subsidiaries	60,141
	91,154

12. Trade and other payables

	2016	2015
	$'000	$'000
Creditors and accrued charges	**39,216**	33,716
Deposits received from disposals of investment properties and subsidiaries	**-**	92,752
Manager's fees payable	**21,696**	24,975
Amounts due to related companies	**7,724**	158,120
	68,636	309,563

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

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

12. Trade and other payables (continued)

The amounts due to related companies are unsecured, interest-free and have no fixed terms of repayment except for the amount due to the trustee of Sunlight REIT of $1,068,000 (2015: $1,272,000) which is due within 30 days. At 30 June 2015, those amounts primarily represented amounts received from certain vendors (comprising certain 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 payment of tax demanded or purchasing TRCs in respect of the potential tax liabilities arising from the tax cases of certain subsidiaries of the Group. These tax cases related to the notional gains arising from reclassification of properties at the date of acquisition in connection with the listing of Sunlight REIT in December 2006 and the potential tax liabilities were indemnified by the Vendors. During the year ended 30 June 2016, these tax cases were concluded, and the relevant sums previously received from the Vendors amounting to $151,060,000 had been either refunded to the Vendors upon receipt of repayment from the IRD or applied for settlement of tax liabilities. The corresponding tax recoverable was also adjusted accordingly.

13. Non-adjusting event after the reporting period

After the end of the reporting period, the Board declared a final distribution. Further details are disclosed in the "Distribution Statement" of this announcement.

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, 5 September 2016

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, Dr. TSE Kwok Sang and Mr. KWOK Tun Ho, Chester.