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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
恒基陽光資產管理有限公司

INTENTION TO DISPOSE OF FOUR PROPERTIES BY PUBLIC TENDER

The Manager announces that it intends to dispose of the Four Properties (namely, Everglory Centre Property, Yue Fai Commercial Centre Property, Beverley Commercial Centre Property and Royal Terrace Property) on behalf of Sunlight REIT by way of a public tender. The Four Properties are respectively owned by the Property Companies, being special purpose vehicles wholly-owned and controlled by Sunlight REIT. The public tender programme is proposed to launch on or before 15 April 2015 and is scheduled to close on or before 29 May 2015. As appraised by the Principal Valuer, the aggregate valuation of the Four Properties as at 31 December 2014 amounted to HK\$712.2 million.

Depending on the response of potential purchasers to the tender invitation and the decision of the Board, the tender invitation may or may not result in the disposal of any or all of the Four Properties. Unitholders and potential investors of Sunlight REIT are therefore advised to exercise caution when dealing in the Units. Further announcement(s) will be made in relation to the intended disposal of the Four Properties as and when appropriate in compliance with the REIT Code.

INTRODUCTION AND BACKGROUND

The Manager announces that it intends to dispose of the Four Properties on behalf of Sunlight REIT by way of a public tender. The Four Properties are respectively owned by the Property Companies, being special purpose vehicles wholly-owned and controlled by Sunlight REIT.

INFORMATION RELATING TO THE FOUR PROPERTIES

Brief Description

Everglory Centre Property:

Everglory Centre Property includes the whole block of Everglory Centre, No.1B Kimberley Street, Tsim Sha Tsui, Kowloon, Hong Kong.

Yue Fai Commercial Centre Property:

Yue Fai Commercial Centre Property includes various shop units on the Ground Floor and various office units on various floors (except the First Floor) of Yue Fai Commercial Centre, No.208 Aberdeen Main Road, Aberdeen, Hong Kong.

Beverley Commercial Centre Property:

Beverley Commercial Centre Property includes various shop units on the Ground Floor of Beverley Commercial Centre, No.87-105 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong.

Royal Terrace Property:

Royal Terrace Property includes various shop units on the Ground Floor, signage space and island and various car and motorcycle parking spaces of Royal Terrace, No.933 King's Road, North Point, Hong Kong.

Operational statistics and financial information

| <i>Property</i> | <i>Gross Rentable Area (approximate)</i> | | | | <i>For the six months ended 31 December 2014</i> | | <i>At 31 December 2014</i> | |
|--|--|-----------------------------|----------------------------|--|--|--|---|--|
| | <i>Office (sq. ft.)</i> | <i>Retail (sq. ft.)</i> | <i>Total (sq. ft.)</i> | | <i>Net Property Income (HK\$'000)</i> | <i>Approx. % of total Net Property Income of the entire portfolio of Sunlight REIT (%)</i> | <i>Appraised value (HK\$'000)</i> | <i>Approx. % of total appraised value of the entire portfolio of Sunlight REIT (%)</i> |
| Everglory Centre Property | 25,896 | 3,906 | 29,802 | Occupancy ¹ at 31 March 2015 (%) 100.0 | 3,123 | 1.09 | 193,000 | 1.20 |
| Yue Fai Commercial Centre Property | 39,224 | 1,479 | 40,703 | 97.0 | 3,842 ² | 1.35 | 234,000 | 1.45 |
| Beverley Commercial Centre Property | 0 | 7,934 | 7,934 | 100.0 | 2,202 | 0.77 | 125,800 | 0.78 |
| Royal Terrace Property | 0 | 9,565 | 9,565 | 100.0 | 2,893 | 1.01 | 159,400 | 0.99 |
| Total : | 65,120 | 22,884 | 88,004 | N/A | 12,060 | 4.22 | 712,200 | 4.42 |

Notes:

1. Calculated on the basis of occupied Gross Rentable Area as a proportion of total Gross Rentable Area of the relevant property on the relevant date.
2. Calculated by making an adjustment to exclude the Net Property Income contribution from the first floor of the property.

Further information and particulars relating to the Four Properties may be found in the annual reports, interim reports and other announcements previously made by the Manager, save that the information relating to Yue Fai Commercial Centre Property includes the First Floor of that property (which is not included in the proposed public tender).

DETAILS OF THE PUBLIC TENDER

A public tender programme for the intended sale of the Four Properties is proposed to launch on or before 15 April 2015, and is scheduled to close on or before 29 May 2015. Tenders offering for the purchase of one or more of the Four Properties will be invited, and each of the Four Properties is expected to be sold subject to and with the benefit of the Tenancies. Savills (Hong Kong) Limited has been appointed as the sole agent in connection with the intended sale. So far as the Manager is aware after due and careful enquiry, Savills (Hong Kong) Limited is not a connected person of Sunlight REIT as defined in Chapter 8 of the REIT Code.

If the Manager decides to accept any tender received, it is expected that a formal binding contract between the relevant Property Company or its holding company and the respective purchaser will be constituted or otherwise entered into in late May or early June 2015. Depending on the precise terms of the contract which may be entered into, completion of the sale and purchase is expected to take place in late July or early August 2015.

No minimum price is stated in the tender invitation documents, but those documents contain an express reservation by each Property Company or its holding company of its right not to accept the highest tender or any tender.

As at the date of this announcement, the public tender programme has not yet commenced, and none of the Property Companies or its holding company has entered into any binding contract for the sale of any of the Four Properties.

REASONS FOR THE INTENDED DISPOSAL

The Manager is conscious to develop and implement an active asset enhancement and operational management strategy for the portfolio of Sunlight REIT. Operational efficiency and value creation for Unitholders are critical factors in the management of the portfolio.

Depending on the price at which the Four Properties are to be sold, the Manager considers that the intended disposal is potentially accretive in view of the discount of the traded price of the Units to the net asset value per Unit. The Manager will effect the disposal of the Four Properties only if the transaction is considered accretive to the net asset value of Sunlight REIT.

Further, the Manager considers that the public tender involves non-core properties of Sunlight REIT, the successful disposal of which will enable the Manager to streamline its operations and to allocate resources more efficiently.

In line with the investment strategy of Sunlight REIT as published in its annual and interim reports, the Manager has from time to time explored business opportunities with a view to creating additional value to the Unitholders, including (but not limited to) the offloading of certain non-core assets in the portfolio of Sunlight REIT.

USE OF PROCEEDS

If the disposal of any of the Four Properties is effected, the proceeds, net of expenses, are expected to be used for general working capital of the Sunlight REIT group.

COMPLIANCE WITH THE REIT CODE

Depending on the response of potential purchasers to the tender invitation and the decision of the Board, the tender invitation may or may not result in the disposal of any or all of the Four Properties. Unitholders and potential investors of Sunlight REIT are therefore advised to exercise caution when dealing in the Units.

It is proposed that, if and when the proposed price and other terms of any disposal of one or more of the Four Properties are known, and an agreement in respect of any disposal is to be entered into, the view of the trustee of Sunlight REIT on the intended disposal will be sought.

In connection with the disposal of any of the Four Properties which may be effected, relevant requirements of the REIT Code will be complied with by the Manager. Further announcement(s) will be made in relation to the intended disposal of the Four Properties as and when appropriate in compliance with the REIT Code.

GENERAL

This announcement is made by the Manager on a voluntary basis to provide Unitholders and investors with information in relation to Sunlight REIT.

DEFINITIONS

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

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|---------------------------------------|--|
| “Beverley Commercial Centre Property” | those portions of Beverley Commercial Centre, No.87-105 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong, as described in further detail in the section “Information relating to the Four Properties” above |
| “Board” | the board of Directors |
| “Director(s)” | the director(s) of the Manager |
| “Everglory Centre Property” | the whole block of Everglory Centre, No.1B Kimberley Street, Tsim Sha Tsui, Kowloon, Hong Kong, as described in further detail in the section “Information relating to the Four Properties” above |
| “Four Properties” | collectively, Everglory Centre Property, Yue Fai Commercial Centre Property, Beverley Commercial Centre Property and Royal Terrace Property |

| | |
|--------------------------|---|
| “Gross Rentable Area” | in respect of a property, the area of the property determined by the relevant Property Company at any given time to be rentable with the inclusion of its apportioned share of common or service areas used in common for the property as a whole and also those areas used for ancillary purposes in relation to the management and care-taking of the property (excluding area of car-parks) |
| “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 |
| “Net Property Income” | in respect of any property, the gross income generated from the leasing of the property, including but not limited to rental, license, carpark income and rent-related income such as management and air-conditioning fee, after deducting the expenses and outgoings related to the ownership and the management of the same property |
| “Principal Valuer” | Jones Lang LaSalle Limited, the principal valuer of Sunlight REIT |
| “Property Companies” | Strong Bright Technology Limited 昌明科技有限公司 (being the owner of Everglory Centre Property); Lucky Million Development Limited 利萬發展有限公司 (being the owner of Yue Fai Commercial Centre Property; Newcorp Development Limited 新萬發展有限公司 (being the owner of Beverley Commercial Centre Property); and Smart Fortune Development Limited 傑運發展有限公司 (being the owner of Royal Terrace Property); and each a “Property Company” |
| “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 |
| “Royal Terrace Property” | those portions of Royal Terrace, No.933 King’s Road, North Point, Hong Kong, as described in further detail in the section “Information relating to the Four Properties” above |
| “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 (Cap. 571 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time |

| | |
|--------------------------------------|--|
| “Tenancies” | in relation to any of the Four Properties, the leases, tenancy agreements, licences and/or lettings thereof (as may be supplemented and/or varied by side letter(s) and/or personal guarantee(s) and/or other documents incidental thereto), which shall include all subsequent leases, tenancy agreements, licences, side letters and other documents in relation to the letting of the relevant property or properties entered into or to be entered into by the relevant Property Company in its ordinary course of business before completion of the disposal of the relevant property |
| “Unit” | one unit in Sunlight REIT |
| “Unitholder” | any person registered as holder of a Unit |
| “Yue Fai Commercial Centre Property” | those portions of Yue Fai Commercial Centre, No.208 Aberdeen Main Road, Aberdeen, Hong Kong, as described in further detail in the section “Information relating to the Four Properties” above |
| “%” | 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, 14 April 2015

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