
MATERIAL AGREEMENTS AND OTHER DOCUMENTS RELATING TO SUNLIGHT REIT

The agreements described in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of Sunlight REIT. The agreements are available for inspection at the registered office of the Manager at 30th Floor, 248 Queen's Road East, Wanchai, Hong Kong during normal business hours up to and including the Listing Date (up to 12:00 noon).

Description of the agreements to acquire the Target Company Shares, the Target Properties, the Finance Company Share and the Domain Name Company Share

On 10 November 2006 and 2 December 2006, the Purchaser Companies entered into the Sale and Purchase Agreements with the relevant Vendors pursuant to which the Purchaser Companies conditionally agreed to acquire the Target Company Shares, the Target Properties, the Finance Company Share and the Domain Name Company Share from the relevant Vendors.

Sale and Purchase Agreements and Deeds of Tax Covenant for the Target Company Shares

The purchase consideration for each Target Company (other than that in relation to Metro City Phase I Property and Sheung Shui Centre Shopping Arcade) is based on the Acquisition Value (based on the Minimum Offer Price) of the Property owned by that Target Company directly or indirectly, after adjustment (on bases agreed between the relevant Purchaser Companies and Vendors) for the assets and liabilities of that Target Company (and its subsidiary or subsidiaries, where applicable) on Completion and a specified percentage of the Adjustment Sum. Any deferred tax liabilities of the Target Companies (and their subsidiaries, where applicable) will not be taken into account in the computation of the purchase consideration but Deeds of Tax Covenant will be given in favour of the relevant REIT Group Companies in respect of any tax liability arising from re-classification upon Completion of the relevant Property from a trading stock to an investment asset. Any deferred tax assets of the Target Companies (and their subsidiaries, where applicable) will not be taken into account in the computation of the purchase consideration payable on Completion, but will be paid for by the REIT Group Companies on a future date after Completion when, and to the extent, the tax loss benefit is utilised by Sunlight REIT or the REIT Group Companies to offset tax liabilities which would otherwise arise.

The Acquisition Value of 248 Queen's Road East will be HK\$1,817.2 million, plus an amount equivalent to 25.75% of the Adjustment Sum. Prior to Completion, SKFE has an approximate 82.9% attributable interest in the Property and HLD has an approximate 17.1% attributable interest in the Property.

The Acquisition Value of Bonham Trade Centre will be HK\$327.6 million, plus an amount equivalent to 4.64% of the Adjustment Sum. Prior to Completion, the Property is indirectly wholly-owned by SKFE.

The Acquisition Value of Righteous Centre will be HK\$255.4 million, plus an amount equivalent to 3.62% of the Adjustment Sum. Prior to Completion, the Property is indirectly wholly-owned by HLD.

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The Acquisition Value of 135 Bonham Strand Trade Centre Property will be HK\$178.5 million, plus an amount equivalent to 2.53% of the Adjustment Sum. Prior to Completion, the Property is indirectly wholly-owned by SKFE.

The Acquisition Value of Winsome House Property will be HK\$197.2 million, plus an amount equivalent to 2.79% of the Adjustment Sum. Prior to Completion, the Property is indirectly wholly-owned by SKFE.

The Acquisition Value of Java Road 108 Commercial Centre will be HK\$114.1 million, plus an amount equivalent to 1.62% of the Adjustment Sum. Prior to Completion, Perfect Bright and Furnline have an indirect aggregate attributable interest of approximately 66.7% in the Property and HIL has an indirect approximately 33.3% attributable interest in the Property.

The Acquisition Value of Sun Fai Commercial Centre Property will be HK\$77.6 million, plus an amount equivalent to 1.10% of the Adjustment Sum. Prior to Completion, the Property is indirectly wholly-owned by SKFE.

The Acquisition Value of Wai Ching Commercial Building Property will be HK\$20.2 million, plus an amount equivalent to 0.29% of the Adjustment Sum. Prior to Completion, each of Perfect Bright and Furnline has an indirect 50% attributable interest in the Property.

The Acquisition Value of 235 Wing Lok Street Trade Centre will be HK\$130.4 million, plus an amount equivalent to 1.85% of the Adjustment Sum. Prior to Completion, the Property is indirectly wholly-owned by HLD.

The Acquisition Value of Yue Fai Commercial Centre Property will be HK\$96.3 million, plus an amount equivalent to 1.36% of the Adjustment Sum. Prior to Completion, the Property is indirectly wholly-owned by HLD.

The Acquisition Value of Everglory Centre will be HK\$95.5 million, plus an amount equivalent to 1.35% of the Adjustment Sum. Prior to Completion, the Property is indirectly wholly-owned by HLD.

The Acquisition Value of On Loong Commercial Building Property will be HK\$83.1 million, plus an amount equivalent to 1.18% of the Adjustment Sum. Prior to Completion, the Property is indirectly wholly-owned by HLD.

The Acquisition Value of Kwong Wah Plaza Property will be HK\$355.5 million, plus an amount equivalent to 5.04% of the Adjustment Sum. Prior to Completion, the Property is indirectly wholly-owned by HD.

The Acquisition Value of Beverley Commercial Centre Property will be HK\$43.5 million, plus an amount equivalent to 0.62% of the Adjustment Sum. Prior to Completion, each of Perfect Bright and Furnline has an indirect 50% attributable interest in the Property.

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The Acquisition Value of Glory Rise Property will be HK\$50.5 million, plus an amount equivalent to 0.72% of the Adjustment Sum. Prior to Completion, each of Perfect Bright and Furnline has an indirect 50% attributable interest in the Property.

The Acquisition Value of Supernova Stand Property will be HK\$35.7 million, plus an amount equivalent to 0.51% of the Adjustment Sum. Prior to Completion, Perfect Bright and Furnline have an indirect aggregate attributable interest of approximately 63.6% in the Property and HLD has an indirect attributable interest of approximately 36.4% in the Property.

The Acquisition Value of Palatial Stand Property will be HK\$15.5 million, plus an amount equivalent to 0.22% of the Adjustment Sum. Prior to Completion, each of Perfect Bright and Furnline has an indirect 50% attributable interest in the Property .

The Acquisition Value of Royal Terrace Property will be HK\$56.7 million, plus an amount equivalent to 0.80% of the Adjustment Sum. Prior to Completion, the Property is indirectly wholly-owned by HLD.

In each of the above adjustments to the Acquisition Value, the addition of a percentage of the Adjustment Sum may result in an increase or a decrease, depending on whether the Adjustment Sum is positive or negative.

The relevant Sale and Purchase Agreements for the acquisition of the Target Companies (other than Crownwill Limited and Bayman Limited) also provide that, if the total sum of all fees, commissions and other expenses payable by Sunlight REIT or by the Manager (either on Sunlight REIT's behalf or agreed to be reimbursed by Sunlight REIT) in connection with the Offering (the "**Offer Expenses**") is less than or exceeds the amount retained by the Manager on Sunlight REIT's behalf out of the proceeds of the Offering for the purpose of paying the Offer Expenses (the "**Reserved Sum**"), then adjustments will be made to the purchase consideration under those Sale and Purchase Agreements in respect of a percentage of any such excess or shortfall amount, such percentage to be the same as that applied to the Adjustment Sum as set out in the above adjustments.

The Metro City Phase I Property Share Sale and Purchase Agreement provides that, if the total sum of Offer Expenses is less than or exceeds the Reserved Sum, then an adjustment will be made to the purchase consideration under that Sale and Purchase Agreement in respect of 19.92% of any such excess or shortfall amount.

The Sheung Shui Centre Shopping Arcade Share Sale and Purchase Agreement provides that, if the total sum of Offer Expenses is less than or exceeds the Reserved Sum, then an adjustment will be made to the purchase consideration under that Sale and Purchase Agreement in respect of 24.09% of any such excess or shortfall amount.

Pursuant to the relevant Sale and Purchase Agreements for the acquisition of the Target Companies, a pro forma balance sheet for each Target Company (and its subsidiaries on a combined basis, where applicable) ("Pro Forma Completion Accounts") will be prepared, and adjustments to the Acquisition

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Value of the Property determined on bases agreed between the Purchaser Companies and the Vendors shall be computed. Payment of the purchase consideration for the relevant Target Company will be made by reference to such Pro Forma Completion Accounts for that Target Company (and its subsidiaries, where applicable).

The Existing Borrowings in respect of the Target Companies comprise a combination of loans from companies affiliated to SKFE, Perfect Bright, Furnline, HD, HLD and HIL.

On Completion, the Existing Borrowings will be assigned to the Finance Company, upon which the Finance Company will pay to the relevant lenders principally on a dollar for dollar basis (based on the Pro Forma Completion Accounts) for such assignment.

Completion of each Sale and Purchase Agreement for the acquisition of the Target Companies is to take place on the Listing Date. Within 60 days of the date of Completion, an unaudited balance sheet of the relevant Target Company and its subsidiaries (on a combined basis, where applicable) as at the date of Completion (“Completion Accounts”) will be delivered by the Vendors. The Completion Accounts of each Target Company will be audited within 90 days after Completion. Adjustment payments shall be made by or to the relevant Vendors and/or lenders, to address any overstatement or understatement (as the case may be) of the assets and liabilities and Existing Borrowings of the Target Company (and its subsidiaries, where applicable) as at Completion as shown in the Pro Forma Completion Accounts, subject to certain caps on understatements. Such adjustment payments shall be made within 14 days of the receipt of the results of the audit.

Each Sale and Purchase Agreement for the acquisition of the Target Companies provides, amongst others, for the relevant Vendors to procure that prior to Completion, the Target Company must (i) dispose of all assets of the Target Company (and its subsidiaries, where applicable), other than its Property and associated plant, equipment and chattels, and other than the current assets which are to be reflected in the audited Completion Accounts, and (ii) discharge all liabilities of the Target Company (and its subsidiaries, where applicable), other than the Existing Borrowings, and other than the current liabilities and the provision for deferred tax liability which are to be reflected in the audited Completion Accounts and is to be covered by the relevant Deed of Tax Covenant respectively.

Completion of the acquisition of each of the Target Company Shares and the assignment of the Existing Borrowings will be subject to the satisfaction of a number of conditions including, but not limited to:

- (i) the Hong Kong Stock Exchange granting the listing of, and permission to deal in, all the Units to be issued upon the terms and conditions set out in this Offering Circular;
- (ii) the SFC having authorised Sunlight REIT, this Offering Circular and the application forms relating thereto pursuant to the SFO;
- (iii) the Underwriting Agreements having become unconditional and not having been terminated in each case in accordance with their respective terms and any applicable rules and law;

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- (iv) there being no material damage to the relevant Properties and no material breach of the warranties; and
- (v) the obtaining of all relevant third party consents or approvals as are necessary for the purpose of transferring any of the Target Company Shares and/or the Existing Borrowings in accordance with the terms of the relevant Sale and Purchase Agreement.

In the event that any of the above conditions has not been fulfilled (or otherwise waived by the respective parties) on or before the Listing Date or 31 January 2007 (whichever is earlier), each of the Sale and Purchase Agreements will be determined and be of no further effect.

Each Sale and Purchase Agreement for the acquisition of the Target Companies contains certain representations, warranties and indemnities made by the relevant Vendors in respect of the relevant Target Company Shares, the Target Company (and its subsidiaries, where applicable) and the Property.

SKFE, HLD and HD (in each case, in relation to interests or loan being sold or assigned by it or its subsidiaries other than HIL in the case of HLD), and HD (as procured by Perfect Bright and Furnline in relation to interests being sold by them and loans being assigned by companies affiliated with them) have severally guaranteed the relevant Vendors' and loan assignors' obligations under the Sale and Purchase Agreements for the acquisition of the Target Companies Shares and the assignment of the Existing Borrowings. Each such Sale and Purchase Agreement also sets out certain limitations on the liability of the relevant Vendors, loan assignors and guarantors in respect of breaches, including provisions for maximum liability and limitation periods for claims.

For each Target Company, a separate Deed of Tax Covenant will be entered into by the relevant Vendor and the relevant guarantor(s) in favour of the relevant Purchaser Company, the Holding Company and the Trustee, on Completion, covenanting to pay to the Purchaser Company, the Holding Company and the Trustee (as directed and as trustee of Sunlight REIT) in respect of certain liability to taxation falling on the Target Company (and its subsidiaries, where applicable) including, amongst others:

- (i) any liability to taxation (other than those provided in (ii) and (iii) below) resulting from or by reference to income, profits, transactions and events earned, accrued, effected or occurred on or before Completion;
- (ii) any liability to taxation in respect of clawback of commercial building allowances and capital allowances granted up to Completion, resulting from any sale of the relevant Property or any part thereof by the Property Company; and
- (iii) any liability to taxation resulting from or by reference to the re-classification upon Completion of the relevant Property in the books of the relevant Property Companies which owns the Property from a trading stock to an investment asset, up to a maximum amount calculated at the market value of the relevant Property as at the time of re-classification.

In this connection the relevant Vendors may direct the conduct of any taxation proceeding subject, amongst others, to an indemnity for costs from the relevant Vendors and other provisions.

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The limitation period for claims under paragraph (i) above is seven years from the date of Completion. The limitation period for claims under paragraph (ii) and paragraph (iii) above is seven years from the sale of the relevant Property by the relevant Property Company. The Purchaser Companies' right of claim is not prejudiced by any taxation action or proceeding in respect of the relevant tax liability which is the subject matter of the claim not being finally resolved before expiry of the applicable limitation period.

The Sale and Purchase Agreements in respect of a number of Target Companies will also provide for the relevant Purchaser Company to pay to the relevant Vendors additional consideration for the purchase of shares in the relevant Target Company, in an amount equivalent to the tax loss benefits of such Target Company (and its subsidiaries, where applicable) at Completion which are utilised by Sunlight REIT or the REIT Group Companies to offset tax liabilities which would otherwise arise. Such additional consideration will be payable in the future when, and to the extent, such tax loss benefit is so utilised.

Under the respective Sale and Purchase Agreements for the acquisition of the Target Companies and Deeds of Tax Covenant:

- (i) SKFE will be the relevant guarantor in relation to the Property Companies (and relevant Target Companies) which hold 248 Queen's Road East (to the extent of its interest of approximately 82.9% in that Property), Bonham Trade Centre, 135 Bonham Strand Trade Centre Property, Winsome House Property and Sun Fai Commercial Centre Property, and in relation to Metro City Phase I Property and Sheung Shui Centre Shopping Arcade;
- (ii) HLD will be the relevant guarantor in relation to the Property Companies (and relevant Target Companies) which hold 248 Queen's Road East (to the extent of its interest of approximately 17.1% in that Property), Righteous Centre, 235 Wing Lok Street Trade Centre, Yue Fai Commercial Centre Property, Everglory Centre, On Loong Commercial Building Property and Royal Terrace Property;
- (iii) HD will be the relevant guarantor in relation to the loan assignor under the Kwong Wah Plaza Property Sale and Purchase Agreement; and
- (iv) HD (as procured by Perfect Bright and Furnline) will be the relevant guarantor in relation to the Property Companies (and relevant Target Companies) which hold Java Road 108 Commercial Centre (to the extent of approximately 66.7% interest of Perfect Bright and Furnline in that Property), Wai Ching Commercial Building Property, Beverley Commercial Centre Property, Glory Rise Property, Supernova Stand Property (to the extent of approximately 63.6% interest of Perfect Bright and Furnline in that Property) and Palatial Stand Property.

Information on the non-voting deferred shares

In the case of a number of Sale and Purchase Agreements for the acquisition of the Target Companies which are Intermediate Holding Companies, the Property Companies under the Intermediate Holding Companies have an issued share capital comprising certain non-voting deferred shares, in addition to the

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ordinary shares held by the Intermediate Holding Companies. The Target Companies concerned are those indirectly holding (i) Bonham Trade Centre and Palatial Stand Property; and (ii) 248 Queen's Road East (as to approximately 82.9%), 135 Bonham Strand Trade Centre Property, Winsome House Property and Sun Fai Commercial Centre Property.

(i) *Bonham Trade Centre and Palatial Stand Property*

Nicetex Development Limited is the sole owner of Bonham Trade Centre and Multimark Investment Limited directly owns the Palatial Stand Property as to 80% upon Completion. The issued share capital of each of Nicetex Development Limited and Multimark Investment Limited comprises ordinary shares and non-voting deferred shares. Upon Completion, all the ordinary shares and the non-voting deferred shares in each of Nicetex Development Limited and Multimark Investment Limited will be held by Sunlight REIT through the Holding Company and the relevant Intermediate Holding Company.

The rights and restrictions of such non-voting deferred shares in Nicetex Development Limited and Multimark Investment Limited are summarised below:

- (a) *As regards income.* The profits which Nicetex Development Limited or Multimark Investment Limited (as the case may be) may determine to distribute in respect of any financial year shall be distributed among the holders of ordinary shares according to the amounts paid up on the ordinary shares held by them respectively and no part of the profits shall be distributed among the holders of the non-voting deferred shares.
- (b) *As regards capital.* On a return of assets on winding up or otherwise, the assets of Nicetex Development Limited or Multimark Investment Limited (as the case may be) to be returned shall be distributed as regards the first HK\$100,000,000,000 thereof among the holders of ordinary shares in proportion to the nominal amounts of ordinary shares held by them respectively and one half of the balance of such assets shall belong to and be distributed among the holders of the non-voting deferred shares and the other half thereof to and among the holders of the ordinary shares, in proportion in each case to the nominal amounts of the shares held by them respectively.
- (c) *As regards voting.* On a show of hands every holder of ordinary shares who (being an individual) is present in person or (being a corporation) is represented by its authorised representative shall have one vote, and on a poll every holder of ordinary shares present in person or by proxy or, in the case of a corporation, by its authorised representative, shall have one vote for every ordinary share held by him but the non-voting deferred shares shall not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of Nicetex Development Limited or Multimark Investment Limited (as the case may be).

(ii) *248 Queen's Road East, 135 Bonham Strand Trade Centre Property, Winsome House Property and Sun Fai Commercial Centre Property*

Jetwise Investment Limited and Russum Company Limited directly own 248 Queen's Road East as to approximately 82.9%, in aggregate. Tinselle Investment Limited, Grand Faith Development Limited and Yu Loy Development Company Limited are the sole owners of 135 Bonham Strand Trade Centre Property, Winsome House Property and Sun Fai Commercial Centre Property, respectively.

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The issued share capital of each of Jetwise Investment Limited, Russum Company Limited, Tinselle Investment Limited, Grand Faith Development Limited and Yu Loy Development Company Limited comprises ordinary shares and non-voting deferred shares. Upon Completion, the non-voting deferred shares in each of these Property Companies will not be held by Sunlight REIT whether through the Holding Company and the Intermediate Holding Companies or otherwise.

The rights and restrictions of such non-voting deferred shares in each of Jetwise Investment Limited, Russum Company Limited, Tinselle Investment Limited, Grand Faith Development Limited and Yu Loy Development Company Limited are summarised below:

- (a) *As regards income.* The profits which Jetwise Investment Limited, Russum Company Limited, Tinselle Investment Limited, Grand Faith Development Limited or Yu Loy Development Company Limited (as the case may be) may determine to distribute in respect of any financial year or other financial period shall be distributed among the holders of ordinary shares according to the amounts paid up on the ordinary shares held by them respectively and no part of the profits shall be distributed among the holders of the non-voting deferred shares.
- (b) *As regards capital.* On a return of assets on winding up or otherwise, the assets of Jetwise Investment Limited, Russum Company Limited, Tinselle Investment Limited, Grand Faith Development Limited or Yu Loy Development Company Limited (as the case may be) to be returned shall be distributed as regards the first HK\$100,000,000,000,000 thereof among the holders of ordinary shares in proportion to the nominal amounts of ordinary shares held by them respectively and one half of the balance of such assets (if any) shall belong to and be distributed among the holders of the non-voting deferred shares and the other half thereof to and among the holders of the ordinary shares, in each case in proportion to the nominal amounts of the shares held by them respectively.
- (c) *As regards voting.* On a show of hands every holder of ordinary shares who (being an individual) is present in person or (being a corporation) is represented by its authorised representative shall have one vote, and on a poll every holder of ordinary shares present in person or by proxy or, in the case of a corporation, by its authorised representative or by proxy, shall have one vote for every ordinary share held by him/it but the non-voting deferred shares shall not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of Jetwise Investment Limited, Russum Company Limited, Tinselle Investment Limited, Grand Faith Development Limited or Yu Loy Development Company Limited (as the case may be).

Sale and Purchase Agreements for the Target Properties

Metro City Phase I Property

In respect of Metro City Phase I Property, under the Metro City Phase I Property Sale and Purchase Agreement entered into on 10 November 2006 (as supplemented by a supplemental agreement dated 2 December 2006), Crownwill Limited (as purchaser), an indirect wholly-owned subsidiary of SKFE incorporated in BVI whose primary purpose was to acquire and own Metro City Phase I Property, will

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purchase from Shung King Development Company Limited, Camleigh Investment Limited and Join Fortune Development Limited (as vendors) Metro City Phase I Property. The Acquisition Value of Metro City Phase I Property will be HK\$1,405.8 million, plus an amount equivalent to 19.92% of the Adjustment Sum (which may result in an increase or a decrease, depending on whether the Adjustment Sum is positive or negative). In addition, Kinpoint Limited, a REIT Group Company entered into the Metro City Phase I Property Share Sale and Purchase Agreement as purchaser, to purchase from Crown Faith Enterprises Ltd. (a wholly-owned subsidiary of SKFE) the entire issued share capital of Crownwill Limited, which will be completed immediately before the completion of the Metro City Phase I Property Sale and Purchase Agreement, with the effect that upon Completion, Kinpoint Limited will, through Crownwill Limited, indirectly own Metro City Phase I Property. Prior to Completion, Metro City Phase I Property is indirectly wholly-owned by SKFE.

Sheung Shui Centre Shopping Arcade

In respect of Sheung Shui Centre Shopping Arcade, under the Sheung Shui Centre Shopping Arcade Sale and Purchase Agreement entered into on 10 November 2006 (as supplemented by a supplemental agreement dated 2 December 2006), Bayman Limited (as purchaser), an indirect wholly-owned subsidiary of SKFE incorporated in BVI whose primary purpose was to acquire and own Sheung Shui Centre Shopping Arcade will purchase from Evercot Enterprise Company Limited and Shung King Development Company Limited (as vendors) Sheung Shui Centre Shopping Arcade. The Acquisition Value of Sheung Shui Centre Shopping Arcade will be HK\$1,700.0 million, plus an amount equivalent to 24.09% of the Adjustment Sum (which may result in an increase or a decrease, depending on whether the Adjustment Sum is positive or negative). In addition, Kochi Enterprises Limited, a REIT Group Company entered into the Sheung Shui Centre Shopping Arcade Share Sale and Purchase Agreement as purchaser, to purchase from Crown Faith Enterprises Ltd. (a wholly-owned subsidiary of SKFE) the entire issued share capital of Bayman Limited, which will be completed immediately before the completion of the Sheung Shui Centre Shopping Arcade Sale and Purchase Agreement, with the effect that upon Completion, Kochi Enterprises Limited will, through Bayman Limited, indirectly own Sheung Shui Centre Shopping Arcade. Prior to Completion, Sheung Shui Centre Shopping Arcade, through Bayman Limited, is indirectly wholly-owned by SKFE.

Finance Company Sale and Purchase Agreement and Deed of Tax Covenant for the Finance Company Share

Pursuant to the Finance Company Sale and Purchase Agreement, Sunlight REIT will purchase the Finance Company Share from Corpson (a wholly-owned subsidiary of SKFE). The Finance Company will be used as the financing vehicle for Sunlight REIT. It is envisaged that the primary functions of the Finance Company will include (i) entering into external borrowing arrangements with third party financial institutions, which funds are then on-lent to the individual Property Companies in the form of related-party loans, and (ii) engaging in interest rate hedging arrangements with third-party counterparties for the external borrowing arrangements. The Finance Company has entered into the term loan agreement and the revolving credit facility agreement (as detailed below under the section headed “The Loan Facility”). In addition, it has also entered into interest rate swap agreements and agreements in relation to the Novation (as detailed below under the section headed “Interest Rate Swaps”). None of the amounts payable under such agreements by the Finance Company are required to be paid prior to Completion.

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The consideration for the sale of the Finance Company Share shall be an amount equal to the NTA of the Finance Company on the date of Completion, without making any adjustment for this purpose to the value of the benefit or liabilities of the Finance Company under the agreements relating to the interest rate swaps. The Loans, which are owed by the Finance Company to the Vendor of the Finance Company Share, will also be assigned to the Holding Company on Completion on a dollar for dollar basis.

Completion of the acquisition of the Finance Company Share will be subject to the satisfaction of a number of conditions, which are similar to the conditions to which Completion of the acquisition of the Target Company Shares are subject as mentioned above.

In the event that each of such conditions has not been fulfilled (or otherwise waived by the respective parties) on or before the Listing Date or 31 January 2007 (whichever is earlier), the Finance Company Sale and Purchase Agreement will determine and be of no further effect.

The Finance Company Sale and Purchase Agreement contains certain representations and warranties made by the Vendor in respect of the Finance Company Share and the Finance Company. SKFE has guaranteed the obligations of the Vendor under the Finance Company Sale and Purchase Agreement. The Finance Company Sale and Purchase Agreement also sets out certain limitations on the liability of the relevant Vendor in respect of breaches, including a limitation periods for claims.

A Deed of Tax Covenant will be entered into by the Vendor and SKFE as the guarantor in favour of the Holding Company and the Trustee (as trustee of Sunlight REIT), on Completion, covenanting to pay the Holding Company and the Trustee (as directed) in respect of any liability for taxation falling on the Finance Company resulting from or by reference to any income, profits, gains, transactions or events earned, accrued, received, effected or occurred on or before Completion.

Further Arrangements in relation to the Facility

Pending Completion, the relevant Vendors will make all necessary arrangements for:

- (i) the Target Company (and its subsidiaries, where applicable) to provide, as security for the Facility, security over the assets of the relevant Target Company (including, but not limited to, a first legal charge over the relevant Property); and
- (ii) the Finance Company to draw down, on Completion, the term loan Facility in the aggregate amount of HK\$3,950 million, with the proceeds to be used to finance the Finance Company's purchase of the Existing Borrowings and for on-lending to the Purchaser Companies to pay the consideration for the acquisition of the Target Properties.

Domain Name Company Sale and Purchase Agreement and Deed of Tax Covenant for the Domain Name Company Share

Pursuant to the Domain Name Company Sale and Purchase Agreement, Sunlight REIT will purchase the Domain Name Company Share from Corpson (a wholly-owned subsidiary of SKFE). The Domain Name Company holds a number of domain names used by the REIT Group Companies and may register

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other domain names from time to time, and it has also made a number of applications for registration of trade marks (some of which have been granted) used or to be used by the REIT Group Companies in Hong Kong and may apply for registration of other words or devices as trade marks from time to time. The consideration for the sale of the Domain Name Company Share shall be an amount equal to the NTA of the Domain Name Company on the date of Completion, without making any adjustment for this purpose to the value of its domain names and trade marks. Any amount owed by the Domain Name Company to the Vendor of the Domain Name Company Share will also be assigned to the Finance Company on Completion on a dollar for dollar basis.

Completion of the acquisition of the Domain Name Company Share will be subject to the satisfaction of a number of conditions, which are similar to the conditions to which Completion of the acquisition of the Target Company Shares are subject as mentioned above.

In the event that each of such conditions has not been fulfilled (or otherwise waived by the respective parties) on or before the Listing Date or 31 January 2007 (whichever is earlier), the Domain Name Company Sale and Purchase Agreement will determine and be of no further effect.

The Domain Name Company Sale and Purchase Agreement contains certain representations and warranties made by the Vendor in respect of the Domain Name Company Share and the Domain Name Company. SKFE has guaranteed the obligations of the Vendor under the Domain Name Company Sale and Purchase Agreement. The Domain Name Company Sale and Purchase Agreement also sets out certain limitations on the liability of the relevant Vendor in respect of breaches, including a limitation periods for claims.

A Deed of Tax Covenant will be entered into by the Vendor and SKFE as the guarantor in favour of the Holding Company and the Trustee (as trustee of Sunlight REIT), on Completion, covenanting to pay the Holding Company and the Trustee (as directed) in respect of any liability for taxation falling on the Domain Name Company resulting from or by reference to any income, profits, gains, transactions or events earned, accrued, received, effected or occurred on or before Completion.

Deed of Undertaking and Indemnity in relation to Beverley Commercial Centre Property

Deed of Undertaking and Indemnity in favour of the Trustee and Newcorp Development Limited

SKFE will at Completion enter into a deed of undertaking and indemnity in favour of the Trustee (as trustee of Sunlight REIT) and Newcorp Development Limited whereby SKFE shall (I) indemnify Newcorp Development Limited against all the related costs and expenses to be borne by Newcorp Development Limited and any share of the additional contribution attributable to the Beverley Commercial Centre Property with respect to the compliance with the Directions (as defined below) and any other directions relating to any part of the Beverley Commercial Centre Property or the common areas of Beverley Commercial Centre which have been issued by the relevant governmental authorities under the provisions of the Fire Safety (Commercial Premises) Ordinance (Chapter 502 of the Laws of Hong Kong) and that are in existence and subsisting on or prior to the date of Completion during the Beverley Indemnity Period (as defined below); (II) indemnify Newcorp Development Limited against all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses of whatever nature (including legal and

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other fees on a full indemnity basis) which may result or which Newcorp Development Limited may suffer, incur or sustain, directly or indirectly, in connection with or arising out of the non-compliance with the Directions and the said other directions, including but not limited to any loss of profit or rental of the Beverley Commercial Centre Property or any part thereof, during the Beverley Indemnity Period; and (III) indemnify the Trustee (as trustee of Sunlight REIT) against all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses of whatever nature (including legal and other fees on a full indemnity basis) which may result the Trustee (as trustee of Sunlight REIT) may suffer incur or sustain directly or indirectly in connection with or arising out of the non-compliance with the Directions and the said other directions during the Beverley Indemnity Period. Beverley Indemnity Period means the period from the Completion to (i) the date on which the Fire Services Department and the Buildings Department respectively have certified in writing that the Directions and the said other directions have been complied with and (ii) the date on which the manager of the Beverley Commercial Centre has confirmed in writing that all the costs and expenses thereof to be borne by Newcorp Development Limited and any share of the additional contribution attributable to the Beverley Commercial Centre Property have been fully paid and settled (whichever shall be the later date).

With the undertaking and indemnity given by SKFE under the deed of undertaking and indemnity to pay all the related costs and expenses and any share of the additional contribution attributable to the Beverley Commercial Centre Property for compliance with the Directions, counsel's opinion has been obtained by the Manager that there is no real risk of any claim or charge being imposed upon the Beverley Commercial Centre Property and the Directions do not constitute nor render the title of Beverley Commercial Centre Property to be defective.

The relevant insurance company has also confirmed that the validity of cover for the relevant insurance policies will not be adversely affected despite the existence of the Directions.

“**Directions**” means the two Fire Safety Directions (Direction Nos. BD FS/2/00041/05 and FSD 166/2005) and the two Fire Safety Improvement Directions (Direction Nos. FSD/FSI/1331/2005 and BD FSI/01377/05) respectively issued by the Director of Fire Services and the Director of Buildings all dated 31 March 2005 addressed to the co-owners of Beverley Commercial Centre relating to common areas of basement floor to second floor, all A.C. plant rooms (including those A.C. plant rooms which do not form part of the common areas) and other common areas of Beverley Commercial Centre.

For further details about the Directions, see the section headed “The Properties and Business — Legal and Regulatory Compliance” in this Offering Circular.

Deed of Undertaking and Indemnity in relation to On Loong Commercial Building Property

Deed of Undertaking and Indemnity in favour of the Trustee and Glory Good Development Limited

HLD will at Completion enter into a deed of undertaking and indemnity in favour of the Trustee (as trustee of Sunlight REIT) and Glory Good Development Limited whereby HLD will undertake to indemnify (I) Glory Good Development Limited against (i) all the related costs and expenses borne by Glory Good Development Limited and any share of the contribution attributable to the On Loong Commercial Building Property with respect to the compliance with the Directions (as defined below) and

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any other directions with respect to the On Loong Commercial Building Property or any part thereof or to the common areas of On Loong Commercial Building which have been issued by the relevant governmental authorities pursuant to the provisions of the Fire Safety (Commercial Premises) Ordinance (Chapter 502 of the Laws of Hong Kong) and that are in existence and subsisting on or prior to the date of Completion of the relevant Sale and Purchase Agreement and (ii) all the related costs and expenses borne by Glory Good Development Limited for the demolition of the unauthorised cockloft which was at that time erected on the ground floor of the On Loong Commercial Building Property in accordance with a notice dated 17 November 2005 from the Director of Buildings (“Cockloft Notice”); and (iii) all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses of whatever nature (including legal and other fees on a full indemnity basis) which may result or which Glory Good Development Limited may suffer, incur or sustain directly or indirectly in connection with or arising out of the non-compliance with the Directions or the said other directions or the Cockloft Notice during the On Loong Indemnity Period (as hereinafter defined) including but not limited to any loss of profit or rental of the On Loong Commercial Building Property or any part thereof; and (II) the Trustee (as trustee of Sunlight REIT) against all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses of whatever nature (including legal and other fees on a full indemnity basis) which may result or which the Trustee (as trustee of Sunlight REIT) may suffer, incur or sustain directly or indirectly in connection with or arising out of the non-compliance with the Directions or the said other directions or the Cockloft Notice during the On Loong Indemnity Period including but not limited to any loss of profit or rental of the On Loong Commercial Building Property or any part thereof.

With the undertaking and indemnity given by HLD under the deed of undertaking and indemnity to pay all the related costs and expenses and any share of the contribution attributable to the On Loong Commercial Building Property for compliance with the Directions, counsel’s opinion has been obtained by the Manager that there is no real risk of any claim or charge being imposed upon the On Loong Commercial Building Property and the Directions do not constitute nor render the title to the On Loong Commercial Building Property to be defective.

The relevant insurance companies have also confirmed that the validity of cover for the relevant insurance policies will not be adversely affected notwithstanding the existence of the Directions and other similar directions in relation to fire safety and the Cockloft Notice.

“**Directions**” means:

- (a) 21 Fire Safety Improvement Directions (Nos. BD FSI/03077/05 to BD FSI/03081/05 and BD FSI/03083/05 to BD FSI/03097/05 and BD FSI/03099/05) in respect of 41 respective individual units of the On Loong Commercial Building Property all dated 17 November 2005 issued by the Director of Buildings to Glory Good Development Limited as registered owner of the On Loong Commercial Building Property;
- (b) 18 Fire Safety Improvement Directions (Nos. FSD/FSI/5826/2005 to FSD/FSI/5828/2005, FSD/FSI/5831/2005, FSD/FSI/5833/2005, FSD/FSI/5837/2005, FSD/FSI/5838/2005, FSD/FSI/5841/2005 to FSD/FSI/5843/2005, FSD/FSI/5845/2005, FSD/FSI/5848/2005,

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FSD/FSI/5849/2005, FSD/FSI/1144/2006, FSD/FSI/1148/2006, FSD/FSI/1149/2006, FSD/FSI/1151/2006 and FSD/FSI/1158/2006) in respect of 22 individual units of the On Loong Commercial Building Property dated 17 November 2005 and 20 April 2006 respectively issued by the Director of Fire Services to the occupiers of the said units;

- (c) Two other Fire Safety Improvement Directions (Nos. BD FSI/03076/05 and FSD/FSI/5819/2005) both dated 17 November 2005 respectively issued by the Director of Buildings and the Director of Fire Services to the co-owners of On Loong Commercial Building and Glory Good Development Limited relating to the common areas of On Loong Commercial Building.

As at the Latest Practicable Date, the following Letters of Compliance/letters have been issued:

- (i) 18 letters of compliance dated 26 May 2006, 26 June 2006 and 7 August 2006 respectively confirming compliance with the requirements of the 18 Fire Safety Improvement Directions as set out in (b) above issued by the Fire Services Department;
- (ii) Letters dated 12 June 2006 and 1 August 2006 issued by the Buildings Department confirming that the fire safety improvement works required under the 21 Fire Safety Improvement Directions issued by the Director of Buildings as set out in (a) above had been completed and the unauthorized cockloft as mentioned in the Cockloft Notice had been removed; and
- (iii) two letters of compliance dated 11 October 2006 and 7 November 2006 respectively confirming compliance with the requirements of the Fire Safety Improvement Directions as set out in (c) above issued by the Buildings Department and the Fire Services Department.

“On Loong Indemnity Period” means:

- (I) In relation to those Directions and the said other directions with respect to the On Loong Commercial Building Property or any part thereof (including but not limited to such Fire Safety Improvement Directions as set out in (a) and (b) above) and the Cockloft Notice, for the period from the date of Completion to the date on which the compliance works as required under the relevant Directions and the said other directions (including but not limited to such Fire Safety Improvement Directions as set out in (a) and (b) above) and the Cockloft Notice have been duly completed as certified in writing by the relevant governmental authorities; and
- (II) In relation to those Directions and the said other directions with respect to the common areas of the On Loong Commercial Building (including but not limited to such Fire Safety Improvement Directions as set out in (c) above), for the period from the date of Completion to (i) the date on which all the compliance works as required under the relevant Directions and the said other directions (including but not limited to such Fire Safety Improvement Directions as set out in (c) above) have been duly completed as certified in writing by the relevant governmental authorities; and (ii) the date on which the manager of the On Loong Commercial Building has confirmed in writing that all the costs and expenses for the compliance with the

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relevant Directions and the said other directions (including but not limited to such Fire Safety Improvement Directions as set out in (c) above) to be borne by Glory Good Development Limited and any share of the contribution attributable to the On Loong Commercial Building Property have been fully paid and settled (which shall be the later date).

For further details about the Directions, see the section headed “The Properties and Business” in this Offering Circular.

Deed of Undertaking and Indemnity in relation to Kwong Wah Plaza Property

Deed of Undertaking and Indemnity in favour of the Trustee and Seiren Investment Limited

HD will at Completion enter into a deed of undertaking and indemnity in favour of the Trustee (as trustee of Sunlight REIT) and Seiren Investment Limited (“Seiren Investment”) whereby HD will undertake to indemnify (I) Seiren Investment against (i) all and any amount finally judicially determined by the Lands Tribunal or the higher courts to be payable by Seiren Investment to the Government in the government rent proceedings as described in the section headed “The Properties and Business — General — Litigation” in this Offering Circular (“Government Rent Case”) and in any appeal(s) therefrom (“Government Rent”); (ii) all and any amount which may be agreed by Seiren Investment and the Government to be payable by Seiren Investment in full and final settlement of the Government Rent Case provided that such full and final settlement of the Government Rent has been approved by HD (such approval not to be unreasonably withheld or delayed); (iii) all monies and liabilities whatsoever which may from time to time be claimed against or demanded from Seiren Investment or which Seiren Investment shall pay or become liable to pay or may suffer or incur under or by reason of or in connection with the Government Rent Case; and (iv) all costs, charges and expenses (including without limitation legal costs and expenses), loss, liability or damages reasonably incurred or suffered by Seiren Investment in connection with or arising out of the Government Rent Case; and (II) the Trustee (as trustee of Sunlight REIT) against all reasonable costs and expenses properly incurred by the Trustee as a result of or in connection with the Government Rent Case.

Information Regarding the Leasehold Title to the Properties

Government Grants

Land tenure in Hong Kong is essentially leasehold. Title to a property is derived from long-term government leases and conditions for lease (as the case may be) granted by the Government. Owners of property in Hong Kong are effectively long leaseholders. The Properties are held under certain Government Grants containing terms and conditions usually found in government leases or agreements and conditions for leases (as the case may be) granted by the Government.

Usually a government lease would consist of the following provisions:

- the term of years granted under the government lease;
- a covenant to pay Government rent, taxes, rates, charges and assessments;

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- an exception and reservation in respect of mines, minerals, mineral oils and quarries of stone;
- an exception and reservation in respect of easements or rights of way which may be required for public purposes with full liberty of ingress, egress and regress;
- an exception in respect of public or common sewers, drains or watercourses;
- a covenant to repair, uphold and maintain the land and the buildings to be created thereon;
- a covenant to deliver up the land and the buildings on expiry of the lease term;
- a covenant to pay a share of the costs of certain facilities;
- either a restrictive covenant against carrying on certain “offensive trades” and businesses without a licence, or a “user clause” setting out the only users which the land is permitted to be used;
- a covenant to register any alienation;
- a forfeiture of land tenure clause; and
- a provision for resumption of the land for public purpose.

Usually an agreement and conditions for lease would consist of the following provisions:

- the term of years granted;
- to pay the yearly Government rent and discharge all taxes, rates, charges and assessments imposed on the land;
- to develop or redevelop the land in compliance with the buildings and town planning legislation and regulations;
- not to exceed the permitted Gross Floor Area or permitted plot ratio and site coverage;
- to use the land and buildings erected on the land for the permitted use;
- to maintain all buildings erected on the land in good and substantial repair and condition;
- to maintain and repair any slopes, retaining walls, supports, foundations or other structures whether on the land or on adjoining land and in accordance with the relevant guidelines issued from time to time by the relevant authorities; and
- not to encroach upon or occupy any adjoining Government land.

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The Government can exercise its right as land-grantor to terminate the term granted under the Government Grant and re-enter the land if the land-grantee or its successors and assigns fails to observe or perform the terms and conditions of the Government Grant.

Some Government Grants may contain special provisions imposing certain specific obligations or restrictions on the land-grantee. A description of the Government Grant for each of the Properties together with details of any special provisions, are as follows:

248 Queen's Road East

The Property is held from the Government for the residue of the respective terms of 999 years commencing from 16 November 1855 and 999 years commencing from 16 March 1855 created therein by:

- (1) a Government Lease of Inland Lot No.506 dated 24 September 1857 and made between Queen Victoria of the one part and Tung A Lok of the other part as varied or modified by a No-Objection Letter registered in the Land Registry by Memorial No.UB7657292; and
- (2) a Government Lease of Inland Lot No.387 dated 26 April 1855 and made between Queen Victoria of the one part and Tung A Lok of the other part as varied or modified by a Deed of Variation of Crown Lease registered in the Land Registry by Memorial No.UB2190879 and a No-Objection Letter registered in the Land Registry by Memorial No.UB7657280,

as varied or modified by a Modification Letter dated 29 June 2006 and registered in the Land Registry by Memorial No.06070402100231.

Bonham Trade Centre

The Property is held from the Government for the residue of the respective terms of 999 years, 981 years and 981 years all commencing from 26 December 1860 created therein by:

- (1) a Government Lease of Inland Lot No.15 dated 7 January 1875 and made between Queen Victoria of the one part and Chun A Shing of the other part;
- (2) a Government Lease of Marine Lot No.142 dated 26 November 1861 and made between Queen Victoria of the one part and Joao Joaquim dos Remedios of the other part and subject to a Licence dated 27 June 1989 granted by the Assistant Registrar General for and on behalf of the Governor of Hong Kong to Billygain Investment Limited and its successors or assigns in respect of Section A and the Remaining Portion of Marine Lot No.142; and
- (3) a Government Lease of Marine Lot No.144 dated 26 November 1861 and made between Queen Victoria of the one part and Joao Joaquim dos Remedios of the other part and subject to a Licence dated 27 June 1989 granted by the Assistant Registrar General for and on behalf of the Governor of Hong Kong to Billygain Investment Limited and its successors or assigns in respect of Section A and the Remaining Portion of Marine Lot No.144,

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as varied or modified by a Modification Letter dated 27 April 2006 and registered in the Land Registry by Memorial No.06051703040083.

Righteous Centre

The Property is held from the Government for the residue of the respective terms of 150 years and 150 years both commencing from 25 December 1887 created therein by:

- (1) a Government Lease of Kowloon Inland Lot No.6827 deemed to have been issued under and by virtue of Section 14(2) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Renewal dated 12 March 1957 and made between Chan Chak Yan of the one part and the Director of Public Works for and on behalf of the Governor of Hong Kong of the other part and registered in the Land Registry as Conditions of Regrant No.5654; and
- (2) a Government Lease of Kowloon Inland Lot No.7097 deemed to have been issued under and by virtue of Section 14(2) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Renewal dated 29 June 1957 and made between Kwan Siu Man of the one part and the Director of Public Works for and on behalf of the Governor of Hong Kong of the other part and registered in the Land Registry as Conditions of Regrant No.5759.

135 Bonham Strand Trade Centre Property

The Property is held from the Government by:

- (1) a Government Lease of Marine Lot No.173 dated 31 March 1876 and made between Queen Victoria of the one part and Lee Choy of the other part for the residue of the term of 999 years commencing from 26 December 1860; and
- (2) a Government Lease of Inland Lot No.6896 dated 24 July 1958 and made between Queen Elizabeth II of the one part and Nam Pak Hong Association of the other part for the residue of the term of 75 years commencing from 14 November 1952 with a right to renew for a further term of 75 years,

as varied by a No-Objection Letter dated 26 June 2006 and registered in the Land Registry by Memorial No.06070301330122.

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Winsome House Property

The Property is held from the Government for the residue of the respective terms of 999 years, 999 years and 999 years commencing from 26 June 1843, 22 January 1844 and 26 June 1843 respectively created therein by:

- (1) a Government Lease of Inland Lot No.5025 dated 28 February 1938 and made between King George VI of the one part and Siu Ki Pak of the other part;
- (2) a Government Lease of Inland Lot No.7968 deemed to have been issued under and by virtue of Section 14 of the CPO upon compliance of the conditions precedent contained in certain Agreement and Conditions of Exchange deposited and registered at the Land Registry as Conditions of Exchange No.8224 dated 26 September 1963 and made between the Governor of Hong Kong of the one part and Jhamatmal Boolchand of the other part; and
- (3) a Government Lease of Inland Lot No.994 dated 4 May 1888 and made between Queen Victoria of the one part and William Hallis Luce of the other part,

as varied by a No-Objection Letter dated 21 June 2006 and registered in the Land Registry by Memorial No.06063002170029.

Java Road 108 Commercial Centre

The Property is held from the Government for the residue of 75 years commencing from 12 June 1933 with a right to renew for a further term of 75 years created therein by a Government Lease in respect of Inland Lot No.3539 dated 27 June 1939 and made between King George VI of the one part and Lee Hysan Estate Company Limited of the other part as varied or modified by a Modification Letter dated 15 June 2006 and registered in the Land Registry by Memorial No.06061900020013.

Sun Fai Commercial Centre Property

The Property is held from the Government under three Conditions of Lease Extension each for a term commencing from 28 June 1985 to 30 June 2047 created therein by:

- (1) certain Agreement and Conditions of Lease Extension registered in the Land Registry as Conditions of Lease Extension No.12068 in respect of Kowloon Inland Lot No.10813 dated 5 September 1989 and made between Lai Nai Hunk also known as Lai Nai Hang and Lai Nai Yim also known as Lai Nai Im (as tenants in common in equal shares) of the one part and the Governor of Hong Kong of the other part as varied or modified by two Modification Letters respectively registered in the Land Registry by Memorial Nos.UB7109281 and UB7542467 under which the owner(s) for the time being of Kowloon Inland Lot No.10813 are entitled to a lease thereof;
- (2) certain Agreement and Conditions of Lease Extension registered in the Land Registry as Conditions of Lease Extension No.12269 in respect of Kowloon Inland Lot No.10814 dated 3

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September 1993 and made between Yu Loy Development Company Limited of the one part and the Governor of Hong Kong of the other part as varied or modified by a Modification Letter registered in the Land Registry by Memorial Nos.UB7109279 under which the owner(s) for the time being of Kowloon Inland Lot No.10814 are entitled to a lease thereof; and

- (3) certain Agreement and Conditions of Lease Extension registered in the Land Registry as Conditions of Lease Extension No.12259 in respect of Kowloon Inland Lot No.10815 dated 3 September 1993 and made between Yu Loy Development Company Limited of the one part and the Governor of Hong Kong of the other part as varied or modified by a Modification Letter registered in the Land Registry by Memorial Nos.UB7109280 under which the owner(s) for the time being of Kowloon Inland Lot No.10815 are entitled to a lease thereof,

as varied by two No-Objection Letters dated 21 June 2006 and 24 October 2006 and registered in the Land Registry by Memorial Nos.06062801930027 and 06102702010040 respectively.

Wai Ching Commercial Building Property

The Property is held from the Government for the residue of the terms of years of 75 years commencing from 18 September 1974 created therein by:

- (1) a Government Lease of Kowloon Inland Lot No.6167 dated 19 December 1977 and made between Queen Elizabeth II of the one part and Tse Leung Shu and Kwan Ming Chi of the other part; and
- (2) a Government Lease of Kowloon Inland Lot No.6168 dated 21 January 1978 and made between Queen Elizabeth II of the one part and Cheung Wah Biu and Mui Kam Fung of the other part,

as varied by a No-Objection Letter dated 21 June 2006 and registered in the Land Registry by Memorial No.06062900860078.

235 Wing Lok Street Trade Centre

The Property is held from the Government for the residue of 979 years commencing from 26 December 1863 created therein by a Government Lease in respect of Marine Lot No.37A dated 17 July 1865 and made between Queen Victoria of the one part and Cheang Sing Yeong and Tsou Wing Yeong of the other part as varied or modified by a Modification Letter dated 29 June 2006 and registered in the Land Registry by Memorial No.06070502310029.

Yue Fai Commercial Centre Property

The Property is held from the Government for the residue of 999 years commencing from 26 December 1860 created therein by a Government Lease in respect of Aberdeen Inland Lot No.62 dated 24 September 1917 and made between King George V of the one part and Chung Muk Sin of the other part as varied by a No-Objection Letter dated 21 June 2006 and registered in the Land Registry by Memorial No.06063002170018.

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Everglory Centre

The Property is held from the Government for the residue of the respective terms of 150 years and 150 years both commencing from 25 December 1892 by:

- (1) a Government Lease of Kowloon Inland Lot No.9455 deemed to have been issued under and by virtue of Section 14 of the CPO upon compliance of the conditions precedent contained in certain Agreement and Conditions of Regrant deposited and registered at the Land Registry as Conditions of Regrant No.9401 dated 6 April 1968 and made between the Governor of Hong Kong of the one part and Mok Wai Fong, Yip Sau Ching, Nancy Cheng, Hung Chau Hong alias Peter Hung, Fung Chong Kit and Leung Wai Tsang of the other part; and
- (2) a Government Lease of Kowloon Inland Lot No.9639 deemed to have been issued under and by virtue of Section 14 of the CPO upon compliance of the conditions precedent contained in certain Agreement and Conditions of Regrant deposited and registered at the Land Registry as Conditions of Regrant No.9502 dated 14 February 1969 and made between the Governor of Hong Kong of the one part and Wu Wai Ching, Chan Siu Jam, Quon Fung Yew, Li Pui Chun and Lam Yuen Cheung of the other part.

On Loong Commercial Building Property

The Property is held from the Government for the residue of the respective terms of 99 years and 99 years both commencing from 11 May 1928 with a right of renewal for a further term of 99 years created therein by:

- (1) a Government Lease of Inland Lot No.7061 dated 9 September 1953 and made between Queen Elizabeth II of the one part and Fung Ping Fan of the other part; and
- (2) a Government Lease of Inland Lot No.7062 dated 9 September 1953 and made between Queen Elizabeth II of the one part and Fung Ping Fan of the other part,

as varied by a No-Objection Letter dated 21 June 2006 and registered in the Land Registry by Memorial No.06062900860062.

Metro City Phase I Property

The Property is held from the Government for the residue of the terms of years commencing from 29 November 1993 until 30 June 2047 under a Government Lease of Tseung Kwan O Town Lot No.36 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Grant dated 29 November 1993 and made between Camleigh Investment Limited, Join Fortune Development Limited and Shung King Development Company Limited (as tenants in common as to approximately 34.7% of the interest in Camleigh Investment Limited, as to approximately 26.6% of the interest in Join Fortune Development Limited and as to approximately 38.7% of the interest in Shung King Development Company Limited) of the one part and District Lands Officer, Sai Kung on behalf of the Governor of Hong Kong of the other

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part deposited and registered in the Land Registry as New Grant No.8275 as varied or modified by two Modification Letters and a No-Objection Letter respectively registered in the Land Registry by Memorial Nos.SK220858, SK250379 and 06102702010034 (such compliance being evidenced by a Certificate of Compliance dated 21 April 1997 and registered in the Land Registry by Memorial No.SK274824).

Under Special Condition No.(17) (c), the car-parking spaces, the bicycle-parking spaces and the motorcycles-parking spaces as required under Special Condition Nos.(17) (a) and (b) shall not be used for any purpose other than for the parking of motor vehicles licensed under the Road Traffic Ordinance and bicycles belonging to the residents or occupiers of Metro City Phase I and their bona fide guests and visitors.

Sheung Shui Centre Shopping Arcade

The Property is held from the Government for the residue of the terms of years commencing from 16 October 1989 until 30 June 2047 under a Government Lease of Fanling Sheung Shui Town Lot No.55 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Grant dated 16 October 1989 and made between Evercot Enterprise Company Limited and Shung King Development Company Limited (as tenants in common as to approximately 50.6% of the interest in Evercot Enterprise Company Limited and as to approximately 49.4% of the interest in Shung King Development Company Limited) of the one part and District Lands Officer, North on behalf of the Governor of Hong Kong of the other part deposited and registered in the Land Registry as New Grant No.12406 as varied or modified by two Modification Letters and a No-Objection Letter respectively registered in the Land Registry by Memorial Nos.N246642, N277363 and 06102702010051 (such compliance being evidenced by a Certificate of Compliance dated 25 February 1994 and registered in the Land Registry by Memorial No.N303791).

There is a provision on prohibition of advertisement under Special Condition No.(16) (d) of New Grant No.12406 as varied and modified by two Modification Letters registered in the Land Registry by Memorial Nos.N246642 and N277363 (collectively “Sheung Shui Centre Land Grant”) under which Evercot Enterprise Company Limited and Shung King Development Company Limited (“Sheung Shui Centre Shopping Arcade Owners”) (as grantee) shall not exhibit or allow or suffer to be exhibited on the said lot or any part thereof or on the exterior of any building or buildings or other structure erected or to be erected on the said lot or on the interior thereof so as to be visible from the exterior or any part thereof any placard poster sign or advertisement except in accordance with an advertising plan approved by the Director of Lands (save as such notices prohibiting hawkers as permitted under Special Condition No.(17) of the Sheung Shui Centre Land Grant). On approval the Sheung Shui Centre Shopping Arcade Owners shall adhere thereto and no amendment shall be made thereto without the consent of the Director of Lands.

Under Special Condition No.(30) (a) (i) and (ii) of the Sheung Shui Centre Land Grant, it is provided that there shall be not less than 160 and not more than 230 private motor cars parking spaces for parking of private motor cars belonging to the residents of Sheung Shui Centre and there shall be not more than 130 private car parking spaces for parking of private motor vehicles belonging to members of the public.

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Under Special Condition No.(30) (b) of the Sheung Shui Centre Land Grant, there shall be spaces for parking, loading, unloading and manoeuvring of service vehicles serving the retail shops within the said lot at the rate specified therein.

Under Special Condition No.(30) (d) of the Sheung Shui Centre Land Grant, there shall be spaces for the parking, loading and unloading of goods vehicles at the rate specified therein. There shall be at a minimum of one loading/unloading bay for each residential block, such loading/unloading bay to be located adjacent to or within each residential block.

Kwong Wah Plaza Property

The Property is held from the Government for the residue of the term of years commencing from 25 May 1993 until 30 June 2047 under a Government Lease of Lot No.4015 in Demarcation District No.120 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Exchange dated 25 May 1993 and made between Seiren Investment Limited of the one part and the District Lands Officer, Yuen Long on behalf of the Governor of Hong Kong of the other part deposited and registered in the Land Registry as New Grant No.4135 as varied or modified by two Modification Letters respectively registered in the Land Registry by Memorial Nos.YL650683 and YL811797 and two No-Objection Letters both dated 7 July 2006 and registered in the Land Registry by Memorial Nos.06071102360057 and 06081401010185 respectively (such compliance being evidenced by a Letter of Compliance dated 12 June 1998 and registered in the Land Registry by Memorial No. YL 819829).

Beverley Commercial Centre Property

The Property is held from the Government for the residue of the terms of 150 years commencing from 25 December 1902 created therein by:

- (1) a Government Lease of Kowloon Inland Lot No.10574 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Regrant dated 13 June 1977 and made between the Governor of Hong Kong of the one part and Tam Shui Hee of the other part and registered in the Land Registry as Conditions of Re-grant No.11117 as varied or modified by a Modification Letter registered in the Land Registry by Memorial No.UB1765380 (such compliance being evidenced by a Letter of Compliance dated 19 April 1985 and registered in the Land Registry by Memorial No.UB2869152);
- (2) a Government Lease of Kowloon Inland Lot No.10211 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Regrant dated 13 October 1972 and made between the Governor of Hong Kong of the one part and Tam Shui Hee of the other part and registered in the Land Registry as Conditions of Re-grant No.10318 (such compliance being evidenced by a Letter of Compliance dated 19 April 1985 and registered in the Land Registry by Memorial No.UB2869152);

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- (3) a Government Lease of Kowloon Inland Lot No.10575 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Regrant dated 13 June 1977 and made between the Governor of Hong Kong of the one part and Tam Shui Hee of the other part and registered in the Land Registry as Conditions of Re-grant No.11118 as varied or modified by a Modification Letter registered in the Land Registry by Memorial No.UB1765381 (such compliance being evidenced by a Letter of Compliance dated 19 April 1985 and registered in the Land Registry by Memorial No.UB2869152);
- (4) a Government Lease of Kowloon Inland Lot No.10518 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Regrant dated 27 September 1977 and made between the Governor of Hong Kong of the one part and Tso Yee Sun of the other part and registered in the Land Registry as Conditions of Re-grant No.11125 as varied or modified by a Modification Letter registered in the Land Registry by Memorial No.UB1782036 (such compliance being evidenced by a Letter of Compliance dated 19 April 1985 and registered in the Land Registry by Memorial No.UB2869152);
- (5) a Government Lease of Kowloon Inland Lot No.10580 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Regrant dated 20 July 1977 and made between the Governor of Hong Kong of the one part and Kam Kwong Ki of the other part and registered in the Land Registry as Conditions of Re-grant No.11098 (such compliance being evidenced by a Letter of Compliance dated 19 April 1985 and registered in the Land Registry by Memorial No.UB2869152);
- (6) a Government Lease of Kowloon Inland Lot No.10160 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Regrant dated 6 October 1972 and made between the Governor of Hong Kong of the one part and Tam Shui Hee of the other part and registered in the Land Registry as Conditions of Regrant No.10312 (such compliance being evidenced by a Letter of Compliance dated 19 April 1985 and registered in the Land Registry by Memorial No.UB2869152);
- (7) a Government Lease of Kowloon Inland Lot No.10503 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Regrant dated 12 October 1977 and made between the Governor of Hong Kong of the one part and Chiang Chi Hui of the other part and registered in the Land Registry as Conditions of Re-grant No.11134 as varied or modified by a Modification Letter registered in the Land Registry by Memorial No.UB1782035 (such compliance being evidenced by a Letter of Compliance dated 19 April 1985 and registered in the Land Registry by Memorial No.UB2869152);

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- (8) a Government Lease of Kowloon Inland Lot No.10526 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Regrant dated 21 March 1977 and made between the Governor of Hong Kong of the one part and Sun Tak Development Company Limited of the other part and registered in the Land Registry as Conditions of Regrant No.11053 (such compliance being evidenced by a Letter of Compliance dated 19 April 1985 and registered in the Land Registry by Memorial No.UB2869152);
- (9) a Government Lease of Kowloon Inland Lot No.10247 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Regrant dated 23 December 1972 and made between the Governor of Hong Kong of the one part and Pihan Chang of the other part and registered in the Land Registry as Conditions of Regrant No.10404 (such compliance being evidenced by a Letter of Compliance dated 19 April 1985 and registered in the Land Registry by Memorial No.UB2869152); and
- (10) a Government Lease of Kowloon Inland Lot No.10616 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Regrant dated 17 August 1978 and made between the Governor of Hong Kong of the one part and Sze Teh Ling of the other part and registered in the Land Registry as Conditions of Regrant No.11243 as varied or modified by a Modification Letter registered in the Land Registry by Memorial No.UB1776569 (such compliance being evidenced by a Letter of Compliance dated 19 April 1985 and registered in the Land Registry by Memorial No.UB2869152),

as varied by a No-Objection Letter dated 29 June 2006 and registered in the Land Registry by Memorial No.06070502310010.

Glory Rise Property

The Property is held from the Government for the residue of the renewed term of 75 years commencing from 5 September 1996 created therein by the new Government Leases of Inland Lots Nos. 6715, 6716, 6717 and 6718 which are deemed to have been granted under and by virtue of the Government Leases Ordinance (Chapter 40 of the Laws of Hong Kong) upon expiration of the original term of 75 years commencing from 5 September 1921 with a right of renewal for a further term of 75 years created therein by:

- (1) a renewable Government Lease of Inland Lot No.6715 dated 28 January 1959 and made between Queen Elizabeth II of the one part and Chan Gee of the other part;
- (2) a renewable Government Lease of Inland Lot No.6716 dated 10 December 1958 and made between Queen Elizabeth II of the one part and Loo Fook of the other part;

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- (3) a renewable Government Lease of Inland Lot No.6717 dated 4 December 1958 and made between Queen Elizabeth II of the one part and Ng Kit Yuk of the other part; and
- (4) a renewable Government Lease of Inland Lot No.6718 dated 24 March 1959 and made between Queen Elizabeth II of the one part and Lee Tsang and Lai Ki Lan of the other part,

as varied by two No-Objection Letters dated 1 April 2003 and 21 June 2006 and respectively registered in the Land Registry by Memorial Nos.UB8914721 and 06062900860089.

Supernova Stand Property

The Property is held from the Government for the residue of 999 years commencing from 24 February 1896 created therein by a Government Lease in respect of Inland Lot No.1366 dated 20 May 1897 and made between Queen Victoria of the one part and Dirk Cordes, Geldolph Adriaan de Lange and Abraham Capadose of the other part as varied by two No-Objection Letters dated 8 May 2002 and 29 June 2006 and respectively registered in the Land Registry by Memorial Nos.UB8684383 and 06070501730069.

Palatial Stand Property

The Property is held from the Government for the residue of the term of 150 years commencing from 14 September 1897 created therein by:

- (1) a Government Lease of Hung Hom Inland Lot No.522 dated 6 December 1976 and made between Queen Elizabeth II of the one part and the Colonial Treasurer Incorporated of the other part as varied or modified by a Modification Letter registered in the Land Registry by Memorial No.UB7616977;
- (2) certain Agreement and Conditions of Regrant registered in the Land Registry as Conditions of Regrant No.10274 in respect of Hung Hom Inland Lot No.509 dated 11 August 1972 and made between Yee Kon Pine of the one part and the Governor of Hong Kong of the other part as varied or modified by a Modification Letter registered in the Land Registry by Memorial No.UB7616972 under which the owner(s) for the time being of Hung Hom Inland Lot No.509 are entitled to a lease thereof;
- (3) certain Agreement and Conditions of Regrant registered in the Land Registry as Conditions of Regrant No.10340 in respect of Hung Hom Inland Lot No.517 dated 1 November 1972 and made between Yee Seng Chee of the one part and the Governor of Hong Kong of the other part as varied or modified by a Modification Letter registered in the Land Registry by Memorial No.UB7616976 under which the owner(s) for the time being of Hung Hom Inland Lot No.517 are entitled to a lease thereof;
- (4) a Government Lease of Hung Hom Inland Lot No.510 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained

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in certain Agreement and Conditions of Regrant dated 18 August 1972 and made between Lau Chun of the one part and the Governor of Hong Kong of the other part and registered in the Land Registry as Conditions of Regrant No.10273 as varied or modified by Modification Letter registered in the Land Registry by Memorial No.UB7616973;

- (5) certain Agreement and Conditions of Regrant registered in the Land Registry as Conditions of Regrant No.10579 in respect of Hung Hom Inland Lot No.514 dated 28 January 1974 and made between Au Ching Keung, Chan Kwai Fong, Wong Choi Tong and Wong Choi of the one part and the Governor of Hong Kong of the other part as varied or modified by a Modification Letter registered in the Land Registry by Memorial No.UB7616974 under which the owner(s) for the time being of Hung Hom Inland Lot No.514 are entitled to a lease thereof;
- (6) certain Agreement and Conditions of Regrant registered in the Land Registry as Conditions of Regrant No.10356 in respect of Hung Hom Inland Lot No.515 dated 1 November 1972 and made between Tjon Joe Ken of the one part and the Governor of Hong Kong of the other part as varied or modified by a Modification Letter registered in the Land Registry by Memorial No.UB7616975 under which the owner(s) for the time being of Hung Hom Inland Lot No.515 are entitled to a lease thereof; and
- (7) a Government Lease of Hung Hom Inland Lot No.504 deemed to have been issued under and by virtue of Section 14(3) of the CPO upon compliance with the conditions precedent contained in certain Agreement and Conditions of Regrant dated 8 May 1972 and made between Wong Tze, Chong Lin, Ng Kam Hung and Ma Shu Kai of the one part and the Governor of Hong Kong of the other part and registered in the Land Registry as Conditions of Regrant No.10224 as varied or modified by a Modification Letter registered in the Land Registry by Memorial No.UB7616978,

as varied by a No-Objection Letter dated 7 July 2006 and registered in the Land Registry by Memorial No.06071201800015.

Royal Terrace Property

The Property is held from the Government for the residue of the term of 75 years commencing from 27 April 1931 (which term has been deemed renewed in 2006 for a further term of 75 years) by a Government Lease in respect of Quarry Bay Marine Lot No.4 dated 31 December 1932 and made between King George V of the one part and The Taikoo Sugar Refining Company Limited of the other part as varied or modified by two No-Objection Letters dated 9 May 2002 and 29 June 2006 and respectively registered in the Land Registry by Memorial Nos.UB8684382 and 06071801450029.

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Certain Matters Relating to the Leasehold Title to the Properties

In relation to Sheung Shui Centre Shopping Arcade, the following matter has been noted in relation to the Government Grant:

Under Special Condition No.(16)(d) of New Grant No.12406 (as varied or modified by two Modification Letters registered in the Land Registry by Memorial Nos.N246642 and N277363), it was provided that in the event of any placard poster sign or advertisement being exhibited on (amongst others) the interior of any building erected on Fanling Sheung Shui Town Lot No.55 (on which Sheung Shui Centre Shopping Arcade is erected) so as to be visible from the exterior or any part thereof, such exhibition shall be in accordance with an advertising plan approved by the Director of Lands.

Some of the tenants or licensees of the retail shops (within the interior of Sheung Shui Centre Shopping Arcade) siting along and facing the two levels of open pedestrian shopping arcades (on Podium Levels 1 and 2) have exhibited their name signages or advertising placards or other materials at their shop-fronts which are or may be (through the transparent shop-fronts) visible from the exterior or any part thereof. An “advertising plan” of Sheung Shui Centre Shopping Arcade was approved by the Director of Lands under Special Condition No.(16)(d) of New Grant No.12406, with drawings generally indicating the locations of those shops situated along and facing the two levels of open pedestrian shopping arcades (on Podium Levels 1 and 2), but without explicit written stipulations specifying where the name signages of those shops should be located or where any advertising placards or other materials usually expected to be displayed at retail shops (visible from outside through transparent glass partitions or shop-fronts) should be placed. Counsel’s opinion has been obtained by the Manager that such an exhibition of the name signages of the said retail shops or the advertising placards or other materials displayed at or inside the said retail shops which are or may be (through the transparent shop-fronts) visible from the outside, although technically not explicitly specified in writing in the said approved advertising plan, does not amount to any breach of Special Condition No.(16)(d) of New Grant No.12406 such as to render an otherwise good marketable title defective or defeasible.

Deeds of Mutual Covenant

Instead of owning an entire piece of land, it is usual in Hong Kong for a property owner to own just a unit in a multi-storey building. Where units in a multi-storey building are owned by different persons or entities, they are essentially co-owners as tenants in common of the entire land and the building erected on it. A DMC, a sub-deed of mutual covenant or an instrument of a similar nature is the document used in Hong Kong to define and regulate such co-ownership.

The DMC notionally divides the land and the building into a number of undivided shares. Each individual unit in a multi-storey building is allocated a number of undivided shares and to these shares the exclusive right and privilege to hold, use, occupy and enjoy the unit is attached. The allocation of undivided shares is usually done by the developer of the building. The number of undivided shares in the land and the building allocated to a unit in a multi-storey building represents the proportion of the interest that the owner of such unit has in the land and the building and, as a corollary, the share of responsibility in respect thereof. It is also the objective of a DMC to regulate other mutual rights and obligations among the co-owners, for example, the mutual rights to subjacent and lateral support and free passage and running

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of utilities services; and to provide for the management, maintenance, repair, and the common use and easements of, the common parts and facilities of the building. Each co-owner is required under the DMC to contribute a proportionate share of the management expenses. Such contributions may be determined according to the undivided shares, or alternatively, the DMC may provide for management shares to be allocated to each unit for the purpose of calculating a co-owner's contribution to the management expenses. A DMC may also require a co-owner to pay management deposits and contributions to the sinking funds.

The modern form of DMC usually contains provisions regarding the employment of a building manager and setting out the relevant rights and duties of the building manager. It may also provide for the formation of an owners' committee to represent individual owners in relations between the co-owners and the building manager, and to decide on various matters including the reappointment of the building manager, approval of annual budgets and approval of house rules. To remedy certain inadequacies in older DMCs, the Building Management Ordinance (Chapter 344 of the Laws of Hong Kong) has now implied certain mandatory provisions into all DMCs, such as determination of the total amount of management expenses, the keeping of accounts, the building manager to maintain bank accounts, special fund (for non-recurrent expenditure), restrictions and guidelines in respect of contracts entered into by the building manager, resignation of the building manager, termination of the building manager's appointment by owner's corporation and obligations of the building manager after ending its appointment. A DMC binds not only the original parties thereto but also binds all the co-owners and their successors-in-title and assigns of the land and the building.

Six of the Properties, namely 248 Queen's Road East, Bonham Trade Centre, Righteous Centre, Java Road 108 Commercial Centre, 235 Wing Lok Street Trade Centre and Everglory Centre, consist of the entire building or development.

For the other fourteen Properties, the relevant Property Company owns an undivided interest representing a portion of the entire building or development with the remaining interest. With respect to these Properties, each of the Property Companies is a co-owner of the building or development and is bound by the terms of the relevant deed of mutual covenant applicable to the Property owned by it. For six Properties among those fourteen Properties, namely Metro City Phase I Property, Sheung Shui Centre Shopping Arcade, Glory Rise Property, Supernova Stand Property, Palatial Stand Property and Royal Terrace Property, the relevant Property Company owns the commercial and retail portion but not the entire development, which also consists of residential development. Another seven Properties amongst those fourteen Properties are office buildings with the lower levels being used for retail purposes while the upper levels are used for office purposes. Such seven Properties include 135 Bonham Strand Trade Centre Property, Winsome House Property, Sun Fai Commercial Centre Property, Wai Ching Commercial Building Property, Yue Fai Commercial Centre Property, On Loong Commercial Building Property and Kwong Wah Plaza Property. The relevant Property Company owns certain percentage of the undivided ownership interests in both the office portion and retail portion of these properties. As for the remaining property, namely Beverley Commercial Centre Property, the relevant Property Company owns interests in various shop units.

For a description of the ownership structure of the Properties generally, see the section headed "Structure and Organisation of Sunlight REIT" in this Offering Circular.

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The Property Companies, as co-owner of the Properties in which they hold an interest under the relevant deeds of mutual covenant, will have the right to use and enjoy those areas and facilities which are designated as common areas and facilities. They will also have the obligation to pay management expenses if so required under the deeds of mutual covenant and to contribute a proportionate share of the costs and expenses relating to the maintenance, management and repair of the common areas and facilities by reference to the undivided shares or management shares allocated to the relevant Property.

The following is a description of the deeds of mutual covenant for each of the buildings and developments in which the relevant Properties are located.

248 Queen's Road East

No deed of mutual covenant has been entered into relating to the maintenance and management of the development now known as 248 Queen's Road East ("248 Queen's Road East Development") erected on the Remaining Portion of Section A of Inland Lot No.506, the Remaining Portion of Sub-Section 1 of Section B of Inland Lot No.506, the Remaining Portion of Section B of Inland Lot No.506, the Remaining Portion of Section E of Inland Lot No.506, the Remaining Portion of Section F of Inland Lot No.506, the Remaining Portion of Section F of Inland Lot No.387, the Remaining Portion of Section E of Inland Lot No.387, the Remaining Portion of Section D of Inland Lot No.387, the Remaining Portion of Section C of Inland Lot No.387, Section G of Inland Lot No.387, the Remaining Portion of Section B of Inland Lot No.387, Section H of Inland Lot No.387, the Remaining Portion of Section A of Inland Lot No.387, the Remaining Portion of Inland Lot No.387, Sub-Section 3 of Section C of Inland Lot No.506, the Remaining Portion of Section C of Inland Lot No.506, the Remaining Portion of Inland Lot No.506, Sub-Section 1 of Section C of Inland Lot No.506, Sub-Section 2 of Section C of Inland Lot No.506, Sub-Section 5 of Section C of Inland Lot No.506, Sub-Section 4 of Section C of Inland Lot No.506 and the Remaining Portion of Sub-Section 2 of Section B of Inland Lot No.506 ("248 Queen's Road East Land"). Jetwise Investment Limited, Russum Company Limited and Harzone Limited being the owners of the 248 Queen's Road East Development and the 248 Queen's Road East Land, can decide on all matters relating to the management and maintenance of the 248 Queen's Road East Development and the 248 Queen's Road East Land. The entire issued share capital of Meca Enterprises Limited, the immediate holding company of Jetwise Investment Limited and Russum Company Limited, will be acquired by the Holding Company upon Completion and the entire issued share capital of Harzone Limited will be acquired by an Intermediate Holding Company under Sunlight REIT upon Completion.

Bonham Trade Centre

No deed of mutual covenant has been entered into relating to the maintenance and management of the development now known as Bonham Trade Centre ("Bonham Trade Centre Development") erected on the Remaining Portion of Inland Lot No.15, the Remaining Portion of Section A of Marine Lot No.142, Sub-Section 2 of Section A of Marine Lot No.142, the Remaining Portion of Marine Lot No.142, the Remaining Portion of Section A of Marine Lot No.144, the Remaining Portion of Sub-Section 2 of Section A of Marine of No.144, the Remaining Portion of Section C of Marine Lot No.144 and the Remaining Portion of Marine Lot No.144 ("Bonham Trade Centre Land"). Nicetex Development Limited, being the sole owner of the Bonham Trade Centre Development and the Bonham Trade Centre Land, can decide on

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all matters relating to the management and maintenance of the Bonham Trade Centre Land and the Bonham Trade Centre Development. The entire issued share capital of Balwyn Assets Limited and Caufield Assets Limited, companies which together hold the entire issued share capital of Nicetex Development Limited, will be acquired by the Holding Company upon Completion.

Righteous Centre

No deed of mutual covenant has been entered into relating to the maintenance and management of the development now known as Righteous Centre (“Righteous Centre Development”) erected on the Remaining Portion of Section A of Kowloon Inland Lot No.6827 and the Remaining Portion of Kowloon Inland Lot No.7097 (“Righteous Centre Land”). Glory Hero Development Limited, being the sole owner of the Righteous Centre Development and the Righteous Centre Land (which will be acquired by Sunlight REIT upon Completion), can decide on all matters relating to the management and maintenance of the Righteous Centre Land and the Righteous Centre Development.

135 Bonham Strand Trade Centre Property

The deed of mutual covenants and grant dated 23 June 2000, was made between Tinselle Investment Limited (as first owner), Nam Pak Hong Association (as second owner) and Hang Yick Properties Management Limited (as manager) and registered in the Land Registry by Memorial No.UB8137180 (“135 Bonham Strand Trade Centre DMC”).

The purpose of the 135 Bonham Strand Trade Centre DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as 135 Bonham Strand Trade Centre (“135 Bonham Strand Trade Centre Development”) erected on The Remaining Portion of Section A of Marine Lot No.173, The Remaining Portion of Section B of Marine Lot No.173, The Remaining Portion of Marine Lot No.173 and Inland Lot No.6896 (“135 Bonham Strand Trade Centre Land”) and the common areas and facilities of the 135 Bonham Strand Trade Centre Development and to define and regulate the rights, interests and obligations of the owners in respect of the 135 Bonham Strand Trade Centre Land and the 135 Bonham Strand Trade Centre Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

Tinselle Investment Limited holds approximately 79% of the undivided shares of and in the 135 Bonham Strand Trade Centre Land and the 135 Bonham Strand Trade Centre Development. As Tinselle Investment Limited holds a majority interest of the 135 Bonham Strand Trade Centre Development, it will be able to decide on all matters relating to the management and maintenance of the 135 Bonham Strand Trade Centre Development. The entire issued share capital of Onecote Assets Limited, the immediate holding company of Tinselle Investment Limited, will be acquired by the Holding Company upon Completion.

Under the 135 Bonham Strand Trade Centre DMC, the total management expenses payable by Tinselle Investment Limited in respect of the 135 Bonham Strand Trade Centre Property comprised in the 135 Bonham Strand Trade Centre Development for the year ended 30 June 2006 were approximately HK\$1,345,944.

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Under the 135 Bonham Strand Trade Centre DMC, the right to the exclusive use and possession of that part of each floor as shown and coloured yellow on the 1st and 2nd Floor Plan and the 4th to 24th Floor Plan annexed thereto (“Relevant Part”) shall be reserved to an owner and his servants, agents, tenants and licensees in the event that such owner shall be and for so long as such owner shall remain the owner of all the units on that floor. During such time, no other owners shall have the right to use or to have access to the Relevant Part which shall for the time being cease to be part of the building common areas of 135 Bonham Strand Trade Centre Development provided that such owner shall be responsible for the cleaning and maintenance of the Relevant Part as if the same were part of the units on that floor and if such owner shall subsequently cease to be the sole owner of all units on that floor, such owner shall at his own costs and expenses reinstate the Relevant Part to its original state and condition to the reasonable satisfaction of the manager of 135 Bonham Strand Trade Centre Development within such time limit as shall be reasonably imposed by the manager and upon completion of the reinstatement work the Relevant Part shall revert to form part of the building common areas under the 135 Bonham Strand Trade Centre DMC. If such owner fails to carry out the reinstatement work within the time limit, the manager shall be entitled to carry out such work and recover the costs thereof from such owner as if the same were management expenses payable by such owner under the 135 Bonham Strand Trade Centre DMC.

Winsome House Property

The deed of mutual covenant and grant dated 3 July 1999, was made between Goodstech Development Limited (as first owner), Grand Faith Development Limited (as second owner) and Hang Yick Properties Management Limited (as manager) and registered in the Land Registry by Memorial No.UB7828660 (“Winsome House DMC”).

The purpose of the Winsome House DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as Winsome House (“Winsome House Development”) erected on Inland Lot No.5025, Inland Lot No. 7968 and The Remaining Portion of Subsection B of Section A of Inland Lot No.994 (“Winsome House Land”) and the common areas and facilities of the Winsome House Development and to define and regulate the rights, interests and obligations of the owners in respect of the Winsome House Land and the Winsome House Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

Grand Faith Development Limited holds approximately 65% of the undivided shares of and in the Winsome House Land and the Winsome House Development. As Grand Faith Development Limited holds a majority interest of the Winsome House Development, it will be able to decide on all matters relating to the management and maintenance of the Winsome House Development. The entire issued share capital of Alpha Skill Properties Limited, the intermediate holding company of Grand Faith Development Limited, will be acquired by the Holding Company upon Completion.

Under the Winsome House DMC, the total management expenses payable by Grand Faith Development Limited in respect of the Winsome House Property comprised in the Winsome House Development for the year ended 30 June 2006 were approximately HK\$852,384.

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Java Road 108 Commercial Centre

No deed of mutual covenant has been entered into relating to the maintenance and management of the development now known as Java Road 108 Commercial Centre (“Java Road 108 Commercial Centre Development”) erected on Section C of Inland Lot No.3539 and Section D of Inland Lot No.3539 (“Java Road 108 Commercial Centre Land”). Global Team Development Limited and Gallund Investment Limited being the joint owners of the Java Road 108 Commercial Centre Development and the Java Road 108 Commercial Centre Land (which will be acquired by Sunlight REIT upon Completion), can decide on all matters relating to the management and maintenance of the Java Road 108 Commercial Centre Land and the Java Road 108 Commercial Centre Development.

Sun Fai Commercial Centre Property

The deed of mutual covenant, dated 22 June 1998, was made between Yu Loy Development Company Limited (as the developer), Tung Pak Ming and Wong Lai Fun Shirley (as the first purchaser) and Hang Yick Properties Management Limited (as the manager) and registered in the Land Registry by Memorial No.UB7529196 (“Sun Fai Commercial Centre DMC”).

The purpose of the Sun Fai Commercial Centre DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as Sun Fai Commercial Centre (“Sun Fai Commercial Centre Development”) erected on The Remaining Portion of Kowloon Inland Lot No.10813, The Remaining Portion of Kowloon Inland Lot No.10814 and The Remaining Portion of Kowloon Inland Lot No.10815 (“Sun Fai Commercial Centre Land”) and the common areas and facilities of the Sun Fai Commercial Centre Development and to define and regulate the rights, interests and obligations of the owners in respect of the Sun Fai Commercial Centre Land and the Sun Fai Commercial Centre Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

Yu Loy Development Company Limited holds all the shops on the Ground Floor, certain office units on the upper floors, Reserved Portion A and the Reserved Portion B of the Sun Fai Commercial Centre Development, which is approximately 80% of the undivided shares of and in the Sun Fai Commercial Centre Land and the Sun Fai Commercial Centre Development. As Yu Loy Development Company Limited holds a majority interest of the Sun Fai Commercial Centre Development, it will be able to decide on all matters relating to the management and maintenance of the Sun Fai Commercial Centre Development. The entire issued share capital of Prosper City Enterprises Limited, the immediate Holding Company of Yu Loy Development Company Limited, will be acquired the Holding Company upon Completion.

Under the Sun Fai Commercial Centre DMC, the total management expenses payable by Yu Loy Development Company Limited in respect of Sun Fai Commercial Centre Property comprised in the Sun Fai Commercial Centre Development for the year ended 30 June 2006 were approximately HK\$641,688.

Under Clause 12 of Section I of the Sun Fai Commercial Centre DMC, it is provided in the event that an owner owns all the units of the entire floor of any floor from the first floor to the fourteenth floor, such owner shall be responsible for the cleaning and maintenance of those parts of the Building Common Areas

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(as defined in the Sun Fai Commercial Centre DMC) on such floor as coloured yellow on the 1st floor plan, the 2nd floor plan, the 3rd floor plan and the 4th to the 14th floor plan annexed to the Sun Fai Commercial Centre DMC (“Relevant Parts”) but the rights to the exclusive use of the Relevant Parts shall be reserved to such owner, his servants, agents, tenants and licensees for so long as such owner shall remain owning all such units on the relevant floors. It is further provided that no other owners shall have the right to the use or any right of access to the Relevant Parts which shall cease to be Building Common Areas for so long as such owner shall remain owning all such units of a particular floor.

It is further provided in the same clause that if such owner shall subsequently cease to be the sole owner of all the units on any floor of the first floor to the fourteenth floor, such owner shall at his own expense reinstate the Relevant Parts to their original state and condition to the satisfaction of the manager within such time limit as shall be reasonably imposed by the manager.

Under Clause 2 of Section III of the Sun Fai Commercial Centre DMC, it is provided that the owner for the time being of any flat roof appertaining to any unit or any part thereof shall ensure that access thereto shall at all times remain open and unobstructed and shall allow occupiers of the Sun Fai Commercial Centre Development to have access thereto in case of fire or emergency. It is further stated that without prejudice to the rights reserved unto the developer under Clause 8 of Section I of the Sun Fai Commercial Centre DMC, the owner for the time being of any flat roof appertaining to any unit or any part thereof shall not erect construct install or affix or permit any person or persons to erect construct install or affix any telecommunication system, sign or signboard or other structure or fixture on or to such flat roof.

Under Clause 3 of Section III of the Sun Fai Commercial Centre DMC, it is provided that the owner of Shop B or Shop C on the ground floor shall not alter the external elevation thereof. It is the intention that the external elevation of Shop B, the main entrance of the Sun Fai Commercial Centre Development and Shop C shall remain unchanged as originally built.

Wai Ching Commercial Building Property

The deed of mutual covenant and management agreement, dated 22 June 1998, was made between Gain Fortune Development Limited (as the developer), Lai Yun Wing and Wong Mei Ling (as the first purchaser) and Hang Yick Properties Management Limited (as the manager) and registered in the Land Registry by Memorial No.UB7527284 (“Wai Ching Commercial Building DMC”).

The purpose of the Wai Ching Commercial Building DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as Wai Ching Commercial Building (“Wai Ching Commercial Building Development”) erected on The Remaining Portion of Kowloon Inland Lot No.6167 and The Remaining Portion of Kowloon Inland Lot No.6168 (“Wai Ching Commercial Building Land”) and the common areas and facilities of Wai Ching Commercial Building Development and to define and regulate the rights, interests and obligations of the owners in respect of the Wai Ching Commercial Building Land and the Wai Ching Commercial Building Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

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Gain Fortune Development Limited (which will be acquired by Sunlight REIT upon Completion) holds certain shops on the Ground Floor and 1st Floor, certain office units on the upper floors of the Wai Ching Commercial Building Development. Wai Ching Commercial Building Property which represents approximately 83% of the undivided shares of and in the Wai Ching Commercial Building Land and the Wai Ching Commercial Building Development. As Gain Fortune Development Limited holds a majority of the Wai Ching Commercial Building Development, it will be able to decide on all matters relating to the management and maintenance of the Wai Ching Commercial Building Development.

Under the Wai Ching Commercial Building DMC, the total management expenses payable by Gain Fortune Development Limited in respect of Wai Ching Commercial Building Property comprised in the Wai Ching Commercial Building Development for the year ended 30 June 2006 were approximately HK\$634,452.

235 Wing Lok Street Trade Centre

No deed of mutual covenant has been entered into relating to the maintenance and management of the development now known as 235 Wing Lok Street Trade Centre (“235 Wing Lok Street Trade Centre Development”) erected on The Remaining Portion of Section A of Marine Lot No.37A and The Remaining Portion of Section B of Marine Lot No.37A (“235 Wing Lok Street Trade Centre Land”). Bestguard Investment Limited, being the sole owner of the 235 Wing Lok Street Trade Centre Development and the 235 Wing Lok Street Trade Centre Land (which will be acquired by Sunlight REIT upon Completion), can decide on all matters relating to the management and maintenance of the 235 Wing Lok Street Trade Centre Land and the 235 Wing Lok Street Trade Centre Development.

Yue Fai Commercial Centre Property

The deed of mutual covenant and management agreement dated 25 August 1998, was made between Lucky Million Development Limited (as first owner), Bonsan Development Limited (as first assignee) and Hang Yick Properties Management Limited (as manager) and registered in the Land Registry by Memorial No.UB7564143 (“Yue Fai Commercial Centre DMC”).

The purpose of the Yue Fai Commercial Centre DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as Yue Fai Commercial Centre (“Yue Fai Commercial Centre Development”) erected on Section A of Aberdeen Inland Lot No.62, Section B of Aberdeen Inland Lot No.62, Section C of Aberdeen Inland Lot No.62 and The Remaining Portion of Aberdeen Inland Lot No.62 (“Yue Fai Commercial Centre Land”) and the common areas and facilities of the Yue Fai Commercial Centre Development and to define and regulate the rights, interests and obligations of the owners in respect of the Yue Fai Commercial Centre Land and the Yue Fai Commercial Centre Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

Lucky Million Development Limited (which will be acquired by Sunlight REIT upon Completion) holds approximately 72% of the undivided shares of and in the Yue Fai Commercial Centre Land and the

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Yue Fai Commercial Centre Development. As Lucky Million Development Limited holds a majority interest of the Yue Fai Commercial Centre Development, it will be able to decide on all matters relating to the management and maintenance of the Yue Fai Commercial Centre Land and the Yue Fai Commercial Centre Development.

Under the Yue Fai Commercial Centre DMC, the total management expenses payable by Lucky Million Development Limited in respect of the Yue Fai Commercial Centre Property comprised in the Yue Fai Commercial Centre Development for the year ended 30 June 2006 were approximately HK\$1,039,428.

Under the Yue Fai Commercial Centre DMC, the right to the exclusive use and possession of such areas and disabled lavatories on the first to the third floors and the fifth to the twenty-fifth floors of Yue Fai Commercial Centre Development as shown on the 1st-3rd and the 5th-25th floor plan annexed to the Yue Fai Commercial Centre DMC and thereon coloured yellow (“Incidental Portion”) shall be reserved to the owner of Yue Fai Commercial Centre Development and his servants, agents, tenants and licensees in the event that such owner owns all the units on any one of such floors and for so long as such units shall remain so owning by such owner, no other owners shall have the right to the use or the right of access to the Incidental Portion on that particular floor which shall for the time being cease to be part of the common areas of Yue Fai Commercial Centre Development provided that such owner shall in such event be solely responsible for the cleaning and maintenance of the Incidental Portion on that particular floor and provided further that if such owner shall subsequently cease to be the sole owner of all the units, such owner shall at his own cost and expense reinstate the Incidental Portion on that particular floor to its original state and condition to the satisfaction of the manager of Yue Fai Commercial Centre Development within such time limit as shall be reasonably imposed by the manager and the Incidental Portion on that particular floor shall revert to become part of the common areas of Yue Fai Commercial Centre Development and be controlled and managed by the said manager in accordance with the provisions of the Yue Fai Commercial Centre DMC.

Everglory Centre

No deed of mutual covenant has been entered into relating to the maintenance and management of the development now known as Everglory Centre (“Everglory Centre Development”) erected on The Remaining Portion of Kowloon Inland Lot No.9455 and The Remaining Portion of Kowloon Inland Lot No.9639 (“Everglory Centre Land”). Strong Bright Technology Limited, being the sole owner of the Everglory Centre Development and the Everglory Centre Land (which will be acquired by Sunlight REIT upon Completion), can decide on all matters relating to the management and maintenance of the Everglory Centre Land and the Everglory Centre Development.

On Loong Commercial Building Property

The deed of mutual covenant, dated 22 September 1984, was made between On Loong Investment Company Limited (as first owner) and Ken-Wealth Limited (as second owner) and registered in the Land Registry by Memorial No.UB2662695 and the management agreement, dated 1 September 1994, was made

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between Glory Good Development Limited (as first owner), Hongkong & Kowloon Brick-Laying & Construction Trade Workers Union (as second owner), Ken-Wealth Limited (as third owner) and Goodwill Management Limited (as manager) and registered in the Land Registry by Memorial No.UB6130985 (“On Loong Commercial Building DMC”).

The purpose of the On Loong Commercial Building DMC are to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as On Loong Commercial Building (“On Loong Commercial Building Development”) erected on the Remaining Portion of Inland Lot No.7061 and the Remaining Portion of Inland Lot No.7062 (“On Loong Commercial Building Land”) and the common areas and facilities of the On Loong Commercial Building Development and to define and regulate the rights, interests and obligations of the owners in respect of the On Loong Commercial Building Land and the On Loong Commercial Building Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

Glory Good Development Limited (which will be acquired by Sunlight REIT upon Completion) holds approximately 94% of the undivided shares of and in the On Loong Commercial Building Land and the On Loong Commercial Building Development. As Glory Good Development Limited holds a majority interest of the On Loong Commercial Building Development, it will be able to decide on all matters relating to the management and maintenance of the On Loong Commercial Building Development.

Under the On Loong Commercial Building DMC, the total management expenses payable by Glory Good Development Limited in respect of the On Loong Commercial Building Property comprised in the On Loong Commercial Building Development for the year ended 30 June 2006 were approximately HK\$911,442.

Metro City Phase I Property

The deed of mutual covenant and management agreement, dated 26 April 1997, was made between Camleigh Investment Limited, Join Fortune Development Limited and Shung King Development Company Limited (“Metro City Phase I Property Owners”) (as the registered owner), Chiu Ching Sum Annie (as the first purchaser) and Metro City Management Limited (as the manager) and registered in the Land Registry by Memorial No.SK275563 (“Metro City Phase I DMC”).

The purpose of the Metro City Phase I DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development known as Metro City Phase I (“Metro City Phase I Development”) erected on Tseung Kwan O Town Lot No.36 (“Metro City Phase I Land”) and the common areas and facilities of the Metro City Phase I Development and to define and regulate the rights, interests and obligations of the owners in respect of the Metro City Phase I Land and the Metro City Phase I Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

As the Metro City Phase I Property Owners, which will transfer to Crownwill Limited prior to Completion all their title, interests and rights in the Metro City Phase I Property, hold the entire commercial development and the entire car parks in the Metro City Phase I Development, Sunlight REIT, which will acquire the entire issued share capital of Crownwill Limited on Completion, has the right to

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decide on all matters relating exclusively to the management and maintenance of the commercial development and all the car parks without interference from the owners of the other parts of the Metro City Phase I Development. However, as the Metro City Phase I Property Owners do not own a majority of the Metro City Phase I Development, including the six-tower residential development, after Completion, Sunlight REIT will not be able to decide on all matters relating to the management and maintenance of the Metro City Phase I Development.

Under the Metro City Phase I DMC, the total management expenses payable by the Metro City Phase I Property Owners in respect of the Metro City Phase I Property comprised in the Metro City Phase I Development for the year ended 30 June 2006 were approximately HK\$1,165,744.

Under Clause 1 Part D of Section IV of the Metro City Phase I DMC, it is provided that the car-parking spaces may not be used for any purpose other than for the parking of motor vehicles, motor-cycles and bicycles belonging to the residents their tenants, licensees or their bona fide visitors of the Metro City Phase I Development and in accordance with the house rules. Clause 2 of Part D of Section IV of the Metro City Phase I DMC provides that no owner of the car parking spaces and other owners and occupiers of the car parks shall use or permit or suffer to be used any car parking space otherwise than for the purpose of parking of motor vehicles, motor cycles or bicycles at any one time.

Sheung Shui Centre Shopping Arcade

The deed of mutual covenant and management agreement, dated 3 March 1994, was made between Evercot Enterprise Company Limited and Shung King Development Company Limited (as the registered owner), Tse Sik Kwan Rosanna and Yeung Sze Kuen Arnold (as the first purchaser) and Sheung Shui Centre Management Limited (as the manager) and registered in the Land Registry by Memorial No.N304584 and re-registered by Memorial No.N312301 (“Sheung Shui Centre DMC”).

The purpose of the Sheung Shui Centre DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as Sheung Shui Centre (“Sheung Shui Centre Development”) erected on Fanling Sheung Shui Town Lot No.55 (“Sheung Shui Centre Land”) and the common areas and facilities of Sheung Shui Centre Development and to define and regulate the rights, interests and obligations of the owners in respect of the Sheung Shui Centre Land and the Sheung Shui Centre Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

Evercot Enterprise Company Limited and Shung King Development Company Limited (which will transfer to Bayman Limited prior to Completion all their title, interests and rights in Sheung Shui Centre Shopping Arcade) hold the entire Commercial Development (all shops, the restaurant and the kindergarten) and the entire car parks in the podium and basement, which is approximately 26% of the undivided shares of and in the Sheung Shui Centre Land and the Sheung Shui Centre Development. After Completion, Sunlight REIT, which will acquire the entire issued share capital of Bayman Limited on Completion, does not own a majority of the whole of the Sheung Shui Centre Development and will not be able to decide on all matters relating to the management and maintenance of the Sheung Shui Centre Development. Considering that the Sheung Shui Centre Shopping Arcade Property represents in effect the entirety of the Commercial Development in the Sheung Shui Centre Development, together with all the car parks in the

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podium and basement, and taking into account the various rights and entitlements which the relevant REIT Group Company will have in respect of the Sheung Shui Centre Shopping Arcade Property including those under the Sheung Shui Centre DMC, the Manager is satisfied with the degree of control which Sunlight REIT will upon Completion have over the management and strategic development of the Sheung Shui Centre Shopping Arcade Property and over its estate management issues. Further, currently no sub-deed of mutual covenant is required to be entered into in respect of the Sheung Shui Centre Shopping Arcade Property, as it is in effect owned by one single owner only.

As the Sheung Shui Centre DMC binds all owners of undivided shares of and in the Sheung Shui Centre Land and the Sheung Shui Centre Development, Sunlight REIT, after Completion, is bound by the Sheung Shui Centre DMC.

The car parks in the podium and basement consist of 269 car-parking spaces (of which 160 car parking spaces are for private motor vehicles belonging to the residents of the Sheung Shui Centre Development and 109 car-parking spaces are for private motor vehicles belonging to members of the public), 226 bicycle-parking spaces (for storage of bicycles), 28 lorry-parking spaces (for parking, loading, unloading and manoeuvring of service vehicles serving the retail shops of the Sheung Shui Centre Development) and six loading and unloading spaces (with one of such loading and unloading space for each residential block for parking, loading and unloading of goods vehicles).

Under the Sheung Shui Centre DMC, the total management expenses payable by Evercot Enterprise Company Limited and Shung King Development Company Limited in respect of the Sheung Shui Centre Shopping Arcade comprised in the Sheung Shui Centre Development for the year ended 30 June 2006 were approximately HK\$897,732.

Kwong Wah Plaza Property

The deed of mutual covenant incorporating management agreement, dated 3 July 1998, was made between Seiren Investment Limited (as registered owner), Joy Advance Limited (as first purchaser) and Hang Yick Properties Management Limited (as management company) and registered in the Land Registry by Memorial No.YL824169 (“Kwong Wah Plaza DMC”) and the sub-deed of mutual covenant, dated 30 September 1999, was made between Seiren Investment Limited (as registered owner), Man Fu Wan (as first purchaser) and Hang Yick Properties Management Limited (as management company) and registered in the Land Registry by Memorial No.YL881603 (“Kwong Wah Plaza Sub-DMC”).

The purpose of the Kwong Wah Plaza DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as Kwong Wah Plaza (“Kwong Wah Plaza Development”) erected on Lot No.4015 in Demarcation District No.120 (“Kwong Wah Plaza Land”) and the common areas and facilities of the Kwong Wah Plaza Development and to define and regulate the rights, interests and obligations of the owners in respect of the Kwong Wah Plaza Land and the Kwong Wah Plaza Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

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The purpose of the Kwong Wah Plaza Sub-DMC is to make provision for the sub-allocation of undivided shares and management units to the 10th, 11th and 12th Floors of the Kwong Wah Plaza Development and to define and regulate the rights, interest and obligations of owners of the said floors of the Kwong Wah Plaza Development.

Seiren Investment Limited (which will be acquired by Sunlight REIT upon Completion) holds approximately 80% of the undivided shares of and in the Kwong Wah Plaza Land and the Kwong Wah Plaza Development. As Seiren Investment Limited holds a majority interest of the Kwong Wah Plaza Development, it will be able to decide on all matters relating to the management and maintenance of the Kwong Wah Plaza Development.

Under the Kwong Wah Plaza DMC and the Kwong Wah Plaza Sub-DMC, the total management expenses payable by Seiren Investment Limited in respect of the Kwong Wah Plaza Property comprised in the Kwong Wah Plaza Development for the year ended 30 June 2006 were approximately HK\$2,088,504.

Under Clause 9 of Section I of the Kwong Wah Plaza DMC, in the event of all the office units in any one item as set out in the first column of the table below on any floor from the third to the seventh floors (both inclusive) of the Kwong Wah Plaza Development are owned by the same owner or owners, then such owner or owners shall have the right to the exclusive use occupation and enjoyment of all that/those part(s) of that particular floor as set out in the second column of the table below opposite to the office units in the same item (“Incidental Portion”) (whether or not the Incidental Portion has been specifically assigned) and the Incidental Portion shall cease to be part of the office common areas as defined in the Kwong Wah Plaza DMC provided that such owner or owners shall pay and discharge all rates and other outgoings in respect of the Incidental Portion during the period it is entitled to the exclusive use thereof. However, if such owner or owners shall subsequently cease to be the sole owner of all the office units in the item as set out in the first column of the table below on that particular floor, he/they shall forthwith at his/their own expenses convert the Incidental Portion into its original state and condition to the satisfaction of the manager and such Incidental Portion so reverted shall be deemed to form part of the office common areas and be controlled and managed by the manager in accordance with the provisions of the Kwong Wah Plaza DMC.

It is also provided that if at any time the office units in any one item as set out in the first column of the table below on any floor from the third to the seventh floors (both inclusive) are separately owned by different owners, then such owners shall have the right to use the Incidental Portion in the same item of that particular floor in common with each other and such Incidental Portion shall be deemed to form part of the office common areas and be controlled and managed by the manager in accordance with the provisions of the Kwong Wah Plaza DMC.

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Office Unit Nos.	Incidental Portion
1, 2 and 3	All that portion of the corridor as shown and coloured pink on the floor plan of that floor annexed to the Kwong Wah Plaza DMC.
1, 2, 3 and 4	All those portions of the corridor as respectively shown and coloured pink and orange on the floor plan of that floor annexed to the Kwong Wah Plaza DMC.
1 to 9 (both inclusive)	All those portions of the corridor as respectively shown and coloured pink, orange and yellow on the floor plan of that floor annexed to the Kwong Wah Plaza DMC and all those lavatories as shown and coloured yellow on the floor plan.

Beverly Commercial Centre Property

The deed of mutual covenant, dated 8 November 1982, was made between Golden Dragon Development Company Limited (as the first owner), Kiu Kwong Investment Corporation Limited (as the second owner) and Chick Mo Wan Lundberg (as third owner) and registered in the Land Registry by Memorial No.UB2350768 (“Beverly Commercial Centre DMC”).

The purpose of the Beverly Commercial Centre DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as Beverly Commercial Centre (“Beverly Commercial Centre Development”) erected on Kowloon Inland Lot No.10574, Kowloon Inland Lot No.10211, Kowloon Inland Lot No.10575, Kowloon Inland Lot No.10518, Kowloon Inland Lot No.10580, Kowloon Inland Lot No.10160, Kowloon Inland Lot No.10503, Kowloon Inland Lot No.10526, Kowloon Inland Lot No.10247 and Kowloon Inland Lot No.10616 (“Beverly Commercial Centre Land”) and the common areas and facilities of the Beverly Commercial Centre Development and to define and regulate the rights, interests and obligations of the owners in respect of the Beverly Commercial Centre Land and the Beverly Commercial Centre Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

Newcorp Development Limited (which will be acquired by Sunlight REIT upon Completion) holds certain shops on the Ground Floor of the Beverly Commercial Centre Development. The Beverly Commercial Centre Property which represents approximately 9% of the undivided shares of and in the Beverly Commercial Centre Land and the Beverly Commercial Centre Development. As Newcorp Development Limited does not own a majority of the Beverly Commercial Centre Development, it will not be able to decide on all matters relating to the management and maintenance of the Beverly Commercial Centre Development.

As the Beverly Commercial Centre DMC binds all owners of undivided shares of and in the Beverly Commercial Centre Land and the Beverly Commercial Centre Development, Newcorp Development Limited is bound by the Beverly Commercial Centre DMC.

Under the Beverly Commercial Centre DMC, the total management expenses payable by Newcorp Development Limited in respect of Beverly Commercial Centre Property comprised in the Beverly Commercial Centre Development for the year ended 30 June 2006 were approximately HK\$504,856.

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Glory Rise Property

The deed of mutual covenant incorporating management agreement dated 15 April 2003, was made between Pacific Joy Investment Limited (as registered owner), Chan Pui Ha (as first purchaser) and Hang Yick Properties Management Limited (as manager) and registered in the Land Registry by Memorial No.UB8922210 (“Glory Rise DMC”).

The purpose of the Glory Rise DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as Glory Rise (“Glory Rise Development”) erected on Inland Lot No.6715, Inland Lot No.6716, Inland Lot No.6717 and Inland Lot No.6718 (“Glory Rise Land”) and the common areas and facilities of the Glory Rise Development and to define and regulate the rights, interests and obligations of the owners in respect of the Glory Rise Land and the Glory Rise Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

As Pacific Joy Investment Limited (which will be acquired by Sunlight REIT upon Completion) holds all the undivided shares of the commercial development (which includes the advertising spaces and those part of the ground floor and first floor for commercial use), all matters relating to the management and maintenance of the commercial development can be decided by Pacific Joy Investment Limited alone. However, as Pacific Joy Investment Limited does not own a majority of the Glory Rise Development, including the domestic development, it will not be able to decide on all matters relating to the management and maintenance of the Glory Rise Development.

Under the Glory Rise DMC, the total management expenses payable by Pacific Joy Investment Limited in respect of the Glory Rise Property comprised in the Glory Rise Development for the year ended 30 June 2006 were approximately HK\$96,041.

Supernova Stand Property

The deed of mutual covenant incorporating management agreement dated 15 December 2001, was made between Gentfair Development Limited and United Glory Development Limited (“Supernova Stand Property Owners”) (as registered owner), Kwok Yiu Kwan (as first purchaser) and Hang Yick Properties Management Limited (as manager) and registered in the Land Registry by Memorial No.UB8572726 (“Supernova Stand DMC”).

The purpose of the Supernova Stand DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as Supernova Stand (“Supernova Stand Development”) erected on The Remaining Portion of Section E of Sub-Section 2 of Section F of Inland Lot No.1366, The Remaining Portion of Section A of Sub-Section 2 of Section F of Inland Lot No.1366, The Remaining Portion of Sub-Section 2 of Section F of Inland Lot No.1366 and The Remaining Portion of Section C of Sub-Section 2 of Section F of Inland Lot No.1366 (“Supernova Stand Land”) and the common areas and facilities of the Supernova Stand Development and to define and regulate the rights, interests and obligations of the owners in respect of the Supernova Stand Land and the Supernova Stand Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

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As the Supernova Stand Property Owners (which will be acquired by Sunlight REIT upon Completion) hold all the undivided shares of the commercial development and the commercial common areas and facilities, all matters relating to the management and maintenance of the commercial development and the commercial common areas and facilities can be decided by the Supernova Stand Property Owners alone. However, as the Supernova Stand Property Owners do not own a majority of the Supernova Stand Development, including the domestic development, they will not be able to decide on all matters relating to the management and maintenance of the Supernova Stand Development.

Under the Supernova Stand DMC, the total management expenses payable by the Supernova Stand Property Owners in respect of the Supernova Stand Property comprised in the Supernova Stand Development for the year ended 30 June 2006 were approximately HK\$23,844.

According to the Supernova Stand DMC, so long as the registered owner as appeared therein remains the sole owner of all commercial units in Supernova Stand Development, the registered owner shall be entitled and have the right to manage, maintain and control the commercial development as defined in the Supernova Stand DMC to the exclusion of the manager of Supernova Stand Development and consequently the commercial common areas and facilities shall cease to be part of the communal areas of Supernova Stand Development. Provided that if the registered owner shall at any time dispose of one or more commercial units, upon entering into of the first assignment of a commercial unit, the commercial common areas and facilities shall revert to and form part of the communal areas and the registered owner shall as soon as practicable assign, free of costs or consideration, the commercial common areas and facilities together with the undivided shares allocated thereto under the Supernova Stand DMC to the manager of Supernova Stand Development who shall hold the same on trust for the benefit of all owners of Supernova Stand Development.

Palatial Stand Property

The deed of mutual covenant and management agreement, dated 16 March 2001, was made between Multimark Investment Limited and Country Max Development Limited (“Palatial Stand Property Owners”) and Oasis Investment Company Limited (all as registered owner), Sin Ka Lun and Lam So Ngor (as first purchaser) and Hang Yick Properties Management Limited (as manager) and registered in the Land Registry by Memorial No.UB8348438 (“Palatial Stand DMC”).

The purpose of the Palatial Stand DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as Palatial Stand (“Palatial Stand Development”) erected on Hung Hom Inland Lot No.522, Hung Hom Inland Lot No.509, Hung Hom Inland Lot No.517, Hung Hom Inland Lot No.510, Hung Hom Inland Lot No.514, Hung Hom Inland Lot No.515 and Hung Hom Inland Lot No.504 (“Palatial Stand Land”) and the common areas and facilities of the Palatial Stand Development and to define and regulate the rights, interests and obligations of the owners in respect of the Palatial Stand Land and the Palatial Stand Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

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As Multimark Investment Limited and Country Max Development Limited (both of which will be acquired by Sunlight REIT upon Completion) hold all the undivided shares of the commercial units (which includes units on the ground, the 1st and the 2nd floors for commercial use and the advertising spaces, private staircase and landing, the reserved portion) all matters relating to the management and maintenance of the commercial units can be decided by the Palatial Stand Property Owners alone. However, as the Palatial Stand Property Owners do not own a majority of the Palatial Stand Development, including the residential development, they will not be able to decide on all matters relating to the management and maintenance of the Palatial Stand Development.

In relation to the commercial common areas and facilities of Palatial Stand Property, it is provided in Clause 7 of Section I of the Palatial Stand DMC that, so long as Multimark Investment Limited, Country Max Development Limited and Oasis Investment Company Limited (hereinafter collectively “Registered Owner”) remain the sole owner of all commercial units of the Palatial Stand Development, the Registered Owner shall be entitled and have the right to manage, maintain and control the commercial development (which includes those parts of the ground, the 1st and the 2nd floors for commercial use, the reserved portion, the advertising spaces and the private staircase and landing) of the Palatial Stand Development to the exclusion of the manager but subject to the manager’s management and control of the whole Palatial Stand Development including the commercial development (to the extent as allowed under the Palatial Stand DMC) and consequently the commercial common areas and facilities shall cease to be part of the communal areas of the Palatial Stand Development.

However, in the event of the Registered Owner shall at any time dispose of one or more commercial units, the commercial common areas and facilities shall, upon entering into of the first assignment of a commercial unit, revert to form part of the communal areas of the Palatial Stand Development and the Registered Owner shall forthwith assign, free of costs or consideration, the commercial common areas and facilities, to the manager who shall hold the same on trust for the benefit of all owners and transfer the management responsibilities of the commercial common areas and facilities to the manager who shall manage, maintain and control the same in accordance with the provisions of the Palatial Stand DMC.

Under the Palatial Stand DMC, the total management expenses payable by the Palatial Stand Property Owners and Oasis Investment Company Limited in respect of the Palatial Stand Property comprised in the Palatial Stand Development for the year ended 30 June 2006 were approximately HK\$137,736.

Royal Terrace Property

The deed of mutual covenant incorporating management agreement, dated 30 September 2002, was made between Smart Fortune Development Limited (as the registered owner), Shuttleworth David Ian and Hung Yuk Fong (as the first purchaser) and Hang Yick Properties Management Limited (as the manager) and registered in the Land Registry by Memorial No.UB8791686 (“Royal Terrace DMC”).

The purpose of the Royal Terrace DMC is to make provision for the proper management, operation, maintenance, repair, insurance and servicing of the development now known as Royal Terrace (“Royal Terrace Development”) erected on The Remaining Portion of Subsection 1 of Section C of Quarry Bay Marine Lot No.4, Section B of Subsection 1 of Section C of Quarry Bay Marine Lot No.4, The Remaining Portion of Section A of Subsection 1 of Section C of Quarry Bay Marine Lot No.4, Subsection 1 of Section

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A of Subsection 1 of Section C of Quarry Bay Marine Lot No.4 and Section E of Quarry Bay Marine Lot No.4 (“Royal Terrace Land”) and the common areas and facilities of the Royal Terrace Development and to define and regulate the rights, interests and obligations of the owners in respect of the Royal Terrace Land and the Royal Terrace Development and to provide for a due proportion for the relevant expenses to be borne by the owners.

Smart Fortune Development Limited (which will be acquired by Sunlight REIT upon Completion) holds all the shops on G/F (some shops with A/C spaces on G/F and 1/F), all 24 car-parking spaces on 1/F, all 25 car-parking spaces on 2/F and all 10 motorcycle-parking spaces on 3/F and the signage space and island of the Royal Terrace Development. The Royal Terrace Property represents approximately 9.65% of the undivided shares of and in the Royal Terrace Land and the Royal Terrace Development. As Smart Fortune Development Limited does not hold a majority interest of the Royal Terrace Development, it will not be able to decide on all matters relating to the management and maintenance of the Royal Terrace Development.

Under the Royal Terrace DMC, the total management expenses payable by Smart Fortune Development Limited in respect of Royal Terrace Property comprised in the Royal Terrace Development for the year ended 30 June 2006 were approximately HK\$233,631.

Under Clause 8 of Part C of Section IV of the Royal Terrace DMC, the fire-rated glass panels provided for Shops 4, 5, 9 and 10 on the ground floor of the Royal Terrace Property are for safety and fire-prevention purposes in compliance with the relevant ordinances and regulations. Such glass panels must not be removed for the lifetime of the Royal Terrace Development. The owners of the relevant shops shall at their own expense maintain and repair such glass panels and if any of them shall be broken, replace the same by the same or equivalent quality to the satisfaction of the relevant government authorities.

Under Clause 1 of Part D of Section IV of the Royal Terrace DMC, owners of the car parking spaces and/or the motorcycle parking spaces shall not use or permit or suffer to be used any car parking spaces and/or the motorcycle parking spaces for the storage, display or exhibition of motor vehicles for sale purpose.

Property Management Agreement

The Properties comprising the initial portfolio of Sunlight REIT and any subsequent properties located in Hong Kong whether directly or indirectly acquired or wholly or partly owned by Sunlight REIT will be managed by the Property Manager solely and exclusively pursuant to the Property Management Agreement.

The Property Management Agreement was entered into on 29 November 2006 by the Manager and the Property Manager pursuant to which the Property Manager was appointed to operate, maintain, manage and market solely and exclusively all the properties of Sunlight REIT located in Hong Kong, subject to the overall management and supervision of the Manager.

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The Manager will use its best endeavours to procure each property holding company will enter into a deed of ratification and accession in favour of the Manager and the Property Manager confirming that it will be bound by the provisions of the Property Management Agreement as soon as practicable after signing of the Property Management Agreement.

The initial term of appointment of the Property Manager under the Property Management Agreement will commence on the date of Completion and end on 30 June 2009. Not more than nine months but not less than six months prior to expiry of the initial term and subject to there being no outstanding or unremedied breach by the Property Manager of its obligations and duties under the Property Management Agreement, the Property Manager may request to extend its appointment for a further term to be agreed between the Manager and the Property Manager on the same terms and conditions except for the provision on option to extend for a further term and the revision of all fees payable to the Property Manager to the prevailing market rates, whereby the fee payable may increase or decrease depending on market conditions.

The Manager will decide the prevailing market rates for the extended term not later than two months before the expiry of the initial term and if the Property Manager disagrees with the Manager's decision on the prevailing market rates for the extended term, this will be referred to an independent expert whose determination of the prevailing market rates shall be final and binding on the parties.

The Manager will agree to extend the appointment of the Property Manager for the extended term on the revised fees based on the prevailing market rates determined as aforesaid provided that such extension shall be subject to the approval of the Unitholders if such approval is required pursuant to any applicable regulatory requirements relating to connected party transactions relating to REITs (including, without limitation, any requirements under the REIT Code).

If the above conditions are not fulfilled, the Manager is not obliged to extend the appointment of the Property Manager and the appointment of the Property Manager shall terminate upon expiry of the initial term provided that the Manager may, by giving not less than 30 days' written notice prior to the expiry of the initial term, require the appointment of the Property Manager to be extended on the same terms and conditions, save and except for the provision on option to extend for a further term, for up to six (6) months after the expiry of the initial term in order to enable a replacement property manager to be appointed.

Property Manager's Services

With regard to each property under its management, the Property Manager shall provide, including but not limited to, the following services:

- property management services, including co-ordinating tenants' fitting out requirements, recommending third party contracts for provision of property management services (including parking facilities management), maintenance services, supervising the performance of service providers and contractors, arranging for adequate insurances and ensuring compliance with building and safety regulations;

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- lease management services, including administration of rental collection, management of rental arrears, initiating lease renewals and negotiation of terms; and
- marketing and marketing co-ordination services.

In addition, the Property Manager will co-ordinate with the relevant service providers under all existing contracts entered into by or on behalf of the relevant Property Company as at Completion, in relation to the provision of services for the relevant Property, and use reasonable endeavours to arrange for the (i) termination, (ii) continuation on same terms as those existing as at Completion or (iii) replacement on such terms as the Manager may agree with such service providers, to ensure continuity in the provision of such services to the relevant Property Company after Completion.

Property Manager's Fees

Under the Property Management Agreement, the Property Manager will be entitled to receive from each Property Company, the following fees in relation to the management of the Property owned by the Property Company:

(i) Property Management Services and Lease Management Services

For the property management services and lease management services to be provided by the Property Manager, the Property Manager will receive a fee of 3.0% per annum of the Gross Property Revenue of the relevant property owned by each property holding company.

(ii) Marketing Services

For the marketing services to be provided by the Property Manager on a non-exclusive basis, each property holding company will pay the Property Manager, the following commissions:

- a commission equivalent to one month's base rent, for securing a tenancy of three years or more;
- a commission equivalent to one-half month's base rent, for securing a tenancy of less than three years;
- a commission equivalent to one-half month's base rent, for securing a renewal of tenancy irrespective of duration of the renewal terms; and
- a commission equivalent to 10% of the total licence fee for securing a licence for a duration of less than 12 months.

If the tenancy, renewal of tenancy or licence is secured by a third party agent appointed by the relevant property holding company, upon the recommendation of the Manager, the Property Manager will not be entitled to any of the above commissions for such tenancy, renewal of tenancy or licence.

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Property Manager's Operating Expenses

The Property Manager will be fully reimbursed by the relevant property holding company for the employment costs, secondment costs (if any) and remuneration relating to (i) the employees of the Property Manager; and (ii) persons who are engaged by or (if any) under secondment to the Property Manager, solely and exclusively in the management of any one single property (including the property management services and the lease management services), as approved in each annual budget of the properties by the Manager or (if not covered in an approved annual budget) in accordance with any pre-approved expenditure limit from time to time approved by the Manager.

The Property Manager, as agent for the relevant property holding company, will enter into contracts with third party service providers on arms' length normal commercial terms for the provision of cleaning, maintenance, security, utilities, car park management, design services, administrative and technical services, legal services, coach and other vehicle leasing and other ancillary services for the relevant property, and the costs and expenses under such contracts will form part of the operating expenses to be paid by the property holding company provided that these have been approved by the Manager in each annual budget or (if not covered in an approved annual budget) in accordance with any pre-approved expenditure limit from time to time approved by the Manager.

Other operating expenses to be incurred in connection with the operation, maintenance, management and marketing of the properties include, but are not limited to, government rent and rates, adjudication fees and/or stamp duty, government registration fees, utility charges, advertising and public relations expenses, commissions and expenses for leasing or licensing of premises in the properties, maintenance and other contributions required under the DMC, property insurance expenses, audit and valuation fees, professional fees, expenses for purchase and replacement of Operating Equipment and bad debts or doubtful account expenses in relation to the properties.

Mechanism of Payment of Fees and Expenses

The Manager will arrange for an operating account for the properties to be opened and maintained in the name of the Treasury Company. The Property Manager will be given certain authorisations to utilise funds deposited in such account, to (a) make payment of all costs and expenses incurred or to be incurred in the operation, maintenance, management and marketing of the properties, including but not limited to, the property management fees, the government rent and rates, adjudication fees and/or stamp duty, government registration fees, utility charges, advertising, promotion and public relations expenses, commissions and expenses for leasing or licensing of premises in the Property, maintenance and other contributions required under the DMC, property insurance expenses, audit and valuation fees, professional fees, expenses for purchase and replacement of Operating Equipment and bad debts or doubtful account expenses in relation to the property, within each annual budget approved by the Manager and by the board of directors of the relevant property holding company; or (b) refund deposits to occupants of the properties.

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Use of spaces by the Property Manager

The Property Manager may use such spaces in such properties free of charge as may be agreed by the Manager from time to time as leasing offices for the purposes of provision of the lease management services and related services in relation to the properties at which such respective leasing offices are located.

Termination by Manager/property company

The Manager may terminate the appointment of the Property Manager for all properties under its management or the relevant property holding company may terminate the appointment of the Property Manager for the property under its management, in each case on the occurrence of certain specified events, which include liquidation or cessation of business of the Property Manager. The Manager or the relevant property holding company may also terminate the appointment of the Property Manager specifically in relation to a property under its management, in the event of a sale of such property or the sale of the relevant property holding company which owns such property by not less than 30 days' prior written notice to the Property Manager. The Manager or the relevant property holding company may also terminate the appointment of the Property Manager in relation to a property by giving 10 days' written notice, if the Property Manager after receipt of such written notice fails within 90 days of receipt of the same (or such other period as may be agreed between the Manager and the Property Manager) to remedy any breach of its obligations in relation to such property. The Manager may also terminate the appointment of the Property Manager if there is any change in the ownership or control, direct or indirect, of shares carrying 50% or more of the voting rights attached to the issued share capital of the Property Manager, save and except for any changes in ownership or control within the group of companies of which the Property Manager is a member. The appointment of the Property Manager shall immediately terminate on the occurrence of (i) the Manager ceasing to be the manager of Sunlight REIT; or (ii) Sunlight REIT being merged, wound up or otherwise terminated. The Manager may terminate the appointment of the Property Manager immediately by giving written notice to the Property Manager in the event that the continuing performance of the Property Management Agreement is or will be in breach of the REIT Code and/or applicable laws or regulations to which the Manager or Sunlight REIT is subject.

Termination by Property Manager

The Property Manager may only terminate its appointment in relation to a property in the event that the Manager or a relevant property holding company is in breach of any of its obligations under the Property Management Agreement in relation to the property. Under such event, the Property Manager may by giving 10 days' written notice to the Manager and/or the relevant property holding company to terminate its appointment in relation to the relevant property, if the Manager or the relevant property holding company after its receipt of such written notice fails within 90 days of receipt thereof (or such other period as may be agreed between the Manager and the Property Manager) to remedy any breach of their respective obligations under the Property Management Agreement in relation to such property.

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Consequence of Termination

Upon termination of the appointment of the Property Manager, the Property Manager shall (in the manner specified by the Manager) immediately and on an unconditional basis:

- (i) novate or assign all relevant existing tenancy agreements, leases and other contracts entered into by the Property Manager for and on behalf of the property holding companies;
- (ii) novate or assign (if required by the Manager) the contracts entered into by the Property Manager with third party service providers for the provision of, amongst other things, management and other services as provided in the Property Management Agreement; and
- (iii) at the instructions of the Manager, do such other things and act as the Manager may reasonably consider necessary, expedient or desirable to ensure that there is no disruption to the continued proper management of the properties until such time as a replacement property manager is appointed.

Novation/Assignment

The Manager is entitled to novate all of its rights, benefits and obligations under the Property Management Agreement to a new manager of Sunlight REIT appointed in accordance with the terms of the Trust Deed. With the prior written consent of the Manager, the Property Manager is also entitled to novate all of its rights, benefits and obligations under the Property Management Agreement to any wholly-owned, direct or indirect subsidiary of HLD which is able to provide the services required of it under the Property Management Agreement on an exclusive basis and which can meet all the requirements thereunder, especially those on the expertise, resources and experience of the personnel of the Property Manager.

Each property holding company may assign all of its rights, benefits and obligations under the Property Management Agreement by way of security to any banks or financial institutions in connection with any debt financing transactions entered into or to be entered into by the relevant property holding company or the Finance Company or to any wholly-owned, direct or indirect subsidiary of Sunlight REIT.

Indemnity

Each party to the Property Management Agreement, including each property company which has executed a deed of ratification and accession (“Indemnifying Party”) shall indemnify each of the other parties (“Indemnified Party”) from and against any and all actions, proceedings, liabilities, claims, demands, losses, damages, charges, costs and expenses that the Indemnified Party suffers or incurs, to the extent that they arise out of any breach, negligence, fraud, willful default, or misconduct of the Indemnifying Party, its employees or agents, in the performance of the Indemnifying Party’s obligations and duties under the Property Management Agreement.

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Exclusion of Liability

In the absence of fraud, negligence, wilful default or breach of the Property Management Agreement, the REIT Code, applicable laws or regulations by the Property Manager, the Property Manager shall not incur any liability by reason of any error of judgement or law or any matter or thing done or suffered or omitted to be done by it in good faith under the Property Management Agreement.

In addition, the property holding company shall indemnify the Property Manager against any actions, costs, claims, damages, expenses or demands to which it may be put as Property Manager, save where such action, cost, claim, damages, expense or demand is occasioned by the fraud, negligence, wilful default or breach of the Property Management Agreement, the REIT Code, applicable laws or regulations by the Property Manager.

Underwriting Agreements

The Hong Kong Underwriting Agreement was entered into on 7 December 2006. It is expected that the International Underwriting Agreement will be entered into on 13 December 2006. For a summary of the key terms and provisions of the Hong Kong Underwriting Agreement, see the section headed "Underwriting" in this Offering Circular.

Deeds of Adjustment Payments

On 2 December 2006, the Vendors of the Target Company Shares (other than HIL) entered into the Deeds of Adjustment Payments with the Manager, the Trustee and HLD or HD or SKFE as guarantor (as the case may be). HIL, being a Vendor of the Target Company Shares, also entered into the HIL Deed of Adjustment Payments with the Manager and the Trustee on 2 December 2006.

Pursuant to the Deeds of Adjustment Payments, the Vendors of the Target Company Shares have agreed, severally in the proportions of the respective Appraised Values of the Properties (or parts thereof or interests therein) sold by those Vendors to the REIT Group Companies, to make Adjustment Payments to Sunlight REIT equal to the amount by which the Consolidated Rental Income is less than the corresponding Assured Minimum Rental per annum of HK\$405.4 million (on a pro rata basis in respect of the period from the Listing Date until 30 June 2007), HK\$429.4 million (in respect of the year ending 30 June 2008) and HK\$454.9 million (in respect of the year ending 30 June 2009). The obligations of such Vendors who are direct or indirect subsidiaries of SKFE (amounting to 76.41% of the Adjustment Payments) are guaranteed by SKFE. The obligations of such Vendors who are direct or indirect subsidiaries of HLD other than HIL (amounting to 14.76% of the Adjustment Payments) are guaranteed by HLD. The obligations of HIL (being one of such Vendors) amount to 0.54% of the Adjustment Payments. The obligations of the other such Vendors (amounting to 8.29% of the Adjustment Payments) are guaranteed by HD.

The Adjustment Payments are made effectively as adjustments to the consideration payable by Sunlight REIT and the REIT Group Companies to the Vendors of the Target Company Shares.

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The Manager will arrange for the auditors of Sunlight REIT from time to time to certify the Consolidated Rental Income and the Adjustment Payments, if any, for the relevant period after the end of the relevant period. The Manager has undertaken that during the period from the Listing Date to 30 June 2009, it will not effect a sale or disposal of any of the Properties except with the prior written consent of the relevant guarantor and the approval of Unitholders by an Ordinary Resolution.

If any Force Majeure event occurs at any time between the Listing Date and 30 June 2009, there will be an upper limit to the total liabilities of all the Vendors of the Target Company Shares under all the Deeds of Adjustment Payments and DPU Guarantees, as detailed in the section headed “Material Agreements and Other Documents Relating to Sunlight REIT — DPU Guarantees” in this Offering Circular. For this purpose, “Force Majeure” has the meaning defined in that section of this Offering Circular.

SKFE, HLD, HIL and HD have undertaken to indemnify the Manager or the Trustee (as directed) in respect of all taxation, including any taxation in respect of such payment, falling on the Trustee, Sunlight REIT or any REIT Group Companies resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, effected or occurred pursuant to the respective Deeds of Adjustment Payments.

In the event that the Manager is replaced by a replacement manager as the manager of Sunlight REIT, the continued validity of the obligations of the Vendors of the Target Company Shares and their guarantors under the Deeds of Adjustment Payments will be subject to the replacement manager’s entering into a deed to assume such obligations as those of the Manager under the Deeds of Adjustment Payments in respect of the period after the appointment of the replacement manager.

DPU Guarantees

On 2 December 2006, the Vendors of the Target Company Shares (other than HIL) entered into the DPU Guarantees with the Manager, the Trustee and HLD or HD or SKFE as guarantor (as the case may be). HIL, being a Vendor of the Target Company Shares, also entered into a DPU Guarantee with the Trustee and the Manager on 2 December 2006. Pursuant to the DPU Guarantees, such Vendors have guaranteed on the terms set out below that the DPU of Sunlight REIT (after taking into account the Distribution Waiver) in respect of the period from the Listing Date to 30 June 2007 will not be less than the relevant Guaranteed DPU. They have also guaranteed, on the same basis but subject to a cap as detailed below in the event of Force Majeure, that the DPU of Sunlight REIT (after taking into account the Distribution Waiver) in respect of each of the years ending 30 June 2008 and 30 June 2009 respectively will not be less than the relevant Guaranteed DPU. Such Vendors will each make a cash payment in respect of the relevant period to the Trustee for the benefit of Sunlight REIT in an aggregate amount equal to any shortfall in the Provisional DPU compared to the Guaranteed DPU for the relevant period multiplied by the number of Units outstanding as at the Record Date for the relevant period less the total number of Base Distribution Waiver Units in respect of the relevant period. The obligations of the Vendors to make the cash payment shall be several in the proportions of the respective Appraised Values of the Properties (or parts thereof or interest therein) sold by those Vendors to the REIT Group Companies. For the above purpose:

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“Provisional DPU” means, in respect of any relevant period, (i) the Distributable Amount, divided by (ii) the total number of Units in issue on the Record Date for the relevant period less the Base Distribution Waiver Units in respect of the relevant period; and

“Distributable Amount” means the Annual Distributable Income for the relevant period plus (i) if not already included therein, any Adjustment Payments for the relevant period; (ii) an amount equal to the excess of any property revaluation losses (including the impairment of any property revaluation gains) for the relevant financial year (to the extent such losses are included in the calculation of Annual Distributable Income) over the amounts in item (iii) below; and (iii) any additional amounts which the Manager may approve for distribution to Unitholders for the relevant period.

The obligations of such Vendors who are direct or indirect subsidiaries of SKFE (amounting to 76.41% of such payments) are guaranteed by SKFE. The obligations of such Vendors who are direct or indirect subsidiaries of HLD other than HIL (amounting to 14.76% of such payments) are guaranteed by HLD. The obligations of HIL (being one of such Vendors) amount to 0.54% of such payments. The obligations of the other such Vendors (amounting to 8.29% of such payments) are guaranteed by HD. This guarantee is subject to the terms of the DPU Guarantees, and assumes that the Manager distributes 100% of Annual Distributable Income and that there are no further issues of Units (save for the Manager’s Base Fee and Variable Fee, but not other fees, in Units).

The Manager has undertaken (so long as it remains the manager of Sunlight REIT) that it will not approve for distribution to Unitholders any amounts which are additional to the Annual Distributable Income (other than, if not included therein, any Adjustment Payments, any cash payments made pursuant to the DPU Guarantees, any amount equal to or less than any property revaluation losses (including the impairment of any property revaluation gains) for the relevant period and Distribution Waiver Payments) where one of the purposes of the distribution of such additional amounts is in order to effectively avoid, reduce or limit the liability of the guarantors under the DPU Guarantees.

Any proposed new issue of Units (other than the issue of Units to the Manager in lieu of Base Fees or Variable Fees) during the period from the Listing Date to 30 June 2009 shall require the prior approval of Unitholders by Ordinary Resolution (on which such Vendors, their guarantors and their respective subsidiaries shall only be entitled to vote against or abstain from voting). In the event of any such new issue, the Guaranteed DPU shall be revised on the date of the new issue such that the revised Guaranteed DPU shall equal the then-current Guaranteed DPU multiplied by (i) the total number of Units in issue prior to the issue of such new Units (excluding the Base Distribution Waiver Units) divided by (ii) the total number of Units in issue immediately following the issue of such new Units (excluding the Base Distribution Waiver Units).

In the event that Sunlight REIT proposes to acquire or dispose of properties or interests in properties (“Relevant Transaction”) in circumstances where such Relevant Transaction is not shown by the Manager to be DPU accretive (including, if applicable, DPU accretive on a fully diluted basis following the issue of any new Units to be issued pursuant to the Relevant Transaction), the prior approval of the guarantors under the DPU Guarantees (namely SKFE, HLD, HD) and HIL shall be required for such Relevant Transaction (in addition to, where applicable, any prior approval of Unitholders as a result of a proposed

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new issue of Units or otherwise). If the approval of any such guarantor is not given, and the Manager decides (having obtained the approval of Unitholders by Ordinary Resolution on which such Vendors, their guarantors and their respective subsidiaries shall only be entitled to vote against or abstain from voting) to proceed with the Relevant Transaction, the obligations of such guarantor and the obligations of those Vendors guaranteed by such guarantor under the relevant DPU Guarantee shall cease in respect of any period after the date of completion of the Relevant Transaction. In order to show a Relevant Transaction to be DPU accretive, it must be clearly shown to be such in a profit forecast contained in a circular sent to Unitholders in respect of the Relevant Transaction.

The Manager will (so long as it remains manager of Sunlight REIT) arrange for Sunlight REIT's external auditors to check the calculation of the Distributable Amount and the Provisional DPU in respect of the relevant period, the number of Units in issue on the Record Date for the relevant period and the amount payable by such Vendors (if any) under the DPU Guarantees.

The Manager has undertaken (so long as it remains manager of Sunlight REIT) to direct the Trustee to include the amount of any payment for the relevant period received under each DPU Guarantee in the final distributions to Unitholders for the relevant period, subject to the provisions of the Deeds of Distribution Waiver. In addition, the Manager has undertaken (so long as it remains manager of Sunlight REIT) that during the period from the Listing Date to the Record Date for the final distribution for the year ending 30 June 2009 (both days inclusive), it shall not (i) change the financial year of Sunlight REIT; (ii) change any of the definitions of "Annual Distributable Income", "Base Fee" or "Variable Fee" under the Trust Deed (or change any other definition referred to in any such definition if such change will affect the calculation thereof); or (iii) effect any sub-division or consolidation of Units, without the prior written consent of the guarantors of the DPU Guarantees.

The Manager has further undertaken (so long as it remains the manager of Sunlight REIT) that during the period from the Listing Date to 30 June 2009 (both dates inclusive), it will not sell or dispose of any real estate which comprises the property portfolio of Sunlight REIT on the Listing Date without the prior written consent of the guarantors under the DPU Guarantees.

If any Force Majeure (as defined below) event occurs at any time between the Listing Date and 30 June 2009, the aggregate of the amounts payable by:

- (a) all the Vendors of the Target Company Shares under all the Deeds of Adjustment Payments (and the corresponding liabilities of any parties that guarantee the obligations of those Vendors), and
- (b) all the Vendors of the Target Company Shares under the DPU Guarantees (and the corresponding liabilities of any parties that guarantee the obligations of those Vendors)

will be limited to a cap of HK\$300 million, such cap to be applied to the total sum of all payments made under the Deeds of Adjustment Payments and the DPU Guarantees since the Listing Date. However, even if a Force Majeure event occurs, there will not be any limit to the total amounts payable by those Vendors and guarantors under the DPU Guarantees or Deeds of Adjustment Payments for the period from the Listing Date to 30 June 2007 (other than the level of the Guaranteed DPU (after taking into account the Distribution Waiver) and the Assured Minimum Rental as mentioned above). Where an event of Force

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Majeure occurs after the declaration of the final distribution for any relevant period, but before the payment of any Adjustment Payments or payments under the DPU Guarantees in relation to that period, the cap shall not apply to the obligation to make such payments (although such amounts shall be taken into account as payments made since the Listing Date in determining the application of the cap in subsequent periods). If, before the date that a Force Majeure event occurs, the aggregate of payments already made by the Vendors of the Target Company Shares under all the Deeds of Adjustment Payments and the DPU Guarantees exceeds HK\$300 million, there will be no obligation for Sunlight REIT to make any repayment of the excess amount. Accordingly, subject to the exception of the DPU Guarantees and the Deeds of Adjustment Payments for the period from the Listing Date to 30 June 2007 referred to above, upon the occurrence of an event of Force Majeure, after such cap of HK\$300 million has been reached or exceeded, there will effectively be no further Adjustment Payments or guarantee of DPU.

If the capped amount of HK\$300 million would be exceeded if all Adjustment Payments and liabilities under the DPU Guarantees in respect of a relevant period were to be fully met, any outstanding Adjustment Payments will be met first, and any outstanding liabilities under the DPU Guarantees will be met second, subject to such aggregate cap.

For an illustration of the potential impact of a hypothetical Force Majeure event on the amounts payable by the Vendors of the Target Company Shares under the Deeds of Adjustment Payments and the DPU Guarantees, see the worked examples on pages vi and vii of this Offering Circular.

For the purpose of the above, “**Force Majeure**” is defined to mean any of the following events taking place: (i) the World Health Organisation alert level being formally declared a “Pandemic” (Phase 6) (or any similar phase described in any different manner replacing the same) for Hong Kong; or (ii) the “Emergency Response Level” (or any similar level described in any different manner replacing the same) being activated under the Government’s response system for Influenza Pandemic in Hong Kong; or (iii) riots leading to civil disorder taking place in Hong Kong on a widespread and ongoing or recurring basis for at least two weeks; or (iv) the occurrence of hostilities or the outbreak of war in Hong Kong; or (v) any event or events beyond the control of the Vendors of the Target Company Shares which cause(s) the destruction, damage or forced closure of one or more Properties (or any part thereof) or which cause(s) one or more Properties (or any part thereof) to become generally inaccessible to tenants, directly resulting in the loss of at least 20% of the then aggregate rental income (by comparing the monthly average aggregate rental income during a three-month period immediately after the event or the first of the events (as the case may be) against the monthly average aggregate rental income during a 12-month period immediately prior to the event or the first of the events (as the case may be)) in respect of the Properties. In the cases of (iii) and (v) above, an event of Force Majeure shall be deemed to occur on the first day of the period of two weeks or three months (as the case may be) referred to therein.

In the event that the Manager is replaced by a replacement manager as the manager of Sunlight REIT, the continued validity of the obligations of the Vendors of the Target Company Shares and their guarantors under the DPU Guarantees will be subject to the replacement manager’s entering into a deed to assume such obligations as those of the Manager under the DPU Guarantees in respect of the period after the appointment of the replacement manager.

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Deeds of Distribution Waiver

On 2 December 2006, the SKFE Subscribers and the HLD Subscribers (and their respective guarantors, SKFE and HLD) respectively entered into the SKFE Deed of Distribution Waiver and the HLD Deed of Distribution Waiver with the Manager and the Trustee (for the benefit of Sunlight REIT). Pursuant to the Deeds of Distribution Waiver, the SKFE Subscribers and the HLD Subscribers have agreed to waive in favour of the Manager and the Trustee (for the benefit of Sunlight REIT) all their entitlements to receive from Sunlight REIT any distribution declared, made or paid in respect of any period between the Listing Date and 30 June 2011 in relation to the Base Distribution Waiver Units applicable to them for the relevant period. "Base Distribution Waiver Units" means, in relation to a distribution in respect of a given financial year of Sunlight REIT (or any part thereof) and a SKFE Subscriber or a HLD Subscriber (as the case may be), such number of Units set out below against that financial year and against the name of that person:

	Financial year ending on 30 June	Number of Base Distribution Waiver Units
Uplite Limited	2007	224,443,625
	2008	224,443,625
	2009	224,443,625
	2010	134,666,175
	2011	112,221,813
Wintrade Limited	2007	149,629,083
	2008	149,629,083
	2009	149,629,083
	2010	89,777,450
	2011	74,814,542
Cobase Limited	2007	40,541,958
	2008	40,541,958
	2009	40,541,958
	2010	24,325,175
	2011	20,270,979
Richful Resources Limited	2007	27,027,972
	2008	27,027,972
	2009	27,027,972
	2010	16,216,783
	2011	13,513,986

The waiver of entitlements to distributions shall not apply to (a) any distribution upon the liquidation or dissolution of Sunlight REIT; (b) any distribution derived from the proceeds of any disposal of direct or indirect interests in properties or other assets; or (c) any distribution derived from restructuring the capital of companies forming part of the assets of Sunlight REIT.

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In the event that, on a Record Date for any distribution in respect of any financial year of Sunlight REIT (or any part thereof) that falls within the period from the Listing Date until 30 June 2011, any of the SKFE Subscribers and the HLD Subscribers holds a number of Units which is less than the number of Base Distribution Waiver Units applicable to it (including as a result of the exercise of the Over-allotment Option), it will, in relation to the relevant distribution, pay to Sunlight REIT the Distribution Waiver Payments, being:

- (a) the total amount of distributions determined to be distributed by the Manager to be paid on the Units in issue on such Record Date (taking no account of any distribution waivers) and including any amounts to be distributed pursuant to the DPU Guarantees but not including any Distribution Waiver Payments; divided by
- (b) the total number of Units in issue on such Record Date less the total number of Base Distribution Waiver Units; with the quotient multiplied by
- (c) the excess of the number of Base Distribution Waiver Units applicable to it in relation to the relevant distribution over the number of Units actually held by it on such Record Date.

The Manager will arrange for the auditors of Sunlight REIT from time to time to certify the Distribution Waiver Payments.

SKFE has guaranteed the due and punctual performance of all the obligations of the SKFE Subscribers under the SKFE Deed of Distribution Waiver, and HLD has guaranteed that of the HLD Subscribers under the HLD Deed of Distribution Waiver.

The Manager has undertaken (on behalf of Sunlight REIT) that any entitlement to distributions waived by the SKFE Subscribers and the HLD Subscribers and the Distribution Waiver Payments (if any) will be distributed to the Unitholders (other than the SKFE Subscribers and the HLD Subscribers to the extent of their Base Distribution Waiver Units) as at the Record Date in relation to the relevant distribution. The Manager has further undertaken (so long as it remains the manager of Sunlight REIT) that it will not effect any sub-division or consolidation of the Units during the period from the Listing Date until the Record Date for the final distribution in respect of the year ending 30 June 2011 without the prior written consent of SKFE and HLD.

In the event that the Manager is replaced by a replacement manager as the manager of Sunlight REIT, the continued validity of the obligations of the SKFE Subscribers, the HLD Subscribers and their guarantors under the Deeds of Distribution Waiver will be subject to the replacement manager's entering into a deed to assume such obligations as those of the Manager under the Deeds of Distribution Waiver in respect of the period after the appointment of the replacement manager.

The Loan Facility

By the Listing Date, the Finance Company is expected to have in place the Facility in the aggregate principal amount of HK\$4,050 million, comprising a HK\$3,950 million term loan facility and a

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HK\$100 million revolving credit facility, each for a term of five years. The proceeds of the Facility will be used for the Finance Company's purchase of the Existing Borrowings, or for on-lending to the Purchaser Companies to pay the consideration for the acquisition of the Target Properties and/or fund operating expenses and capital expenditures in relation to the Properties.

Each loan under the Facility will bear interest at HIBOR plus 45 basis points. The all-in cost of the Facility are both HIBOR plus 55 basis points including an upfront fee of 50 basis points amortised over the five-year term of the Facility.

The Facility will be secured by a mortgage over the Properties, an assignment of insurance policies, an assignment of proceeds under tenancies or lease, an assignment of the Property Management Agreement, charges over the shares of the Finance Company and the Holding Company, charges over several bank accounts of the Treasury Company and a joint and several guarantee given by the Trustee (in the capacity of the trustee of Sunlight REIT) and the Holding Company in favour of the lenders.

The Term Loan

On 30 May 2006, the Finance Company entered into a term loan agreement (as supplemented by an amendment agreement dated 28 November 2006) with Bank of China (Hong Kong) Limited, BNP Paribas Hong Kong Branch, Calyon, Hong Kong Branch, DBS Bank Ltd., Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited and Sumitomo Mitsui Banking Corporation Limited acting as mandated arrangers, for a term loan in the amount of HK\$3,950 million. The Hongkong and Shanghai Banking Corporation Limited will act as facility agent and security trustee under the term loan.

The availability of the term loan on the Listing Date is conditional on certain conditions precedent being satisfied. Such conditions include, without limitation, the provision of executed copies of the Trust Deed, the Property Management Agreement, the Sale and Purchase Agreements, all title deeds relating to the Properties and other material agreements entered into by, amongst other parties, each of the Trustee (in its capacity as trustee of Sunlight REIT), the Holding Company, the Manager, the Property Companies, the Finance Company and the Treasury Company (as the case may be).

The term loan is repayable 60 months from the date of the earlier of (i) the first drawdown of the term loan agreement; or (ii) the first advance of the revolving credit facility. The Finance Company may prepay all or any part of the term loan on any interest payment date, on not less than 14 days (or such shorter period as the majority term loan lenders may agree) prior written notice to the lenders, if they also pay all accrued interest and all amounts due and payable under the term loan. For a partial prepayment, the prepayment must be in an amount not less than HK\$50 million and in integral multiples of HK\$5 million. If a prepayment is made on a date other than an interest payment date, the Finance Company shall pay breakage costs to the lenders.

The term loan may become mandatorily repayable in the event it is or becomes illegal in any applicable jurisdiction or in the case of an event of default.

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Revolving Credit Facility

On 30 May 2006, the Finance Company entered into a revolving credit facility agreement (as supplemented by an amendment agreement dated 28 November 2006) with Bank of China (Hong Kong) Limited, BNP Paribas Hong Kong Branch, Calyon, Hong Kong Branch, DBS Bank Ltd., Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited and Sumitomo Mitsui Banking Corporation Limited acting as mandated arrangers, for a revolving credit facility in the amount of HK\$100 million. The Hongkong and Shanghai Banking Corporation Limited will act as facility agent and security trustee under the revolving credit facility.

The availability of the revolving credit facility on the Listing Date is conditional on certain conditions precedent being satisfied. Such conditions include, without limitation, the provision of executed copies of the Trust Deed, the Property Management Agreement, the Sale and Purchase Agreements, all title deeds relating to the Properties and other material agreements entered into by, amongst other parties, each of the Trustee (in its capacity as trustee of Sunlight REIT), the Holding Company, the Manager, the Property Companies, the Finance Company and the Treasury Company (as the case may be).

The Finance Company is permitted under the revolving credit facility to repay and reborrow against its available limit during the term of the revolving credit facility. The final maturity of the revolving credit facility is 60 months from the date of drawdown of the revolving credit facility agreement, or from the date of drawdown of the term loan, whichever is earlier. The Finance Company may cancel the undrawn amount of the revolving credit facility. The revolving credit facility may also become prepayable in the event it is or becomes illegal in any applicable jurisdiction or in the case of an event of default.

Events of Default

Each of the term loan and the revolving credit facility contains customary events of default, the occurrence of which would allow the facility agent, upon the instructions of the majority term loan lenders to demand immediate repayment of the outstanding advances made under the term loan and the revolving credit facility, together with accrued interest, fees and other sums, and cancel the lenders' commitments under the revolving credit facility. Such events include:

- (i) failure to repay any sums payable under the Facility within three business days of its due date; a breach of Sunlight REIT, the Finance Company, the Holding Company, the Treasury Company or any of the Property Companies (except any Property Company which ceases to be a member of the REIT Group Companies in accordance with the provisions of the Facility Agreements) (collectively, the "Obligors", and each an "Obligor") of its respective obligations or covenants under any of the Facility Agreements; a breach of any of the representations, warranties, undertakings or statements made in any of the Facility Agreements, a default in any other indebtedness;
- (ii) the insolvency of Sunlight REIT or any Obligor; a distress, attachment, execution or other legal process being levied, enforced or sued out on or against any material part of the properties or assets of Sunlight REIT or any Obligor and not being discharged or stayed within 21 days of its occurrence;

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- (iii) a notice given by the Trustee or the Manager, any meeting being convened or any petition being presented for the winding-up or termination of Sunlight REIT or any Obligor;
- (iv) Sunlight REIT or any Obligor ceasing or threatening to cease to, or being ordered or directed to cease by the SFC or any other relevant authority in any applicable jurisdiction to carry on its principal business of ownership, management, leasing and sale of the Properties or properties in Hong Kong other than cessation as a result of any Obligor disposing of its property in compliance with the terms of the Facility Agreements;
- (v) all or a material part of the assets of Sunlight REIT or any Obligor being seized, compulsorily acquired, expropriated or nationalised;
- (vi) any required consents ceasing to be in full force and effect or any condition in or relating to any such consent is not complied with;
- (vii) the Facility or the obligations of Sunlight REIT or any Obligor under the Facility becoming illegal or unenforceable;
- (viii) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature) which restrain the exercise of any of the rights or the performance or enforcement of or compliance with any of the material obligations under any of the Facility Agreements or which would have a material adverse effect on Sunlight REIT or the Obligors taken as a whole;
- (ix) the Trustee resigns or is removed or an order is made for its winding-up or termination or there is a moratorium, any form of exchange control or a new law or regulation or there is a merger which prevents or restricts the ability of any Obligor to perform its obligations under any of the Facility Agreements to which it is a party and a replacement or substitute trustee of Sunlight REIT is not appointed in accordance with the terms of the Trust Deed;
- (x) the Manager is removed and a replacement or substitute manager is not appointed in accordance with the terms of the Trust Deed;
- (xi) Sunlight REIT is terminated pursuant to the provisions of the Trust Deed;
- (xii) listing or trading of the Units on the Hong Kong Stock Exchange is suspended for 14 or more consecutive trading days (or such longer suspension period as the lenders may consider not to be an event of default) or is terminated or otherwise ceased unless with the prior consent of the loan facility agent;
- (xiii) the whole or part of the Properties is destroyed so as to be unfit for use or occupation or is rendered unsafe or inaccessible with the consequence that no gross rental income is chargeable or payable in respect of all subsisting tenancy agreements in respect of the Properties or such

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part thereof as at the date of determination is material in the context of the total properties value and the insurance proceeds received or to be received in respect of such destruction are insufficient to restore the Properties or make good the losses of rental income under the respective leases for a period of 12 months from the date of such destruction or loss;

- (xiv) any circumstance arises which gives grounds in the reasonable opinion of the lenders for belief that Sunlight REIT or any Obligor may not be able to perform or comply with its obligations in any Facility Agreements to which it is a party; and
- (xv) the lenders determine that there exists a material adverse effect on or material adverse change in the financial condition, operations, prospects or business of any Obligor or the consolidated financial condition, operations, prospects or business of the REIT Group or the Obligors taken as a whole; the ability of any Obligor to perform and comply with its obligations under any of the Facility Agreements and/or the security documents created thereunder; or the validity, legality or enforceability of, or the rights or remedies of the lenders under any Facility Agreements and/or the security documents created thereunder.

Covenants

Each of the term loan and the revolving credit facility contains certain customary covenants that restrict the Obligors (subject to certain agreed exceptions), from, amongst other things, incurring additional debt and creating security on the Property Companies' property, revenue or other assets. Affirmative covenants provide that the Finance Company will or will procure that, amongst other things:-

- (i) use (and will ensure that Sunlight REIT and each Obligor will use) its reasonable endeavours to carry on and conduct its affairs in a proper and efficient manner and to keep or cause to be kept all of its assets in a good state of repair and condition in accordance with good and sound practice and in compliance with all material provisions under all applicable laws and directives, SFO and the regulations, codes and guidelines issued thereunder and the REIT Code;
- (ii) each Property Company shall not carry out business other than the business of the ownership, management, leasing and sale of its Property without the prior written consent of the lenders and none of the Property Companies will conduct any other business which is not permitted by the Trust Deed;
- (iii) each Property Company shall comply with all relevant planning, zoning or similar regulations and restrictions of the government and other statutory bodies from time to time affecting its Property;
- (iv) each Property Company shall comply with all covenants, terms and conditions contained in the title documents and observe and perform all terms and conditions given by the government or other relevant or competent authority;

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- (v) the Manager and the Trustee shall do all such things as are necessary to maintain Sunlight REIT's existence; and ensure that Sunlight REIT is entitled to conduct Sunlight REIT's business as it is conducted in Hong Kong and all other jurisdictions (if applicable) in which Sunlight REIT carries on its business or has assets;
- (vi) each Property Company will maintain property all risks insurances, rental loss and public liability insurances policies over the Properties with reputable insurers;
- (vii) at all times the indebtedness of the Finance Company or any Property Company are subordinated to the Facility Agreements;
- (viii) the Trustee and the Manager will perform and comply with its obligations under the Trust Deed, remedy or use its reasonable endeavours to procure the remedy of any breach of its obligations under the Trust Deed;
- (ix) none of the Trustee, the Manager or the Property Manager will be replaced or substituted (except where such replacement or substitution is required by the SFC) unless where it is possible, prior written notice of any proposed replacement or substitution of such party shall be given to the term loan facility agent;
- (x) listing of the Units on the Hong Kong Stock Exchange is maintained;
- (xi) the Finance Company, the Intermediate Holding Companies and the Property Companies are wholly-owned subsidiaries of Sunlight REIT; and
- (xii) all interest rate swap transactions with an aggregate notional amount equal to the amount of the term loan facility shall be in place on the Listing Date.

The Finance Company shall comply with the following financial ratios, which shall be tested on an annual basis by reference to the relevant financial statements, with effect from the term loan advance date and so long as any sum remains to be lent or remains payable under any of the Facility Agreements and subject to the remedial actions and remedy periods as permitted under the Facility Agreements:

- (i) Total Borrowings shall not at any time exceed 50% of Total Properties Value;
- (ii) the ratio of (A) the total sum of EBITDA and Adjustment Payments received by Sunlight REIT in respect of the relevant period (if and to the extent that Adjustment Payments have not been included in EBITDA) to (B) Consolidated Interest Expenses shall not at any time be less than 2:1 for the 12 month period preceding the relevant financial year end; and
- (iii) Total Consolidated Borrowings of Sunlight REIT shall not at any time exceed 45% (or such higher level as may from time to time be permitted under the REIT Code and approved by the majority term loan lenders) of Consolidated Gross Assets of Sunlight REIT.

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For the purposes of these financial covenants,

“**Consolidated Gross Assets of Sunlight REIT**” means at any time the value of all assets of Sunlight REIT and its subsidiaries, including any investments they are authorised to hold in accordance with the REIT Code together with any moneys held by them and, in relation to the part of assets which are the Properties, their value shall be as determined with reference to the most recent valuation reports delivered pursuant to the terms of the Facility Agreements.

“**Consolidated Interest Expenses**” means, in respect of any period, all interest, acceptance, commission and any other continuing regular or periodic costs and expenses in the nature of interest (whether paid, payable, accrued or capitalised) including periodic payments under interest rate swaps (but excluding the amortised up-front fee in respect of such interest rate swaps) and amortisation of debt establishment fees incurred by the REIT Group in effecting, servicing or maintaining any borrowed money during that period and after eliminating all intra-group transactions in the nature of interest. For the avoidance of doubt, any payment received by the REIT Group under interest rate swaps shall be deducted from the calculation of Consolidated Interest Expense.

“**EBITDA**” means, in respect of any period, the net pre-taxation consolidated profits (after adding back the Consolidated Interest Expenses and all amounts in respect of depreciation and amortisation for that period) of the REIT Group during that period.

“**Total Borrowings**” means at any time the aggregate of all of the liabilities in respect of any borrowed money of the REIT Group (including, without limitation, contingent liability and actual outstanding amounts and any committed but undrawn amount, but excluding any committed but undrawn amount which shall be applied solely towards the refinancing of any existing borrowing within one month but excluding any contingent liability of Sunlight REIT and the Holding Company in relation to any interest rate swap transactions).

“**Total Consolidated Borrowings of Sunlight REIT**” means at any time the aggregate of all of the liabilities in respect of any borrowed money of Sunlight REIT and its subsidiaries (including, without limitation, contingent liabilities but excluding any contingent liability of Sunlight REIT and the Holding Company in relation to any interest rate swap transaction) as determined on a consolidated basis.

“**Total Properties Value**” means, at any particular time, the aggregate value of the Properties, any other real properties of the REIT Group and any interest rate swaps relating to the financing and interest expense for any real properties acquired or to be acquired by the REIT Group, as determined by the term loan facility agent (in the case of the Properties) from the most recent valuation reports delivered and (in the case of the interest rate swap transactions) from the valuation prepared by the relevant Swap Counterparty or, if the Swap Counterparty fails to do so, by a qualified independent appraiser appointed by the Trustee and/or the Manager.

“**Adjustment Payments**” means the payments that the vendors of the Property Companies or of companies holding shares in Property Companies will (under deeds to be entered into before the Offering) severally agree to pay to Sunlight REIT, such payments being equal to the amount by which the

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consolidated rental income of all the Properties is less than the corresponding assured minimum rental per annum of HK\$405.4 million (on a pro rata basis in respect of the period from the Listing Date to 30 June 2007), HK\$429.4 million (in respect of the year ending 30 June 2008) and HK\$454.9 million (in respect of the year ending 30 June 2009).

Pursuant to the terms of the Facility Agreements, any non-compliance with any of the above financial ratios by Sunlight REIT will not automatically lead to a breach of the terms of the Facility Agreements or by itself constitute an event of default thereunder. The Finance Company is permitted under the Facility Agreements to take remedial actions within certain remedy periods in order to restore the relevant financial ratio(s) to the level prior to such non-compliance.

The negative covenants include that Sunlight REIT, the Holding Company, the Finance Company, the Intermediate Holding Companies and the Property Companies (as the case may be) must not:

- (i) permit the Finance Company, Sunlight REIT, the Holding Company, the Intermediate Holding Companies and the Property Companies to create or agree to create or permit or agree to arise and subsist or have outstanding any security on any of their assets or undertakings (including without limitation any shares in any Intermediate Holding Company or any Property Company) except for (a) the security created under the Facility Agreements in favour of the lenders; (b) liens or encumbrances arising solely by operation of law (or by agreement to that effect) in the ordinary course of their business; and (c) the security created with the consent of the lenders, provided that such restriction does not apply to the creation of any security over (i) new property(ies) which may be acquired by Sunlight REIT and held by any subsidiary(ies) of the Holding Company which is/are not Obligor(s) or any subsidiary(ies) of Sunlight REIT which are not subsidiaries of the Holding Company, (ii) the share capital of any such Subsidiary(ies) or (iii) the loans or funding made by Sunlight REIT or the Holding Company to any such subsidiary(ies) related to any such acquisition(s);
- (ii) permit the Finance Company, the Holding Company, the Intermediate Holding Companies or the Property Companies to incur any further financial indebtedness or issue any further guarantee or indemnity without the prior written consent of the majority of the lenders except that the Finance Company is permitted to on-lend the proceeds of the Facility to another Sunlight REIT Group member for the purpose of partially financing the Acquisitions (other than certain acquisition of shares). The Finance Company shall not subordinate, postpone, defer, assign or otherwise dispose of any such on-lending indebtedness owed or owing to it by another Sunlight REIT Group member;
- (iii) enter into any reconstruction, amalgamation, reorganisation, merger or any other similar arrangement (other than pursuant to the Acquisitions), which has or will have a material adverse effect or which will result in a material impairment of the security granted under the Facility;

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- (iv) sell, lease, transfer or otherwise dispose of the whole or any part of the Properties or shares in any of companies directly or indirectly holding such Properties without the prior written consent of the majority of the lenders (other than leases entered into as permitted under the terms of the assignment of proceeds) or otherwise in compliance with the provisions of the Facility Agreements;
- (v) permit any member of Sunlight REIT Group to pay any dividend or distribution to its shareholders, repay any loan advanced to it by another member of Sunlight REIT Group or in the case of Sunlight REIT, make any distributions to the Unitholders if an event of default or a potential event of default has occurred or continued and has not been remedied or waived;
- (vi) do or omit to do, or suffer or permit, anything to be done which might render the Trust Deed to be or become, in any respect, invalid, void or voidable;
- (vii) amend the Trust Deed or the Property Management Agreement without prior written notice to the loan facility agent;
- (viii) materially change the investment and distribution policies in respect of Sunlight REIT and the remuneration (including fee payment formula thereof) paid or payable to the Trustee, Manager and the Property Manager without prior written notice to the loan facility security agent;
- (ix) permit Sunlight REIT Group to make any loan or advance any money or grant any credit to any person, other than to another member of Sunlight REIT Group, guarantee given to the interest rate swap providers for amounts owing under the interest rate swap transactions, and in the ordinary course of business; and
- (x) except for additional investments of real estate or investments held for short term treasury management purposes (other than the entering into interest rate swaps or other financial transactions or instruments or acquiring or setting up any company to be held by any of them to acquire additional real properties either directly or through acquisitions of entities holding such real estate), permit the Finance Company, the Holding Company, any of the Intermediate Holding Company or the Property Companies to establish or acquire any subsidiary or make any investment except with the prior written consent of majority of the lenders.

Provision of Information

Under the term loan agreement and the revolving credit facility agreement, Sunlight REIT must submit:

- (i) annual audited financial statements of the Finance Company, the Holding Company and each Property Company within 180 days after the end of each financial year end (provided that the first audited financial statement shall be for the period from the Listing Date to 30 June 2007) and their respective unaudited interim financial statements within 120 days for the first six months of each financial year (provided that the first unaudited interim financial statement shall be for the period from the Listing Date to 31 December 2006);

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- (ii) annual audited financial statements and annual reports of Sunlight REIT within 180 days after the end of each financial year (provided that the first audited financial statement shall be for the period from the Listing Date to 30 June 2007) and unaudited interim financial statements within 120 days after the end of the first six months of each financial year (provided that the first unaudited interim financial statement shall be for the period from the Listing Date to 31 December 2006);
- (iii) a valuation report of the Properties prepared by an independent property valuer appointed by Trustee and/or the Manager in accordance with the REIT Code within 30 days after completion of such valuation, provided that such valuation shall be conducted at least once in every financial year of Sunlight REIT (or in such higher frequency as may be required under the REIT Code);
- (iv) the rent roll and change of tenancy report semi-annually within 60 days after the end of each six-month period;
- (v) the operating budget in respect of the Properties approved by the Manager in advance; and
- (vi) material notices to Unitholders and other material information disclosed to Unitholders within 10 days from the date of such notices.

Security

The term loan and the revolving credit facility are required to be secured by:

- (i) a mortgage over the Properties;
- (ii) an assignment of proceeds under tenancies and leases of the Properties, assigning any interest in all present and future leases of all or any portion of the Properties and all right and title to, and interest in, the leases, including all rights under the leases, all benefits to be derived from them and all rents;
- (iii) a charge over all present and future right and title to, and interest, in money deposited in or credited to, and any interest accruing in respect of certain bank accounts to be opened in the name of the Treasury Company and maintained for the deposit of rents from the Properties;
- (iv) a joint and several guarantee by the Trustee (in the capacity of the trustee of Sunlight REIT) and the Holding Company in favour of the lenders;
- (v) an assignment of all present and future right and title to, and interest in, and all benefits accrued and to accrue under the Property Management Agreement and the proceeds of any payments which may at any time be received by or payable to the Property Manager and/or any other person at the direction of the Manager under or in connection with the Property Management Agreement, insofar as such rights, title, interest and benefits relate to the Properties;

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- (vi) an assignment of insurance policies relating to the Properties, assigning any present and future right and title to, interest in, and all benefits accrued and to accrue under insurance policies and the proceeds of any payments made in connection with the insurance policies;
- (vii) a first fixed charge over all present and future rights, title and interest in and to, all present and future shares in the Finance Company and dividends and distributions thereof; and
- (viii) a first fixed charge over all present and future rights, title and interest in and to, all present and future shares in the Holding Company and dividends and distributions thereof.

Subordination Deed

As a condition precedent to the drawdown of the Facility, a subordination deed is required to be entered into between the Trustee (in its capacity as trustee for Sunlight REIT) and the Treasury Company as subordinated lenders, The Hongkong and Shanghai Banking Corporation Limited as security trustee and the Finance Company and the Property Companies as subordinated borrowers. Under the subordination deed, the liabilities of the Finance Company and the Property Companies to Sunlight REIT will be subordinated to the liabilities of the Finance Company and the Property Companies to the lenders, except that the subordination deed would permit the Finance Company and the Property Companies to make payment for interest or repayment of principal or indebtedness owed to Sunlight REIT or the Treasury Company and is made in the ordinary course of business of each of the Finance Company and the Property Companies, so as to enable Sunlight REIT or the Treasury Company to make any distributions or payments to the Unitholders as contemplated under the Trust Deed or for operating expenses (including capital expenditures) and loan servicing, as long as there is no actual event of default under the Facility.

Interest Rate Swaps

The interest rate swap agreements have been entered into for the purpose of hedging the exposure of Sunlight REIT to floating rates of interest under the Facility Agreements and will also have the effect of enhancing the yield of Sunlight REIT for a limited period. The Finance Company will hold interest rate swap agreements, effective from the Listing Date, with the Swap Counterparty for a total notional amount equivalent to 84.7% of amount of the term loan, or HK\$3,345,650,000. On 28 November 2006, the Finance Company also entered into an agreement in relation to the Novation with the Swap Counterparty and Dorway Investment Limited, an indirect wholly-owned subsidiary of HLD, under which the rights, benefits, obligations and liabilities under an additional interest rate swap agreement will be novated by Dorway Investment Limited to the Finance Company, such novation to be effective on the Listing Date. The additional interest rate swap agreement has a notional amount equivalent to the balance of the principal amount of the term loan, or HK\$604,350,000. An aggregate swap upfront fee of HK\$195.2 million, which is effectively funded out of the proceeds of the Offering, will be paid by the Finance Company after the acquisition of the Finance Company Share by the Holding Company and the Novation.

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The following table summarises the terms of the interest rate swaps, which have equivalent terms, and their fair values as at the anticipated Listing Date.

Counterparty	Notional amount	Effective date	Expiration date	Fair value
The Hongkong and Shanghai Banking Corporation Limited	HK\$3,950,000,000	Listing Date	30 June 2011	HK\$195,200,000

Under the interest rate swaps, the Swap Counterparty will pay the Finance Company on a quarterly basis an aggregate amount equivalent to the floating rate interest payable in respect of the term loan under the Facility Agreements, and the Finance Company will apply the same amount to meet the interest payments payable in respect of the term loan under the Facility Agreements during the period from the Listing Date until 30 June 2011. In return, the Finance Company will pay fixed interest rates on the notional amount under the interest rate swap agreements to the Swap Counterparty. Such payments can be set off against each other and a net payment will be made between the parties as appropriate.

SKFE Subscription Agreement

SKFE has entered into a subscription agreement with the Manager pursuant to which it has agreed through its indirect wholly-owned subsidiaries, Uplite Limited and Wintrade Limited, to subscribe for 224,443,625 Units and 149,629,083 Units, representing approximately 15.1% and 10.1% of the Units following the completion of the Offering (or 9.1% and 10.1% if the Over-allotment Option is exercised in full). SKFE has agreed to a 6 month lock-up period and has informed the Manager that it currently intends to be a long-term investor in Sunlight REIT beyond the lock-up period.

Pursuant to the SKFE Subscription Agreement, the rights and obligations of the Manager and SKFE are conditional upon the following conditions having been fulfilled:

- (a) the Hong Kong Stock Exchange granting the listing of, and permission to deal in, all the Units to be issued upon the terms and conditions set out in this Offering Circular;
- (b) the SFC having authorised Sunlight REIT, this Offering Circular and the application forms relating thereto in connection with the Offering, pursuant to the SFO; and
- (c) the Underwriting Agreements becoming unconditional (including as a result of the waiver of any conditions thereunder, excluding the requirement for the SKFE Subscription Agreement to be unconditional) and not having been terminated pursuant to their respective terms at or prior to 8:00 a.m. on the date on which the Units are issued at settlement under the Offering.

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HLD Subscription Agreement

HLD has entered into a subscription agreement with the Manager pursuant to which it has agreed through its indirect wholly-owned subsidiaries, Cobase Limited and Richful Resources Limited, to subscribe for 40,541,958 Units and 27,027,972 Units, representing approximately 2.7% and 1.8% of the Units following the completion of the Offering (or 1.7% and 1.8% if the Over-allotment Option is exercised in full). HLD has agreed to a 6 month lock-up period and has informed the Manager that it currently intends to be a long-term investor in Sunlight REIT beyond the lock-up period.

Pursuant to the HLD Subscription Agreement, the rights and obligations of the Manager and HLD are conditional upon the following conditions having been fulfilled:

- (a) the Hong Kong Stock Exchange granting the listing of, and permission to deal in, all the Units to be issued upon the terms and conditions set out in this Offering Circular;
- (b) the SFC having authorised Sunlight REIT, this Offering Circular and the application forms relating thereto in connection with the Offering, pursuant to the SFO; and
- (c) the Underwriting Agreements becoming unconditional (including as a result of the waiver of any conditions thereunder, excluding the requirement for the HLD Subscription Agreement to be unconditional) and not having been terminated pursuant to their respective terms at or prior to 8:00 a.m. on the date on which the Units are issued at settlement under the Offering.

HLD Commitment Letter

In order to assist the Manager in its role as the manager of Sunlight REIT, HLD has undertaken under the HLD Commitment Letter that, as soon as practicable after the first anniversary of the Listing Date, but in any event within 18 months from the Listing Date, (so long as the Manager is the manager of Sunlight REIT at that time) HLD or its affiliates will enter into discussions in good faith and on an arm's length basis with the Manager (such discussions to be continued in good faith until the Manager decides whether Sunlight REIT should acquire any of the Additional Properties, even if such decision is only taken after such 18 months' period) to make the Additional Properties available for sale to Sunlight REIT. The Additional Properties (and, as applicable, companies) shall satisfy the then prevailing requirements of the REIT Code. Unless and until a legally binding agreement for sale and purchase is entered into, HLD shall be under no obligation to sell to Sunlight REIT any such Additional Properties and neither the Manager nor Sunlight REIT shall be obliged to buy any such Additional Properties. Any such sale and purchase will be subject to regulatory requirements applicable to Sunlight REIT (including Unitholders' approval if so required), HLD and any other relevant parties.

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As the Manager, a subsidiary of HLD, is the manager of Sunlight REIT, and Sunlight REIT is intended to be the flagship real estate investment trust of HLD for office and retail properties in Hong Kong, HLD has also undertaken under the HLD Commitment Letter to the Manager (so long as the Manager is the manager of Sunlight REIT at that time and Sunlight REIT remains listed on the Hong Kong Stock Exchange) that the HLD Commitment Group will not, for a period of at least five years after the Listing Date:

1. own or control more than 5% of the voting units of a Related REIT; and/or
2. act as the manager of a Related REIT.

However, the HLD Commitment Group has not committed not to act as the manager of any real estate investment trust which is not a Related REIT. The HLD Commitment Letter was issued to the Manager for its own benefit, but not in its capacity on behalf of Sunlight REIT.