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Sunlight Real Estate Investment Trust

(a Hong Kong collective investment scheme authorized 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
恒基陽光資產管理有限公司

DISPOSAL OF THE PALATIAL STAND PROPERTY

The Manager is pleased to announce that on 24 November 2017, Sunlight REIT, through the Vendors, entered into the Sale and Purchase Agreement with an independent third party purchaser in relation to the sale and purchase of the Palatial Stand Property at the consideration of HK\$101 million. Completion is expected to take place on or before 25 January 2018.

THE DISPOSAL

The Manager is pleased to announce that on 24 November 2017, Sunlight REIT, through the Vendors, entered into the Sale and Purchase Agreement with an independent third party purchaser in relation to the sale and purchase of the Palatial Stand Property at the consideration of HK\$101 million, which implies a premium of 133% over the Appraised Value. A cash deposit of HK\$10.1 million, representing 10% of the consideration, was paid on signing of the Sale and Purchase Agreement. The balance, being 90% of the consideration, shall be paid upon Completion which is expected to take place on or before 25 January 2018.

Net proceeds from the Disposal (after deducting the relevant expenses) is estimated at HK\$99.7 million, and will be used for the general working capital requirements of Sunlight REIT.

For further information of the Palatial Stand Property, please refer to the published annual reports and interim reports of Sunlight REIT.

REASONS FOR AND FINANCIAL IMPACT OF THE DISPOSAL

The Disposal, which involves a non-core property of Sunlight REIT, will enable the Manager to streamline the operations of Sunlight REIT and allocate resources more efficiently.

The Manager confirms that the Disposal will not result in any material financial impact on Sunlight REIT.

FEES IN RESPECT OF THE DISPOSAL

Pursuant to the Trust Deed, the Manager is entitled to receive a divestment fee not exceeding 0.5% of the Appraised Value. The Board has resolved not to charge the said divestment fee in respect of the Disposal. The Trustee has informed the Manager that it will not charge any additional fee in respect of the Disposal.

IMPLICATIONS UNDER THE REIT CODE

The consideration of the Disposal represents (i) approximately 1.2% of the total market capitalization of Sunlight REIT (based on the average closing price of the Units on The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of the Sale and Purchase Agreement); and (ii) approximately 0.6% (which is less than 15%) of the gross asset value of Sunlight REIT at 30 June 2017 (i.e. its total assets adjusted for distributions declared).

To the best knowledge, information and belief of the Manager, having made all reasonable enquiries, each of the purchaser and its ultimate beneficial owner is an independent third party who is not a connected person (within the meaning of Chapter 8 of the REIT Code) of Sunlight REIT. Hence, the Disposal does not constitute a connected party transaction of Sunlight REIT under the REIT Code.

The Manager is satisfied that no Unitholders' approval is required under the REIT Code for the Disposal.

OPINION OF THE BOARD AND THE TRUSTEE

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

Based on, and in sole reliance on, the opinion of the Board and the information and confirmations 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 is required under the REIT Code for the Disposal.

GENERAL

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 on the date of Completion.

DEFINITIONS

In this announcement, unless otherwise stated, the following definitions have the following meanings:

“Appraised Value”	the value of the Palatial Stand Property at 15 November 2017 as appraised by Knight Frank Petty Limited, the principal valuer of Sunlight REIT, being HK\$43.3 million
“Board”	the board of Directors
“Completion”	completion of the Disposal
“Disposal”	the disposal of the Palatial Stand Property in accordance with the terms of the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Manager
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Manager”	Henderson Sunlight Asset Management Limited 恒基陽光資產管理有限公司, as the manager of Sunlight REIT
“Palatial Stand Property”	Shops Nos. 1 to 7 on Ground Floor and Shop No. 8 on Ground Floor and its Roof; Offices Nos. 1 and 2 on 1st Floor; Advertising Spaces 1-5, Commercial Common Areas and Facilities, Private Staircase and Landing and the Reserved Portion, Palatial Stand, 118 Wuhu Street, Hung Hom, Kowloon, Hong Kong, which constitute Sunlight REIT’s entire interest in Palatial Stand
“REIT Code”	Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong, as amended, supplemented and/or otherwise modified from time to time
“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 November 2017 and entered into between the Vendors and the purchaser in relation to the Disposal

“Sunlight REIT”	Sunlight Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorized under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
“Trust Deed”	The trust deed constituting Sunlight REIT dated 26 May 2006, as amended and supplemented by six supplemental deeds
“Trustee”	HSBC Institutional Trust Services (Asia) Limited 滙豐機構信託服務（亞洲）有限公司, in its capacity as the trustee of Sunlight REIT
“Unit”	one unit in Sunlight REIT
“Unitholder”	any person registered as holder of a Unit
“Vendors”	Multimark Investment Limited 倍徽置業有限公司 and Country Max Development Limited 港文發展有限公司, each being a limited company incorporated in Hong Kong and a special purpose vehicle wholly-owned and controlled by Sunlight REIT
“%”	per cent.

By order of the Board
HENDERSON SUNLIGHT ASSET MANAGEMENT LIMITED
 恒基陽光資產管理有限公司
 (as manager of Sunlight Real Estate Investment Trust)
CHUNG Siu Wah
Company Secretary

Hong Kong, 24 November 2017

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, Dr. TSE Kwok Sang and Mr. KWOK Tun Ho, Chester.