

The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SUNLIGHT REIT

Sunlight Real Estate Investment Trust

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code : 435)

**Managed by
Henderson Sunlight Asset Management Limited**

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2013

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 2013 (the “**year**”) as follows :

FINANCIAL HIGHLIGHTS

(in HK\$’ million, unless otherwise specified)

	2013	2012	Change (%)
For the year ended 30 June :			
Turnover	630.2	581.7	8.3
Net property income	490.6	448.5	9.4
Cost-to-income ratio (%)	22.2	22.9	N/A
Profit after taxation	1,674.6	1,027.3	63.0
Total distributable income	307.0	298.4	2.9
Distribution per unit ^{note} (HK cents)	17.7	17.0	4.1
Payout ratio (%)	93.1	91.3	N/A
At 30 June :			
Portfolio valuation	14,408.8	13,038.8	10.5
Net asset value	10,531.7	9,022.0	16.7
Net asset value per unit (HK\$)	6.52	5.62	16.0
Gearing ratio (%)	25.9	28.8	N/A

Note : Please refer to “Distribution Statement” for detailed information.

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 2013 (%)		Appraised Value at 30 June 2013 (HK\$'000)
	2013	2012	2013	2012	FY2012/13	FY2011/12	FY2012/13	FY2011/12	Retail	Office	
Office											
Grade A											
248 Queen's Road East	98.5	100.0	29.2	27.3	30.3	19.2	126,756	115,614	3.75	3.85	3,773,900
Grade B											
Bonham Trade Centre	99.7	99.7	21.9	19.3	25.5	26.8	26,784	22,322	4.20	3.85	793,200
Righteous Centre	100.0	92.5	33.1	31.5	27.3	30.6	18,646	17,278	3.60	3.95	582,500
Winsome House Property	100.0	97.2	36.2	33.6	20.7	19.4	15,207	13,823	4.00	3.85	476,400
135 Bonham Strand Trade Centre Property	99.0	99.1	20.8	18.8	19.9	19.9	12,445	12,080	4.20	3.85	410,000
235 Wing Lok Street Trade Centre	98.9	97.8	15.4	14.5	13.5	25.0	7,865	7,254	4.25	3.85	249,000
Yue Fai Commercial Centre Property	98.8	99.4	17.6	16.3	15.4	17.4	7,279	7,348	4.10	4.10	230,800
Java Road 108 Commercial Centre	100.0	94.2	19.4	17.8	22.6	24.2	6,829	6,272	4.20	3.95	229,500
On Loong Commercial Building Property	96.7	100.0	26.0	23.2	15.2	21.0	6,526	6,145	4.00	3.95	206,500
Everglory Centre	100.0	100.0	18.3	16.9	24.4	21.7	5,590	4,256	4.15	3.85	176,000
Sun Fai Commercial Centre Property	100.0	100.0	19.1	17.6	18.0	20.6	5,018	4,691	4.35	4.10	148,700
Wai Ching Commercial Building Property	97.2	100.0	9.5	8.6	23.3	22.1	1,414	1,421	4.20	3.85	52,100
Sub-total/Average	99.0	98.9	25.2	23.3	24.4	21.1	240,359	218,504			7,328,600
Retail											
New Town											
Sheung Shui Centre Shopping Arcade	98.5	98.8	89.6	82.4	29.9	31.8	118,745	106,763	4.40	N/A	3,318,100
Metro City Phase I Property	99.5	99.8	43.2	40.3	30.8	18.8	95,051	87,164	4.50	N/A	2,570,800
Kwong Wah Plaza Property	100.0	97.9	38.3	34.3	31.2	28.7	24,883	23,942	3.80	3.85	825,500
Urban											
Royal Terrace Property	100.0	100.0	46.4	29.7	46.9	19.5	4,718	3,808	4.25	N/A	151,900
Beverley Commercial Centre Property	100.0	100.0	48.6	41.6	29.0	29.9	3,921	3,518	4.30	N/A	122,000
Supernova Stand Property	100.0	100.0	40.8	39.4	N/A	N/A	1,839	1,778	4.00	N/A	54,800
Palatial Stand Property	58.7	100.0	13.2	10.9	20.6	15.1	875	1,009	4.35	N/A	37,100
Sub-total/Average	98.4	99.2³	56.2	51.1³	30.4³	24.8³	250,032³	227,982³			7,080,200
Total/Average	98.8	99.0³	35.0	32.1³	27.2³	22.8³	490,391³	446,486³			14,408,800

Notes : 1. Passing rent is expressed in terms of rent per month.

2. Rental reversion is calculated on the basis of change in effective rent of the leases that have been renewed during the relevant year.

3. These figures have been adjusted to eliminate the effect of the Glory Rise Property, the disposal of which was completed on 3 September 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

On the back of robust rental reversion and a stable occupancy profile, Sunlight REIT recorded an 8.3% year-on-year increase in turnover to HK\$630.2 million for the year. Property operating expenses amounted to HK\$139.6 million, giving rise to a net property income of HK\$490.6 million, up 9.4% year-on-year. Meanwhile, finance costs for the year rose 16.3% from the preceding year to HK\$128.1 million, mainly attributable to a marked increase in the amortisation of debt establishment fees resulting from the partial refinancing of the term loan during the year; stripping that out, interest expenses actually rose a milder 7.2% to HK\$103.1 million. As EBITDA¹ of Sunlight REIT grew 11.0% year-to-year to HK\$413.0 million, the interest coverage ratio² for the year consequently improved to 4 times as compared to 3.86 times recorded in the previous year. Profit after taxation exhibited a year-on-year increase of 63.0% to HK\$1,674.6 million, principally reflecting a HK\$1,440.7 million gain in the fair value of investment properties (FY2011/12: HK\$808.3 million).

At 30 June 2013, the overall portfolio occupancy of Sunlight REIT was 98.8% (30 June 2012: 99.0%), with the occupancy rates of its office and retail properties standing at 99.0% and 98.4% respectively. Average passing rent of the office portfolio was HK\$25.2 per sq. ft., an increase of 8.2% from the previous year, while the corresponding figures for the retail portfolio were HK\$56.2 per sq. ft. and 10.0% respectively.

During the year, a total of 557,316 sq. ft. were leased out, comprising 164,892 sq. ft. of new letting and 392,424 sq. ft. of renewal; the implied retention rate of 68.0% was largely unchanged from 66.5% recorded in the previous year. Rental reversion for the office and retail portfolios were 24.4% and 30.4% respectively. In particular, it was gratifying to report the impressive rental performances of Sunlight REIT's top three properties, namely 248 Queen's Road East ("**248 QRE**"), Sheung Shui Centre Shopping Arcade and Metro City Phase I Property, as demonstrated by rental reversion of approximately 30% for each property during the year.

Escalating cost-push inflation remained a vivid feature during the year, and had to a certain extent diluted the benefits brought about by the Manager's endeavour to adopt various energy saving measures. However, thanks to the continued growth in rental income, and the ability to absorb some of the cost increase via higher management fees and strict budgetary control, the cost-to-income ratio for the year showed a mild improvement to 22.2% as compared to 22.9% in the previous year.

Notes : 1. EBITDA represents net earnings before change in fair value of investment properties, interest expenses, taxation, depreciation and amortisation.

2. Interest coverage ratio is calculated by dividing EBITDA by cash interest expense incurred on gross borrowings.

Distribution

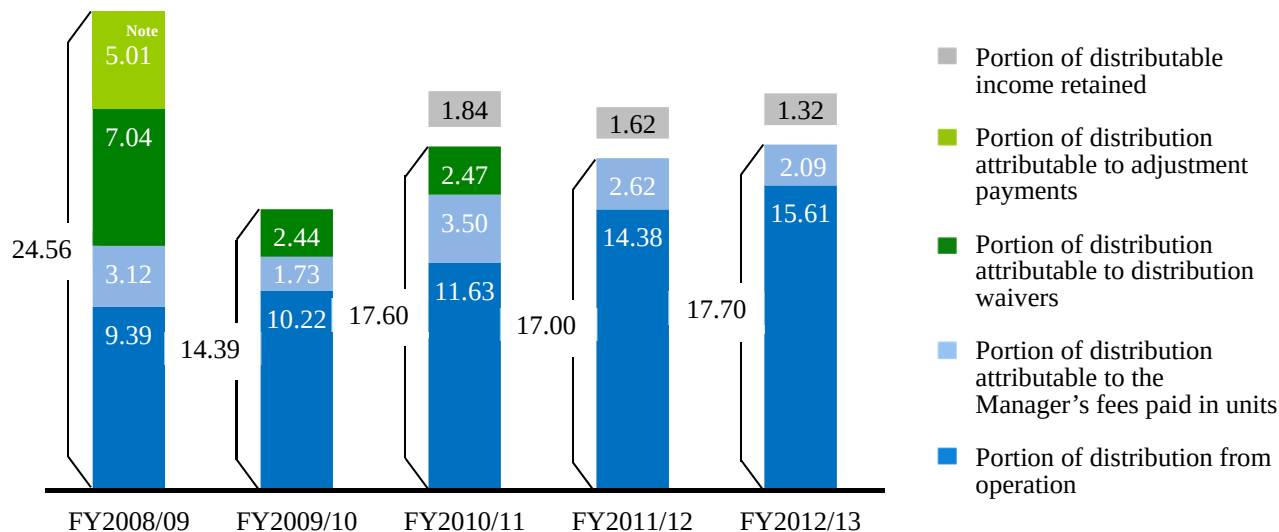
The total distributable income of Sunlight REIT for the year was HK\$307.0 million, representing an increase of 2.9% from HK\$298.4 million recorded in the previous year. It should be noted that the level of distributable income during the year was mildly impacted by the onset of a higher effective tax rate primarily due to past tax losses being fully utilised for certain properties, and the election of a larger cash component for Manager's fees. The Board has resolved to declare a final distribution of HK 9.2 cents per unit, or HK\$148,703,000. Together with the interim distribution of HK\$136,991,000, total distributions for the year amounted to HK\$285,694,000, implying a payout ratio of 93.1%. The distribution per unit ("DPU") for the year of HK 17.7 cents was 4.1% ahead of the HK 17.0 cents paid in the preceding year, and represented a distribution yield of 5.6% based on the closing unit price of HK\$3.17 on the last trading day of the year.

In respect of FY2012/13, the Manager elected to receive 50% of its base fee and variable fee in cash (the unit/cash split in FY2011/12 was 70/30). Pursuant to the announcement issued on 14 May 2013, the Manager has elected to keep the split unchanged for FY2013/14.

A yearly comparison of the DPU is illustrated in the chart "Distribution at a Glance". The effect on the DPU attributable to contributions from operations, cash savings from change in the payment structure of Manager's fees and distribution waivers (as applicable) are shown separately. The effect of payout ratio on DPU is also exhibited by the portion of distributable income retained.

Distribution at a Glance

(HK cents)



Note : The adjustment payments were calculated based on several deeds of adjustment payments, which covered the period from the date of initial public offering of Sunlight REIT ("IPO") to 30 June 2009.

Distribution Entitlement and Closure of Register of Unitholders

The record date for the final distribution will be Friday, 27 September 2013. The register of unitholders will be closed from Wednesday, 25 September 2013 to Friday, 27 September 2013, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 24 September 2013. Payment of the final distribution will be made to unitholders on Wednesday, 30 October 2013.

Financial Position

The valuation of Sunlight REIT's portfolio at 30 June 2013 was appraised at HK\$14,408.8 million, representing an 11.1% appreciation from HK\$12,963.5 million recorded a year earlier (after adjusting for the effect on disposal of the Glory Rise Property in September 2012). At HK\$7,328.6 million, valuation of the office portfolio was up 9.7% year-on-year, while the appraised value of the retail properties recorded a 12.7% year-on-year increase to HK\$7,080.2 million.

Given the higher property valuation, the gearing ratio of Sunlight REIT, which is defined as total borrowings as a percentage of gross assets, fell from 28.8% at 30 June 2012 to 25.9%. Meanwhile, the net assets of Sunlight REIT rose by 16.7% to HK\$10,531.7 million (30 June 2012: HK\$9,022.0 million). After taking into account the effect of payment of Manager's fees in units and the cancellation of repurchased units during the year, net asset value per unit rose 16.0% to HK\$6.52 (30 June 2012: HK\$5.62). Gross liabilities (excluding net assets attributable to unitholders) as a percentage of gross assets was 30.5%. 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 in the total amount of HK\$4.7 million at 30 June 2013.

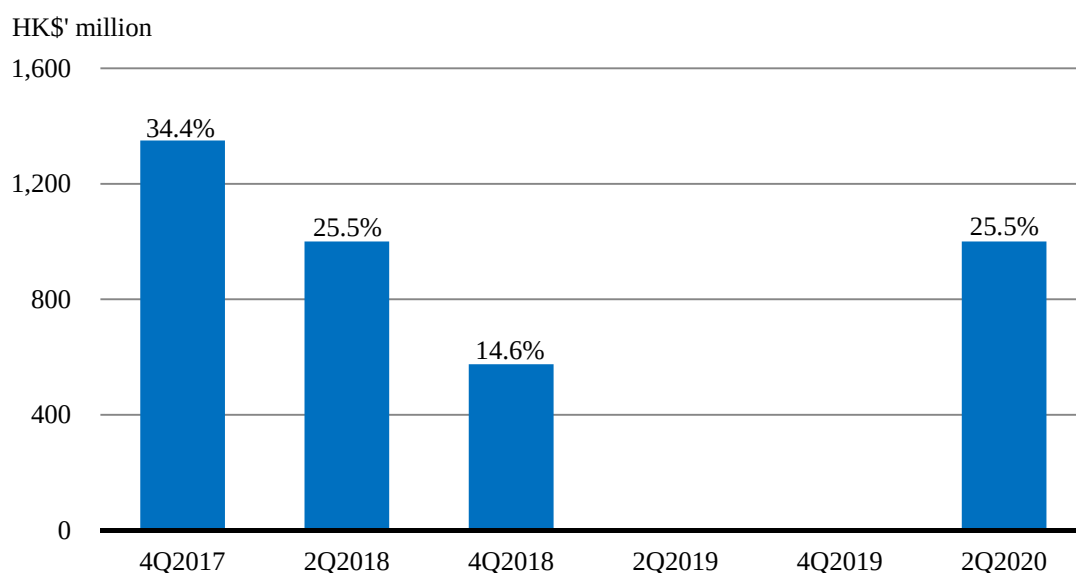
Capital Management

On 8 April 2013, Sunlight REIT was granted term loan facilities in the aggregate amount of HK\$2,000.0 million, comprising a five-year tranche and a seven-year tranche of HK\$1,000.0 million apiece (collectively "**Partial Refinancing Facilities**"). The drawdown of both tranches took place on 28 June 2013, and the proceeds were utilised to refinance part of the term loan facility due in 2014 ("**Facility Due 2014**").

At 30 June 2013, Sunlight REIT had in place total loan facilities of HK\$4,025.0 million (including the facilities mentioned above), comprising term loan facilities of HK\$3,925.0 million which were fully drawn and a HK\$100.0 million revolving credit facility that remained undrawn. These facilities are currently secured by, among others, all the investment properties of Sunlight REIT, assignment of proceeds under tenancies and a floating charge over its bank balances.

Subsequent to the financial year-end, Sunlight REIT entered into several bilateral credit facility agreements with certain banks^{Note} on 2 September 2013 and was granted an aggregate amount of HK\$1,925.0 million in term loan facilities (“**New Facilities**”). The New Facilities, repayable in four to five years from the date of drawdown, will be applied toward refinancing the remaining portion of the Facility Due 2014, while the existing HK\$100.0 million revolving credit facility would be cancelled. Together with the Partial Refinancing Facilities, the New Facilities will be sharing on a pari passu basis a revised pool of securities including, among others, a mortgage over certain (but not all) properties held by Sunlight REIT, as properties with an aggregate appraised value of HK\$2,150.6 million would be released from the existing pool of securities upon conclusion of the refinancing of the Facility Due 2014, and would constitute a core portion of unencumbered assets of Sunlight REIT. The series of capital management exercises are expected to equip Sunlight REIT with a more flexible capital structure and a diversified debt maturity profile. Upon complete drawdown of the New Facilities, the bank borrowings of Sunlight REIT will bear a blended interest margin of 1.24% per annum over HIBOR (before interest rate swap arrangements).

Debt Maturity Profile *



* Upon complete drawdown of the New Facilities.

Note : Certain banks include The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) and Hang Seng Bank Limited (“**Hang Seng**”). Being in the same group as the trustee of Sunlight REIT, both HSBC and Hang Seng are connected persons of Sunlight REIT within the meaning of the Code on Real Estate Investment Trusts (the “**REIT Code**”). The transactions between Sunlight REIT and each of HSBC and Hang Seng thus constitute connected party transactions under the REIT Code. As the contemplated transactions fall within the nature of “ordinary banking and financial services” provided by the HSBC group (including HSBC and Hang Seng) to the Sunlight REIT group, pursuant to a waiver granted by the Securities and Futures Commission at the time of IPO, those transactions will not be subject to any requirements for announcement or unitholders’ approval under Chapter 8 of the REIT Code. Information relating to those transactions will be included in the interim and annual reports of Sunlight REIT for the relevant year.

In order to mitigate interest rate risks, Sunlight REIT has maintained certain interest rate swap arrangements. At the date of this announcement, approximately 58.6% (or HK\$2,300.0 million) of Sunlight REIT's indebtedness is hedged to fixed rates, having incorporated the expiry of interest rate swaps with an aggregate notional amount of HK\$1,500.0 million in June 2013 and the commencement of a five-year interest rate swap with a notional amount of HK\$500.0 million in July 2013. The terms of all the current interest rate swaps are summarised below :

Tenure	Notional amount (HK\$' million)	Weighted average interest rate* (per annum)
4 July 2011 – 30 June 2016	1,500	2.0973%
7 October 2011 – 28 September 2018	300	1.5975%
2 July 2013 – 29 June 2018	500	0.8150%
Total :	2,300	1.7534%

* 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 or may not exactly match with that of Sunlight REIT's indebtedness.

It is the Manager's treasury management policy (being in compliance with relevant regulatory requirements) to place funds derived from operations on short term bank deposits or fixed income securities which must be of investment grade, with maturity profile compatible with the projected funding requirements. At 30 June 2013, Sunlight REIT had a total cash and bank balances of HK\$329.1 million, and had no exposure to fixed income securities. 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.

OUTLOOK

Sunlight REIT has been well positioned to reap the triple benefits of office decentralisation, mainland tourist spending and global monetary easing over the last few years, translating into robust rental reversion and a fine operating performance. It is natural to question whether such a favourable environment can be maintained or whether the portfolio can withstand and combat uncertainties which might arise from time to time.

In the Manager's opinion, while the momentum of office decentralisation and retail sales growth might somewhat moderate, the fundamentals of the commercial property market should remain sound, in view of a healthy supply profile and the still buoyant "necessity shopping" environment. On the office side, the consensus forecast of new supply of Grade A offices averages approximately 1.4 million sq. ft. per annum in 2013 and 2014, of which a substantial portion has been earmarked for strata-title sales. Meanwhile, retail sales and mainland tourist arrival figures up to the first half of 2013 continued to be encouraging, attesting the earlier observation of the Manager that shopping by mainlanders has naturally knitted into the consumption fabrics of Hong Kong.

In FY2013/14, lease contracts constituting 39.7% and 39.5% of Sunlight REIT's total gross rentable area and rental income respectively are due for renewal. While the Manager is confident that positive rental reversions can be achieved, it is also aware of continued upward pressure on operating costs despite the expectation that domestic inflation is likely to ease gradually. In this regard, the Manager would make every effort to keep expenses under control so that revenue growth may flow through to the bottom line.

The Manager's guarded optimism about the prospects of Sunlight REIT also builds on the long-term asset enhancement plan which will be rolled out full steam ahead and reflected by a considerable increase in capital expenditure over the next few years. The first stage of the renovation of Metro City Phase I Property, budgeted at approximately HK\$25 million, is expected to commence shortly, with completion slated for the second quarter of 2014. Meanwhile, Sheung Shui Centre Shopping Arcade will be further upgraded. The facelift principally involves ceiling refurbishment works extending to certain sections of the external corridors, which should help improve traffic circulation and enable the leasing team to further optimise the tenant mix of the shopping complex.

In addition to the two refurbishment programmes mentioned above, another key capital expenditure initiative is to invest heavily on energy savings. Such a strategy would bring the dual benefits of lower operating costs and a greener environment. A major overhaul of the air-conditioning system at 248 QRE is a strong case in point.

With respect to concerns about funding cost, a steepening US yield curve notwithstanding, the prospect of a near term surge in local interest rates is of weak likelihood. The Manager's success in completely refinancing the existing term loan amply illustrates not only the credit strength of Sunlight REIT, but also the availability of credit. As Sunlight REIT rides on a new and diversified loan maturity profile spanning 2017 to 2020, with more than half of its debt hedged to fixed rates, the Manager takes pride in elevating its credit profile to the next level, while unitholders should take comfort from an improved cash flow picture.

Going forward, the Manager will continue to devote effort to modifying the capital structure of Sunlight REIT, with a view to optimising the financial flexibility of Sunlight REIT, as the Manager prepares to explore accretive acquisition opportunities for the benefit of unitholders. The Manager believes that potential new acquisitions could spur revenue growth and enable Sunlight REIT to achieve better economies of scale at a time when cost pressure remains a real threat. That said, the Manager will adhere to prudent investment policy, eyeing only those properties that can complement the existing portfolio and have good potential for yield accretion and asset enhancement.

Since inception, Sunlight REIT has performed well in terms of income growth and stable distribution, in spite of a tumultuous period precipitated by the global financial tsunami. In anticipation of further challenges on both the macroeconomic and property market fronts, the Manager will continue to work assiduously to refresh the existing landscapes of Sunlight REIT, to grow the portfolio meaningfully and to establish more assuring contingency measures, with a view to enhancing the interests of unitholders from a long-term perspective.

EMPLOYEES

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

CORPORATE GOVERNANCE

The Manager is committed to a high level of corporate governance practices and procedures. Good corporate governance relies on an optimal mix of checks and balances and emphasises on high transparency to and alignment of interests with unitholders. To ensure that 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 operation of Sunlight REIT. The Compliance Manual is reviewed regularly and modifications are made if necessary or if relevant legislations or regulations have been amended.

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

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

Public Float

Based on information that is publicly available to the Manager and within the knowledge of the Directors, Sunlight REIT has maintained a sufficient public float with more than 25% of the outstanding units in issue being held by the public at 30 June 2013.

New Units Issued

Except for an aggregate of 12,846,842 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.

Repurchase, Sale or Redemption of Units

Pursuant to the general mandates granted by unitholders at the annual general meetings, the Manager repurchased on behalf of Sunlight REIT a total of 2,100,000 units on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) during the year, for an aggregate consideration of approximately HK\$6.8 million. Details of the repurchases are as follows :

Month of Repurchase	Number of Units Repurchased	Highest Price Paid per Unit (HK\$)	Lowest Price Paid per Unit (HK\$)	Aggregate Consideration Paid* (HK\$’000)
October 2012	1,500,000	3.17	3.14	4,732
March 2013	82,000	3.38	3.38	277
June 2013	518,000	3.45	3.40	1,780
Total	2,100,000			6,789

* Excluding repurchase expenses.

All repurchased 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.

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 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 was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by KPMG on this announcement.

ISSUANCE OF ANNUAL REPORT

The 2012/13 Annual Report of Sunlight REIT will be sent to unitholders on or about 24 September 2013.

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 INCOME STATEMENT

For the year ended 30 June 2013
(Expressed in Hong Kong dollars)

	Note	2013 \$'000	2012 \$'000
Turnover	4 & 5	630,201	581,685
Property operating expenses	4 & 6	(139,604)	(133,157)
Net property income		490,597	448,528
Other income	7	3,171	3,317
Gain on disposal of investment properties		2,088	-
Administrative expenses		(82,881)	(79,753)
Net increase in fair value of investment properties		1,440,704	808,342
Profit from operations		1,853,679	1,180,434
Finance costs on interest bearing liabilities	8(a)	(128,050)	(110,131)
Profit before taxation and transactions with unitholders	8	1,725,629	1,070,303
Income tax	9	(51,008)	(43,053)
Profit after taxation and before transactions with unitholders		1,674,621	1,027,250

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

(Expressed in Hong Kong dollars)

	2013 \$'000	2012 \$'000
Profit after taxation and before transactions with unitholders	1,674,621	1,027,250
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	<u>80,054</u>	<u>(53,459)</u>
Total comprehensive income for the year	<u>1,754,675</u>	<u>973,791</u>

CONSOLIDATED BALANCE SHEET

At 30 June 2013

(Expressed in Hong Kong dollars)

	Note	2013 \$'000	2012 \$'000
Non-current assets			
Fixed assets			
- Investment properties		14,408,800	13,038,800
- Other fixed assets		102	78
		<u>14,408,902</u>	<u>13,038,878</u>
Deferred tax assets		3,875	4,743
Derivative financial instruments		25,471	-
Reimbursement rights		<u>203,413</u>	<u>203,413</u>
		<u>14,641,661</u>	<u>13,247,034</u>
Current assets			
Trade and other receivables	11	27,501	26,057
Cash and bank balances		329,126	260,880
Tax recoverable		<u>158,096</u>	<u>158,506</u>
		<u>514,723</u>	<u>445,443</u>
Total assets		<u>15,156,384</u>	<u>13,692,477</u>
Current liabilities			
Tenants' deposits		(159,982)	(144,598)
Rent receipts in advance		(5,183)	(4,360)
Trade and other payables	12	(215,441)	(211,490)
Derivative financial instruments		(27,912)	(47,410)
Tax payable		<u>(41,774)</u>	<u>(25,444)</u>
		<u>(450,292)</u>	<u>(433,302)</u>
Net current assets		<u>64,431</u>	<u>12,141</u>
Total assets less current liabilities		<u>14,706,092</u>	<u>13,259,175</u>

CONSOLIDATED BALANCE SHEET (continued)

At 30 June 2013

(Expressed in Hong Kong dollars)

	2013 \$'000	2012 \$'000
Non-current liabilities, excluding net assets attributable to unitholders		
Secured bank borrowings	(3,874,760)	(3,915,850)
Deferred tax liabilities	(269,409)	(256,096)
Derivative financial instruments	<u>(30,188)</u>	<u>(65,273)</u>
	<u>(4,174,357)</u>	<u>(4,237,219)</u>
Total liabilities, excluding net assets attributable to unitholders	<u>(4,624,649)</u>	<u>(4,670,521)</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>10,531,735</u>	<u>9,021,956</u>
Number of units in issue	<u>1,616,330,766</u>	<u>1,605,583,924</u>
Net asset value attributable to unitholders per unit	<u>\$6.52</u>	<u>\$5.62</u>

DISTRIBUTION STATEMENT

For the year ended 30 June 2013
(Expressed in Hong Kong dollars)

	Note	2013 \$'000	2012 \$'000
Profit after taxation and before transactions with unitholders		<u>1,674,621</u>	<u>1,027,250</u>
Adjustments :			
- Gain on disposal of investment properties		(2,088)	-
- Net increase in fair value of investment properties		(1,440,704)	(808,342)
- Manager's fees paid or payable in the form of units		36,203	45,928
- Non-cash finance costs on interest bearing liabilities		24,809	13,822
- Deferred tax	9	<u>14,181</u>	<u>19,773</u>
		<u>(1,367,599)</u>	<u>(728,819)</u>
Total distributable income (note (i))		<u><u>307,022</u></u>	<u><u>298,431</u></u>
Interim distribution, paid (notes (ii) and (iv))		136,991	132,748
Final distribution, to be paid to unitholders (notes (iii) and (iv))		<u>148,703</u>	<u>139,686</u>
Total distributions for the year (note (i))		<u><u>285,694</u></u>	<u><u>272,434</u></u>
Payout ratio (note (iii))		93.1%	91.3%
Distribution per unit :			
Interim distribution per unit, paid		8.50 cents	8.30 cents
Final distribution per unit, to be paid to unitholders		<u>9.20 cents</u>	<u>8.70 cents</u>
		<u><u>17.70 cents</u></u>	<u><u>17.00 cents</u></u>

DISTRIBUTION STATEMENT (continued)

For the year ended 30 June 2013
(Expressed in Hong Kong dollars)

Notes :

- (i) Pursuant to the REIT Code and the trust deed dated 26 May 2006 (as amended) (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.
- (ii) The interim distribution of \$136,991,000 for the six months ended 31 December 2012 (31 December 2011: \$132,748,000) is calculated by multiplying the interim distribution per unit of 8.50 cents by 1,611,664,307 units in issue at 31 December 2012 (31 December 2011: 8.30 cents by 1,599,374,927 units in issue at 31 December 2011).
- (iii) The final distribution of \$148,703,000 for the year ended 30 June 2013 (2012: \$139,686,000) is calculated by multiplying the final distribution per unit of 9.20 cents by 1,616,330,766 units in issue at 30 June 2013 (2012: 8.70 cents by 1,605,583,924 units in issue at 30 June 2012).

Together with the interim distribution, the total distribution for the year ended 30 June 2013 represent a payout ratio of 93.1% (2012: 91.3%) of Sunlight REIT’s total distributable income for the year.
- (iv) The 2013 interim distribution was paid to unitholders on 28 March 2013. The 2013 final distribution is expected to be paid on 30 October 2013 to unitholders whose names appear on the register of unitholders on 27 September 2013.
- (v) The final distribution proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

2. Basis of preparation

The final results set out in this announcement do not constitute the Group’s statutory consolidated financial statements for the year ended 30 June 2013 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**”) and accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable disclosure provisions of the REIT Code and the Rules Governing the Listing of Securities on the Stock Exchange.

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 several amendments to HKFRSs that are first effective for the current accounting period of the Group. These included the amendments to HKAS 12, *Income taxes – Deferred tax: recovery of underlying assets*, which the Group has already adopted in prior years. In respect of the other developments, the amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*, require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group’s presentation of other comprehensive income in the consolidated financial statements has been modified accordingly.

3. Changes in accounting policies (continued)

Except as described above, none of the other developments are relevant to the Group's consolidated financial statements and 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, gain/(loss) on disposal 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 :

	2013			2012		
	Office properties \$'000	Retail properties \$'000	Total \$'000	Office properties \$'000	Retail properties \$'000	Total \$'000
Turnover						
- rental income	248,330	257,870	506,200	226,992	238,746	465,738
- car park income	3,104	22,874	25,978	2,966	20,049	23,015
- rental related income	51,387	46,636	98,023	48,960	43,972	92,932
	302,821	327,380	630,201	278,918	302,767	581,685
Property operating expenses	(62,462)	(77,142)	(139,604)	(60,414)	(72,743)	(133,157)
Net property income	240,359	250,238	490,597	218,504	230,024	448,528
Administrative expenses	(38,189)	(36,988)	(75,177)	(34,964)	(33,469)	(68,433)
Segment results	202,170	213,250	415,420	183,540	196,555	380,095
Net increase in fair value of investment properties	643,233	797,471	1,440,704	412,738	395,604	808,342
Gain on disposal of investment properties	-	2,088	2,088	-	-	-
Finance costs on interest bearing liabilities			(128,050)			(110,131)
Income tax			(51,008)			(43,053)
Interest income			3,167			3,312
Unallocated net expenses			(7,700)			(11,315)
Profit after taxation and before transactions with unitholders			<u>1,674,621</u>			<u>1,027,250</u>
Depreciation	<u>14</u>	<u>13</u>	<u>27</u>	<u>7</u>	<u>9</u>	<u>16</u>

4. Segment reporting (continued)

Segment results, assets and liabilities (continued)

	2013			2012		
	Office	Retail	Total	Office	Retail	Total
	properties	properties		properties	properties	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	7,473,234	7,161,633	14,634,867	6,827,381	6,440,597	13,267,978
Derivative financial instruments			25,471			-
Cash and bank balances			329,126			260,880
Tax recoverable			158,096			158,506
Deferred tax assets			3,875			4,743
Unallocated assets			4,949			370
Total assets			<u>15,156,384</u>			<u>13,692,477</u>
Segment liabilities	(113,321)	(104,419)	(217,740)	(102,820)	(95,046)	(197,866)
Derivative financial instruments			(58,100)			(112,683)
Secured bank borrowings			(3,874,760)			(3,915,850)
Tax payable			(41,774)			(25,444)
Deferred tax liabilities			(269,409)			(256,096)
Unallocated liabilities			<u>(162,866)</u>			<u>(162,582)</u>
Total liabilities, excluding net assets attributable to unitholders			<u>(4,624,649)</u>			<u>(4,670,521)</u>
Capital expenditure incurred during the year	<u>3,095</u>	<u>1,552</u>	<u>4,647</u>	<u>7,792</u>	<u>516</u>	<u>8,308</u>

5. Turnover

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

	2013	2012
	\$'000	\$'000
Rental income (note)	506,200	465,738
Car park income	25,978	23,015
Rental related income	<u>98,023</u>	<u>92,932</u>
	<u>630,201</u>	<u>581,685</u>

Note : Included additional rents based on business turnover of tenants amounting to \$1,740,000 (2012: \$2,086,000).

6. Property operating expenses

	2013 \$'000	2012 \$'000
Building management fee	51,278	50,296
Property manager's fees	40,421	36,231
Government rent and rates	21,582	19,267
Marketing and promotion expenses	9,032	9,920
Car park operating costs (note)	8,098	7,896
Bad debts expenses	150	6
Other direct costs	9,043	9,541
	<u>139,604</u>	<u>133,157</u>

Note : Included property manager's fees of \$2,410,000 (2012: \$2,124,000).

7. Other income

	2013 \$'000	2012 \$'000
Bank interest income	3,167	3,312
Others	4	5
	<u>3,171</u>	<u>3,317</u>

8. Profit before taxation and transactions with unitholders

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

	2013 \$'000	2012 \$'000
(a) Finance costs on interest bearing liabilities		
Interest on secured bank borrowings	103,090	96,185
Other borrowing costs	24,960	13,946
	<u>128,050</u>	<u>110,131</u>

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

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

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

	2013 \$'000	2012 \$'000
(b) Other items		
Manager's fees	72,783	65,611
Property manager's fees (note (i))	42,831	38,355
Trustee's remuneration and charges	3,781	3,491
Auditor's remuneration		
- Audit services	1,730	1,660
- Other services (note (ii))	445	611
Valuation fees	573	675
Other legal and professional fees	2,540	6,109
Commission to property agents	2,054	2,257
Bank charges	469	641

Notes :

- (i) Included rental commission of \$12,237,000 (2012: \$10,215,000).
- (ii) An amount of \$360,000 non-audit service fee payable to the auditor in relation to the establishment of a medium term note programme during the year ended 30 June 2013 had been recognised as a prepayment at 30 June 2013.
- (iii) 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 income statement represents :

	2013 \$'000	2012 \$'000
Current tax - Provision for Hong Kong Profits Tax		
Provision for the year	36,975	23,450
Over-provision in respect of prior years	(148)	(170)
	36,827	23,280
Deferred tax		
Origination and reversal of temporary differences	14,181	19,773
	51,008	43,053

Provision for Hong Kong Profits Tax has been made at 16.5% on the estimated assessable profits for the current and prior years.

9. Income tax (continued)

During the year ended 30 June 2012, the Group settled with the Inland Revenue Department in respect of the deductibility of certain taxation allowances claimed by certain subsidiaries of the Group in connection with the profits generated prior to the date of acquisition by Sunlight REIT. The relevant amount paid to the Inland Revenue Department was \$3,629,000 and was reimbursed by 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**”) pursuant to the relevant deeds of tax covenant dated 21 December 2006.

10. Earnings per unit before transactions with unitholders

The basic earnings per unit before transactions with unitholders for the year ended 30 June 2013 amounted to \$1.04 (2012: \$0.64). 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 \$1,674,621,000 (2012: \$1,027,250,000) and the weighted average of 1,610,555,216 units in issue during the year (2012: 1,596,874,817 units).

Diluted earnings per unit before transactions with unitholders for the year ended 30 June 2013 and 2012 are not presented as there was no potential dilution of earnings per unit before transactions with unitholders.

11. Trade and other receivables

	2013 \$'000	2012 \$'000
Rental receivables	11,991	17,072
Deposits and prepayments	12,676	6,010
Other receivables	2,383	2,345
Amounts due from related companies	451	630
	<u>27,501</u>	<u>26,057</u>

\$4,769,000 (2012: \$4,856,000) 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.

11. Trade and other receivables (continued)

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

	2013 \$'000	2012 \$'000
Current	8,410	12,444
Less than 1 month overdue	2,858	3,346
More than 1 month and up to 3 months overdue	385	1,093
More than 3 months and up to 6 months overdue	192	176
More than 6 months overdue	146	13
	<u>11,991</u>	<u>17,072</u>

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. Trade and other payables

	2013 \$'000	2012 \$'000
Creditors and accrued charges	26,879	28,029
Manager's fees payable	20,603	18,139
Amounts due to related companies	<u>167,959</u>	<u>165,322</u>
	<u>215,441</u>	<u>211,490</u>

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 primarily represent amounts received from certain 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 \$1,070,000 (2012: \$959,000) which is due within 30 days.

13. Non-adjusting post balance sheet event

On 2 September 2013, Sunlight REIT entered into several bilateral credit facility agreements with certain banks and was granted an aggregate amount of \$1,925.0 million in term loan facilities. The new term loan facilities, repayable in four to five years from the date of drawdown, will be applied toward refinancing the remaining portion of the term loan facility due in 2014.

14. 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
(as manager of Sunlight Real Estate Investment Trust)
CHUNG Siu Wah
Company Secretary

Hong Kong, 5 September 2013

As 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.