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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) INTENTION TO DISPOSE OF FOUR PROPERTIES BY PUBLIC TENDER

AND

(2) POSSIBLE ON-MARKET REPURCHASE OF UNITS PURSUANT TO GENERAL REPURCHASE MANDATE

- (1) 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. The public tender programme is proposed to begin on or about 6 June 2012 and to close on or about 6 July 2012.

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. Further announcement will be made in relation to the intended disposal of the Four Properties as and when appropriate in compliance with the REIT Code.

- (2) The Manager also wishes to announce its intention to carry out repurchase of Units on the Stock Exchange on behalf of Sunlight REIT, pursuant to the general repurchase mandate granted to the Manager at the annual general meeting of Unitholders of Sunlight REIT held on 26 October 2011, subject to availability of cash for that purpose and if and when market conditions are considered appropriate, with the repurchase amount for the relevant financial year not exceeding the amount of accumulated retained distribution at the time when Units are to be repurchased.

The Manager wishes to emphasise that any repurchase of Units will be at the discretion of the Board, and subject to market conditions, as well as the grant of a new general repurchase mandate by Unitholders after the expiration of the 2011/12 General Repurchase Mandate. Thus, the repurchase of Units by the Manager on behalf of Sunlight REIT may or may not materialise, and there is no assurance of the timing, quantity or price of such potential repurchase. Investors are advised to exercise caution when dealing in the Units.

(1) INTENTION TO DISPOSE OF FOUR PROPERTIES BY PUBLIC TENDER

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 of the Four Properties

The Supernova Stand Property:

The Supernova Stand Property includes a number of shop units on the Ground Floor and the Commercial Common Areas and Facilities of Supernova Stand, No.28 Mercury Street, North Point, Hong Kong.

The Glory Rise Property:

The Glory Rise Property includes a number of shop units on the Ground Floor and the First Floor and the advertising spaces of Glory Rise, No.128 Chun Yeung Street, North Point, Hong Kong.

The Sun Fai Commercial Centre Property:

The Sun Fai Commercial Centre Property includes a number of office units on various floors and shop units on the Ground Floor of Sun Fai Commercial Centre, No.576 Reclamation Street, Kowloon, Hong Kong.

The Yue Fai Commercial Centre Property:

The Yue Fai Commercial Centre Property includes a number of office units on various floors and shop units on the Ground Floor of Yue Fai Commercial Centre, No.208 Aberdeen Main Road, Hong Kong.

Gross Rentable Area

The Gross Rentable Area of each of the Four Properties is as follows:

Property	Gross Rentable Area (approximate) (sq. ft.)		
	Office	Retail	Total
The Supernova Stand Property	N/A	4,226	4,226
The Glory Rise Property	N/A	7,086	7,086
The Sun Fai Commercial Centre Property	23,817	2,334	26,151
The Yue Fai Commercial Centre Property	41,272	1,479	42,751

Occupancy

The occupancy of each of the Four Properties at 31 March 2012 and 31 December 2011 is as follows:

Property	Occupancy^{Note 1} at 31 March 2012 (%)	Occupancy^{Note 1} at 31 December 2011 (%)
The Supernova Stand Property	100.0	100.0
The Glory Rise Property	90.7	90.7
The Sun Fai Commercial Centre Property	100.0	100.0
The Yue Fai Commercial Centre Property	95.4	96.6

Note 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.

Property Financials

The Net Property Income for each of the Four Properties for the financial year ended 30 June 2011 and the first half of the financial year ending 30 June 2012, and their respective approximate percentage of the total Net Property Income of the entire portfolio of Sunlight REIT for the corresponding period, are as follows:

Property	Financial year ended 30 June 2011		First half of financial year ending 30 June 2012	
	Net Property Income (HK\$'000)	Approx. % of total Net Property Income of the entire portfolio of Sunlight REIT (%)	Net Property Income (HK\$'000)	Approx. % of total Net Property Income of the entire portfolio of Sunlight REIT (%)
The Supernova Stand Property	1,859	0.46	882	0.40
The Glory Rise Property	2,194	0.54	1,136	0.52
The Sun Fai Commercial Centre Property	4,225	1.04	2,274	1.04
The Yue Fai Commercial Centre Property	6,118	1.50	3,558	1.63
Total:	14,396	3.54	7,850	3.59

Appraised Value

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 each of the Four Properties and its approximate percentage of the total appraised value of the entire portfolio of Sunlight REIT at 31 December 2011 are as follows:

<i>Property</i>	<i>Appraised value at 31 December 2011 (HK\$'000)</i>	<i>Approx. % of total appraised value of the entire portfolio of Sunlight REIT at 31 December 2011 (%)</i>
The Supernova Stand Property	51,000	0.40
The Glory Rise Property	75,000	0.60
The Sun Fai Commercial Centre Property	134,000	1.06
The Yue Fai Commercial Centre Property	205,000	1.63
<i>Total:</i>	465,000	3.69

Further Information

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.

FURTHER DETAILS OF THE PUBLIC TENDER

A public tender programme for the intended sale of the Four Properties is proposed to launch on or about 6 June 2012, and is scheduled to close on or about 6 July 2012. 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. Centaline Property Agency 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, Centaline Property Agency Limited is not a connected person of Sunlight REIT.

If the Manager decides to accept any tender received, it is expected that a formal binding contract between the relevant Property Company and the respective purchaser will be constituted or otherwise entered into in July 2012 and that, depending on the precise terms of the contract which may be entered into, completion of the sale and purchase is to take place in August 2012.

No minimum price is stated in the tender invitation documents, but those documents contain an express reservation by each Property 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 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 yield enhancement are relevant 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.

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 programs, the Manager does not rule out the possibility of fine tuning the asset mix in order to sustain long term growth.

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 repayment of loans to enable the release from existing mortgage of all or part of the Four Properties to be disposed of, for funding future investment opportunities (if and when opportunities arise and considered appropriate), and for general working capital purposes of the Sunlight REIT group.

GENERAL AND 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.

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 any 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 will be made in relation to the intended disposal of the Four Properties as and when appropriate in compliance with the REIT Code.

(2) POSSIBLE ON-MARKET REPURCHASE OF UNITS PURSUANT TO GENERAL REPURCHASE MANDATE

At the annual general meeting of Sunlight REIT held in 2009 and at each annual general meeting since that year, the Manager sought and obtained from Unitholders a general mandate

to repurchase Units on the Stock Exchange on behalf of Sunlight REIT, in each year up to 10% of the aggregate number of Units in issue as at the date of the annual general meeting at which the general mandate was granted. From the time such general repurchase mandate was first obtained in 2009 up to the date of this announcement, the Manager has not carried out any on-market repurchase of Units pursuant to such general repurchase mandate. The general mandate currently in force to repurchase Units was granted to the Manager at the annual general meeting of Unitholders of Sunlight REIT held on 26 October 2011.

The Manager wishes to announce its intention to carry out repurchase of Units on the Stock Exchange on behalf of Sunlight REIT, pursuant to the 2011/12 General Repurchase Mandate, subject to availability of cash for that purpose and if and when market conditions are considered appropriate, with the repurchase amount for the relevant financial year not exceeding the amount of accumulated retained distribution at the time when Units are to be repurchased.

As mentioned in the circular to Unitholders dated 20 September 2011 relating to the obtaining of the 2011/12 General Repurchase Mandate:

- (a) depending on market conditions and funding arrangements at the time, repurchases of Units may lead to an enhancement of the net asset value per Unit and/or distribution per Unit, and will only be made when the Manager believes that such repurchases will benefit Sunlight REIT and the Unitholders as a whole;
- (b) it is proposed that repurchases of Units under the general repurchase mandate would be financed from available cash flow or working capital of Sunlight REIT; and
- (c) in repurchasing Units, the Manager will only apply funds legally available for such purposes in accordance with the Trust Deed and the applicable laws of Hong Kong.

The 2011/12 General Repurchase Mandate will be effective until the earliest of:

- (i) the conclusion of the next annual general meeting of Unitholders of Sunlight REIT;
- (ii) the expiration of the period within which the next annual general meeting of Unitholders of Sunlight REIT is required to be held under the Trust Deed; and
- (iii) the revocation or variation of the authority conferred at the annual general meeting held on 26 October 2011, by an ordinary resolution of the Unitholders in a general meeting.

As at the date of this announcement, the Manager has not been notified by any connected person of Sunlight REIT of their present intention to sell any Units to Sunlight REIT.

The Manager wishes to emphasise that any repurchase of Units will be at the discretion of the Board, and subject to market conditions, as well as the grant of a new general repurchase mandate by Unitholders after the expiration of the 2011/12 General Repurchase Mandate. Thus, the repurchase of Units by the Manager on behalf of Sunlight REIT may or may not materialise, and there is no assurance of the timing, quantity or price of such potential repurchase. Investors are advised to exercise caution when dealing in the Units.

(3) GENERAL

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

(4) DEFINITIONS

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

“Board”	the board of Directors
“connected person”	has the meaning as defined in Chapter 8 of the REIT Code
“Directors”	the directors of the Manager
“Four Properties”	collectively, the Supernova Stand Property, the Glory Rise Property, the Sun Fai Commercial Centre Property and the Yue Fai Commercial Centre Property
“Glory Rise Property”	those portions of the messuages erections and buildings now known as Glory Rise, No.128 Chun Yeung Street, North Point, Hong Kong, as described in further detail in the section “Information relating to the Four Properties” above
“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)
“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 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”	Knight Frank Petty Limited, the principal valuer of Sunlight REIT
“Property Companies”	Gentfair Development Limited and United Glory Development Limited (being, together, the owner of the Supernova Stand Property); Pacific Joy Investment Limited (being the owner of the Glory Rise Property); Yu Loy Development Company Limited (being the owner of the Sun Fai Commercial Centre Property; and Lucky Million Development Limited (being the owner of the Yue Fai Commercial Centre 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 from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Fai Commercial Centre Property”	those portions of Sun Fai Commercial Centre, No.576 Reclamation Street, Kowloon, 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 from time to time)
“Supernova Stand Property”	those portions of the messuages erections and buildings now known as Supernova Stand, No.28 Mercury Street, North Point, Hong Kong, as described in further detail in the section “Information relating to the Four Properties” above
“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
“Trust Deed”	the trust deed constituting Sunlight REIT dated 26 May 2006 (as amended)

“Unit(s)”	unit(s) in Sunlight REIT
“Unitholder”	any person registered as holder of Unit(s)
“Yue Fai Commercial Centre Property”	those portions of Yue Fai Commercial Centre, No.208 Aberdeen Main Road, Hong Kong, as described in further detail in the section “Information relating to the Four Properties” above
“2011/12 General Repurchase Mandate”	the general mandate currently in force (which was granted to the Manager at the annual general meeting of Unitholders of Sunlight REIT held on 26 October 2011) to repurchase Units up to 10% of the aggregate number of Units in issue as at the date of the annual general meeting
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	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, 4 June 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.