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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

**(1) ELECTION BY THE MANAGER
FOR BASE FEE AND VARIABLE FEE TO BE PAID BY WAY OF UNITS
IN SUNLIGHT REIT
(2) MODIFICATION TO DISTRIBUTION POLICY**

The Manager notified the Trustee in writing on 26 May 2010 that it has elected for the Base Fee and the Variable Fee for the financial year ending 30 June 2011 to be paid to the Manager entirely in the form of Units.

The Manager has also decided to modify the current distribution policy of distributing 100% of Sunlight REIT's Annual Distributable Income to Unitholders, such that it will distribute an amount not less than 90% of Sunlight REIT's Annual Distributable Income to Unitholders. The modification shall apply to the financial year commencing from 1 July 2010 and to all subsequent financial years until further notice. The Manager and the Trustee confirm that the modified distribution policy is consistent with the distribution requirements under the REIT Code and the Trust Deed.

ELECTION BY THE MANAGER FOR BASE FEE AND VARIABLE FEE TO BE PAID BY WAY OF UNITS

Pursuant to the Trust Deed, the Manager is entitled to, for the period from 1 July 2009 until 30 June 2011, make an election for the payment of the Base Fee and the Variable Fee, only to the extent that it is referable to the Properties, in the form of cash and/or Units, provided that the percentage of each of the Base Fee and the Variable Fee to be paid in cash shall not exceed 50% of the amount due and payable. The Trust Deed also provides that the Manager shall make such election, including (if applicable) the respective percentages of

each of the Base Fee and the Variable Fee to be paid in cash and in Units, annually on or before 15 July of each year by way of notice in writing to the Trustee and a public announcement. In the event that the Manager fails to make such an election in respect of any financial year, the most recent valid election made by the Manager in respect of a prior financial year shall apply.

The Manager notified the Trustee in writing on 26 May 2010 that it has elected for the Base Fee and the Variable Fee for the financial year ending 30 June 2011 to be paid to the Manager entirely in the form of Units. The election for the payment of the Base Fee and the Variable Fee in cash and/or Units and the respective percentages for the financial year ending 30 June 2010 was made by the Manager on 18 June 2009, as announced on 19 June 2009.

Under the Trust Deed, such election is irrevocable during the financial year in respect of which it was made.

MODIFICATION TO DISTRIBUTION POLICY

As disclosed in the Offering Circular, the current distribution policy of the Manager is to distribute to Unitholders 100% of Sunlight REIT's Annual Distributable Income for each financial year. Such distribution policy is reviewed by the Manager from time to time with reference to the financial position and capital requirement of Sunlight REIT. Following a recent review, the Manager considers that a policy allowing the Manager to decide on distributing to Unitholders an amount not less than 90% of Sunlight REIT's Annual Distributable Income for each financial year will improve the flexibility of Sunlight REIT to accommodate certain balance sheet expenditures, including property related improvement and enhancement works as well as capital management initiatives which are non-recurring in nature. The Manager considers that it is a prudent financial management policy to enhance such flexibility and to strengthen the capital base of Sunlight REIT, without which the balance sheet expenditures mentioned above can practically only be funded by incurring additional borrowings which may not necessarily be desirable or permissible.

As such, the Manager has decided to modify the current distribution policy of distributing 100% of Sunlight REIT's Annual Distributable Income to Unitholders, such that it will distribute an amount not less than 90% of Sunlight REIT's Annual Distributable Income for each financial year to Unitholders.

The modification to the distribution policy shall apply to the financial year commencing from 1 July 2010 and to all subsequent financial years until further notice, and shall not affect the amount of distribution to Unitholders for the current financial year ending 30 June 2010.

The Manager considers that, for the reason discussed above, the modification to Sunlight REIT's distribution policy is necessary and ultimately beneficial to Unitholders.

The Manager and the Trustee confirm that the modified distribution policy is consistent with the distribution requirements under the REIT Code and the Trust Deed, and does not require Unitholders' approval under the REIT Code, the Trust Deed, or applicable Hong Kong laws and regulations. The Manager also confirms that the modification to the distribution policy is not in breach of any representation previously made by the Manager.

This announcement is made pursuant to Clause 15.1(d) of the Trust Deed and paragraph 10.3 of the REIT Code.

DEFINITIONS

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

“Annual Distributable Income”	has the meaning given to that term in the Trust Deed
“Base Fee”	the fee payable by Sunlight REIT to the Manager, which has the meaning given to that term in the Trust Deed, currently calculated at the rate of 0.4% per annum of the Property Value
“Board”	the board of Directors
“Director(s)”	the director(s) of the Manager
“Manager”	Henderson Sunlight Asset Management Limited, as the manager of Sunlight REIT
“Net Property Income”	has the meaning given to that term in the Trust Deed
“Offering Circular”	the offering circular dated 8 December 2006 issued by the Manager in connection with the initial public offering of the Units
“Properties”	the properties acquired by Sunlight REIT in connection with the initial public offering of the Units
“Property Value”	has the meaning given to that term in the Trust Deed
“REIT Code”	Code on Real Estate Investment Trusts issued by the Securities and Futures Commission, as amended, supplemented and/or otherwise modified from time to time

“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
“Trust Deed”	the trust deed dated 26 May 2006 constituting Sunlight REIT, as supplemented by three supplemental deeds dated 1 June 2006, 28 November 2006 and 28 April 2009 respectively
“Trustee”	HSBC Institutional Trust Services (Asia) Limited, as the trustee of Sunlight REIT, or such other person as may from time to time be appointed as the trustee of Sunlight REIT
“Unit”	one unit in Sunlight REIT
“Unitholder(s)”	any person(s) registered as holding a Unit
“Variable Fee”	the fee payable by Sunlight REIT to the Manager, which has the meaning given to that term in the Trust Deed, currently calculated at the rate of 3.0% per annum of Net Property Income (before deduction therefrom of the Variable Fee)

By order of the Board
LO Yuk Fong, Phyllis
Company Secretary

Hong Kong, 1 June 2010

As at the date of this announcement, the Board comprises: (1) Chairman and Non-executive Director: Mr. TSE Wai Chuen, Tony; (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.