

PRO FORMA BALANCE SHEETS

The following table sets out the unaudited pro forma balance sheets of Sunlight REIT as at the date of establishment of Sunlight REIT assuming that the issuance of the Units in the Offering, the initial drawdown of approximately HK\$3,950 million in borrowings from the Facility and the acquisition of the Target Company Shares, the Target Properties and the Finance Company Share as if they had taken place on the same day. The table is prepared based on the unaudited pro forma balance sheets of Sunlight REIT in Appendix II to this Offering Circular and should be read conjunction with the basis of preparation, the pro forma adjustments and the letter from the Reporting Accountants therein, as well as the section headed “Material Agreements and Other Documents Relating to Sunlight REIT” in this Offering Circular.

	Based on Maximum Offer Price of HK\$2.60	Based on Minimum Offer Price of HK\$2.45
	HK\$'000	HK\$'000
Assets		
Investment properties ⁽¹⁾	9,090,000	9,090,000
Interest rate swaps ⁽²⁾	195,200	195,200
Reimbursement right ⁽³⁾	207,741	207,741
Deferred tax assets	3,276	3,276
Accounts receivable, deposits and prepayments	20,874	20,874
Cash and cash equivalents ⁽⁴⁾	65,159	65,159
Liabilities		
Tenants' deposits	(72,738)	(72,738)
Other liabilities ⁽⁵⁾	(51,666)	(51,666)
Bank loans — secured ⁽⁶⁾	(3,929,800)	(3,929,800)
Deferred tax liabilities ⁽⁷⁾	(1,418,717)	(1,418,717)
Net assets attributable to Unitholders	4,109,329	4,109,329
Represented by:		
Proceeds from issuance of Units ⁽⁸⁾	3,866,300	3,643,200
Cost of issuance of Units ⁽⁹⁾	(171,900)	(167,200)
Excess of fair values of the acquirees' identifiable net assets over cost of business combination ⁽¹⁰⁾	414,929	633,329
	4,109,329	4,109,329

Notes:

- Investment properties are stated at market valuation based on the valuations performed by the Independent Property Valuer, Savills Valuation and Professional Services Limited on 30 September 2006.
- The interest rate swaps represent interest rate swap agreements entered into by the Finance Company with The Hongkong and Shanghai Banking Corporation Limited and are accounted for on the balance sheet based on their fair values.

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3. This refers to the reimbursement right pursuant to the tax indemnity provided by the Vendors to the extent of the deferred tax liabilities recognised in the Target/Property Companies.
4. Cash and cash equivalents represent:
 - (a) proceeds from the issuance of Units of Sunlight REIT;
 - (b) drawn down of Facility by the Finance Company;less
 - (c) payment of issuance costs, comprising expenses related to the Offering, which include underwriting commission payable to the Underwriters (based on the Offering size), legal fees, printing costs, accountants' fees, listing costs, advertisement and marketing related expenses; and
 - (d) payment of the acquisition of the Target Companies and settlement of the current accounts with related companies and amounts due to existing properties' owners.
5. Other liabilities include rent receipts in advance, creditors, accrued expenses and current taxation.
6. This refers to the amount of HK\$3,950 million drawn down under the Facility by the Finance Company, net of attributable transaction costs of HK\$20 million in respect of the Facility.
7. Deferred tax liabilities primarily represent the tax effect in respect of the temporary differences between the fair values of the assets and liabilities acquired and their tax bases in the business combination, and are calculated in full on such temporary differences under the liability method using a principal taxation rate of 17.5%.
8. This refers to the proceeds received from the issuance of 1,487,013,000 Units of Sunlight REIT based on the Maximum Offer Price and the Minimum Offer Price of HK\$2.60 and HK\$2.45 respectively.
9. The issuance costs comprise expenses related to the Offering, which include underwriting commission payable to the Underwriters (based on the Offering size), legal fees, printing costs, accountants' fees, listing costs, advertisement and marketing related expenses.
10. This represents the fair values of the identifiable assets and liabilities over the costs of acquisitions of the Target Companies amounting to HK\$415 million (based on the Maximum Offer Price) and HK\$633 million (Based on the Minimum Offer Price).

The NAV per Unit is expected to be HK\$2.76 based on the Maximum Offer Price, and HK\$2.76 based on the Minimum Offer Price based on the assumptions set out above and on the 1,487,013,000 Units expected to be in issue immediately following completion of the Offering.

By excluding the net deferred tax liabilities ⁽ⁱ⁾, the NAV as adjusted (i.e. the Adjusted NAV) per Unit is expected to be HK\$3.58 based on the Maximum Offer Price, and HK\$3.58 based on the Minimum Offer Price based on the assumptions set out above and on the 1,487,013,000 Units expected to be in issue immediately following completion of the Offering. The Maximum Offer Price of HK\$2.60 and the Minimum Offer Price of HK\$2.45 represent a discount of 27% and a discount of 32% respectively to the Adjusted NAV per Unit.

Note:

- (i) Net deferred tax liabilities represent deferred tax assets and liabilities less related reimbursement right pursuant to the tax indemnity provided by the Vendors.