

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



Sunlight Real Estate Investment Trust

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance
(Chapter 571 of the Laws of Hong Kong))
(Stock Code : 435)

Managed by Henderson Sunlight Asset Management Limited

VOLUNTARY ANNOUNCEMENT

AGREEMENT TO DISPOSE OF PROPERTY

The Board is pleased to announce that on 1 August 2012, a Sale and Purchase Agreement was entered into between Pacific Joy (as vendor), a special purpose vehicle wholly-owned and controlled by Sunlight REIT, and the Purchaser, Trinity Sino Limited (as purchaser) in respect of the sale and purchase of the Glory Rise Property for a total consideration of HK\$78.5 million, which represents a premium of approximately 4.25% to the Appraised Value at the valuation date of 30 June 2012. As the consideration under the Disposal represents approximately 0.59% (which is less than 15%) of the total unaudited gross asset value of Sunlight REIT at 31 December 2011, both the Manager and the Trustee are of the view that the transaction contemplated under the Disposal is not required to be approved by Unitholders pursuant to the REIT Code. Completion of the Disposal is expected to take place on or before 3 September 2012.

To the best knowledge, information and belief of the Manager having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of Sunlight REIT and are not connected persons of Sunlight REIT. Therefore, the Disposal does not constitute a connected party transaction of Sunlight REIT under the REIT Code.

The Manager believes that the Disposal is accretive to the net asset value of Sunlight REIT, and will enable the Manager to streamline its operations and allocate resources more efficiently. Proceeds raised from the Disposal are intended to be used for repayment of loan, for funding investment and unit repurchase opportunities in the future and for general working capital purposes of the Sunlight REIT group. The Manager has no property acquisition target for Sunlight REIT at the time of making this announcement.

INTRODUCTION

The Board is pleased to announce that on 1 August 2012, a Sale and Purchase Agreement was entered into between Pacific Joy (as vendor), a special purpose vehicle wholly-owned and controlled by Sunlight REIT, and the Purchaser, Trinity Sino Limited (as purchaser) in respect of the sale and purchase of the Glory Rise Property for a total consideration of HK\$78.5 million.

SUMMARY OF KEY TERMS OF THE SALE AND PURCHASE AGREEMENT AND INFORMATION RELATING TO THE GLORY RISE PROPERTY

Set out below is a summary of the key terms and conditions of the Sale and Purchase Agreement and certain information relating to the Glory Rise Property:

- Parties: (i) Pacific Joy, as vendor
(ii) The Purchaser, Trinity Sino Limited, as purchaser.
- To the best knowledge, information and belief of the Manager having made all reasonable enquiries, the Purchaser is not a connected person of Sunlight REIT.
- Description of property: The Glory Rise Property comprises Units A, B, E and F on the Ground Floor with Rear Yards, Units C and D on the Ground Floor, Units 1, 2 (together with A/C Plinth on the Second Floor) and Unit 3 on the First Floor and the advertising spaces of Glory Rise, No.128 Chun Yeung Street, North Point, Hong Kong.
- Consideration: The consideration is HK\$78.5 million, which represents a premium of approximately 4.25% to the Appraised Value.
- The amount of consideration, which has been considered by the Manager with reference to the Appraised Value, was arrived at after negotiation on an arm's length basis.
- Terms of payment: (i) A cash deposit of HK\$7.85 million, representing 10% of the consideration, was paid by the Purchaser on the signing of the Sale and Purchase Agreement by cashier order and solicitors' cheque. If the Purchaser fails to complete its purchase on or before 3 September 2012 or if the Purchaser fails to comply with any term or condition of the Sale and Purchase Agreement, the above deposit paid by it shall be absolutely forfeited to Pacific Joy.
- (ii) The balance of the consideration, being HK\$70.65 million and representing 90% of the consideration, shall be paid by the Purchaser in cash by cashier order or solicitors' cheque on or before the date of Completion.
- Tenancies: The Glory Rise Property would be sold subject to and with the benefit of the Tenancies.
- Date of Completion: Completion shall take place on or before 3 September 2012.

FURTHER INFORMATION RELATING TO THE GLORY RISE PROPERTY

The Glory Rise Property became a property under the Sunlight REIT group shortly before the listing of the Units on The Stock Exchange of Hong Kong Limited in December 2006. It has a total Gross Rentable Area of 7,086 sq. ft., with six ground floor shops, three retail units on the first floor and the advertising spaces of Glory Rise. Most of those shop units located on ground and the first floors are leased out to various tenants for retail purpose.

The Appraised Value at the valuation date of 30 June 2012 was HK\$75.3 million. The Occupancy of the Glory Rise Property was 90.7% at 31 March 2012 and 31 December 2011 respectively.

The turnover, net property income and net profit (before taxation) for the Glory Rise Property for the financial year ended 30 June 2011 and the six months ended 31 December 2011 are as follows:

	<i>For the financial year ended 30 June 2011</i>		<i>For the six months ended 31 December 2011 (unaudited)</i>	
	<i>Amount (HK\$'000)</i>	<i>Approx. % of that of the entire portfolio of Sunlight REIT (%)</i>	<i>Amount (HK\$'000)</i>	<i>Approx. % of that of the entire portfolio of Sunlight REIT (%)</i>
<i>Turnover</i>	2,576	0.48	1,331	0.47
<i>Net Property Income</i>	2,194	0.54	1,136	0.52
<i>Net profit (before taxation)</i>	14,881	0.88	2,974	0.59

Based on the valuation carried out by the principal valuer as set out in the 2011/12 interim report of Sunlight REIT, the appraised value of the Glory Rise Property at the valuation date of 31 December 2011 (which amounted to HK\$75.0 million, and was its then book value) represents approximately 0.6% of the total appraised value of the entire portfolio of Sunlight REIT at the same valuation date.

Further information in relation to the Glory Rise Property can be found in the annual reports, interim reports and the Offering Circular of Sunlight REIT.

REASONS FOR AND FINANCIAL IMPACT OF THE DISPOSAL

The consideration for the Disposal stated above is higher than the Appraised Value of the Glory Rise Property, and thus the Disposal is accretive to the net asset value of Sunlight REIT. Further, the Disposal, which involves a non-core property of Sunlight REIT, will enable the Manager to streamline its operations and allocate resources more efficiently.

Upon Completion and before taking into account of expenses, a gain of HK\$3.2 million (being the consideration for the Disposal after deducting therefrom the Appraised Value of the Glory Rise Property) is expected to result from the Disposal which, however, would also lead to a slightly lower net property income and distribution beginning from the year ending 30 June 2013. Given the size of the Disposal, such financial impact is expected to be limited. It is also expected that the Disposal will not result in a material change in the level of gearing of Sunlight REIT, the extent of which would depend on the amount of loan repayment to be determined by the Board in due course.

Pursuant to the Trust Deed, the Manager is entitled to receive a divestment fee of 0.5% of the Appraised Value of the Glory Rise Property which shall be paid within 14 days of Completion in the form of cash. The Trustee has informed that no additional fee will be payable to it in relation to the Disposal.

The Manager intends to continue to follow strategies and pursue opportunities that add value to the Unitholders, both internally and externally. In addition to maximising the potential of the portfolio through proactive management programmes, the Manager does not rule out the possibility of fine tuning the asset mix in order to sustain long term growth.

RECENT TENDER PROGRAMME

The Glory Rise Property was one of the properties included in a previous public tender programme for the proposed sale of four properties by the Sunlight REIT group, as disclosed in the announcement dated 4 June 2012 issued by the Manager. As mentioned in the announcement dated 17 July 2012 issued by the Manager after the close of the tender programme, the price tendered for the purchase of the Glory Rise Property under that previous tender programme represented a slight discount to the Appraised Value, and that tender was rejected by the Manager.

USE OF PROCEEDS FROM THE DISPOSAL

The total gross proceeds from the Disposal, being the consideration for the Disposal pursuant to the Sale and Purchase Agreement, are HK\$78.5 million. The Manager currently intends to use the proceeds, net of expenses, for repayment of loan to enable the release from existing mortgage of the Glory Rise Property, for funding investment and unit repurchase opportunities in the future and for general working capital purposes of the Sunlight REIT group. The Manager has no property acquisition target for Sunlight REIT at the time of making this announcement.

IMPLICATIONS UNDER THE REIT CODE AND OPINIONS OF THE BOARD AND THE TRUSTEE

To the best knowledge, information and belief of the Manager having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of Sunlight REIT and are not connected persons of Sunlight REIT. Therefore, the Disposal does not constitute a connected party transaction of Sunlight REIT under the REIT Code.

The consideration under the Disposal, being HK\$78.5 million, represents approximately 0.59% (which is less than 15%) of the total unaudited gross asset value of Sunlight REIT at 31 December 2011 (as shown in the interim report of Sunlight REIT for the six months ended 31 December 2011). Accordingly, the Manager is of the

view that the Disposal and the transaction contemplated thereunder are not required to be approved by Unitholders pursuant to the REIT Code.

The Board (including the independent non-executive Directors) is satisfied that the terms of the Disposal are at arm's length, on normal commercial terms, fair and reasonable so far as the Unitholders are concerned and in the interest of Sunlight REIT and the Unitholders as a whole.

Based on the opinion of the Board and the information and confirmation given by the Manager to the Trustee, the Trustee is satisfied that:

- (i) the Disposal is in compliance with the REIT Code and the Trust Deed; and
- (ii) no Unitholders' approval would be required for the Disposal and the transaction contemplated thereunder pursuant to the REIT Code.

GENERAL

Pacific Joy is a special purpose vehicle indirectly wholly-owned and controlled by Sunlight REIT, and is engaged in the holding of the Glory Rise Property for rental. Sunlight REIT is a collective investment scheme constituted as a unit trust.

The principal activity of Sunlight REIT and its special purpose vehicles is to own and invest primarily in income-producing office and retail properties.

This announcement is made on a voluntary basis by the Manager for the purpose of providing Unitholders and investors with more information in relation to Sunlight REIT.

A further announcement will be made by the Manager upon Completion.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

- “Appraised Value” the appraised value of the Glory Rise Property assessed by Knight Frank Petty Limited, the principal valuer of Sunlight REIT, at the valuation date of 30 June 2012
- “Board” the board of Directors
- “Completion” the completion of the Disposal pursuant to the Sale and Purchase Agreement
- “connected person” has the meaning as defined in Chapter 8 of the REIT Code
- “Directors” the directors of the Manager

“Disposal”	the disposal of the Glory Rise Property by Pacific Joy to the Purchaser pursuant to the Sale and Purchase Agreement, as described in further details in this announcement
“Glory Rise Property”	Units A, B, E and F on the Ground Floor with Rear Yards, Units C and D on the Ground Floor, Units 1, 2 (together with A/C Plinth on the Second Floor) and Unit 3 on the First Floor, and advertising spaces of Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong
“Gross Rentable Area”	the area of the Glory Rise Property determined by Pacific Joy to be rentable with the inclusion of its apportioned share of common or service areas used in common for the Glory Rise Property as a whole and also those areas used for ancillary purposes in relation to the management and care-taking of the Glory Rise Property
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Manager”	Henderson Sunlight Asset Management Limited, as the manager of Sunlight REIT
“Net Property Income”	in respect of a property, the gross income generated from the leasing of that property, including but not limited to rental, license, and rent-related income such as management and air-conditioning fee, after deducting the expenses and outgoing related to the ownership and the management of that property
“Occupancy”	the occupancy of the Glory Rise Property calculated on the bases of occupied Gross Rentable Area as a proportion of total Gross Rentable Area of the Glory Rise Property on a specified date
“Offering Circular”	the offering circular dated 8 December 2006 issued in connection with the initial public offering of the Units
“Pacific Joy”	Pacific Joy Investment Limited, a company incorporated in Hong Kong and a special purpose vehicle indirectly wholly-owned and controlled by Sunlight REIT
“Purchaser”	Trinity Sino Limited, a limited company incorporated in Hong Kong
“REIT Code”	Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong (as amended from time to time)

“Sale and Purchase Agreement”	the agreement dated 1 August 2012 entered into between Pacific Joy as vendor and the Purchaser as purchaser in relation to the Disposal
“Sunlight REIT”	Sunlight Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Tenancies”	the leases, tenancy agreements, licences and/or lettings (as may be supplemented and/or varied by side letter(s) and/or personal guarantee(s) and/or other documents incidental thereto) in relation to the letting of the Glory Rise Property entered into by the Pacific Joy before the date of the Sale and Purchase Agreement
“Trust Deed”	the trust deed constituting Sunlight REIT dated 26 May 2006 (as amended)
“Trustee”	HSBC Institutional Trust Services (Asia) Limited, as the trustee of Sunlight REIT
“Unit(s)”	unit(s) in Sunlight REIT
“Unitholder”	any person registered as holder of Unit(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. ft.”	square feet
“%”	per cent.

By order of the Board
HENDERSON SUNLIGHT ASSET MANAGEMENT LIMITED
(as manager of Sunlight Real Estate Investment Trust)
CHUNG Siu Wah
Company Secretary

Hong Kong, 2 August 2012

As at the date of this announcement, the Board comprises : (1) Chairman and Non-executive Director : Mr. AU Siu Kee, Alexander; (2) Chief Executive Officer and Executive Director : Mr. WU Shiu Kee, Keith; (3) Non-executive Director : Mr. KWOK Ping Ho; and (4) Independent Non-executive Directors: Mr. KWAN Kai Cheong, Mr. MA Kwong Wing and Dr. TSE Kwok Sang.