

This announcement is issued in connection with the transaction relating to the proposed acquisition of the Prince Edward East Property, the proposed issuance of the Subscription Units and related matters, in compliance with the REIT Code, and should not be used for any other purpose. This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any units in Sunlight REIT.

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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

**(1) MAJOR ACQUISITION AND CONNECTED PARTY TRANSACTIONS
RELATING TO THE PROPOSED ACQUISITION OF
THE PRINCE EDWARD EAST PROPERTY**
(2) PROPOSED ISSUANCE OF THE SUBSCRIPTION UNITS
AND
**(3) APPLICATION BY THE HENDERSON CONCERT GROUP FOR
WHITEWASH WAIVER**

Financial adviser to the REIT Manager



Sale and Purchase Agreement and Unit Subscription Agreement

As proposed by the REIT Manager, Sunlight REIT is to acquire, through the acquisition of the Target Company, the entire interest in the Prince Edward East Property, which is a 26-storey Grade-A office development located at No.712 Prince Edward Road East, Kowloon currently called “AIA Financial Centre”, as more particularly described in section A.1 headed “Information on the Prince Edward East Property”.

On 20 June 2014, BVI Holdco, the Share Vendor, the Loan Vendor and HLD entered into the Sale and Purchase Agreement, pursuant to which:

- (i) the Share Vendor has conditionally agreed to sell, and BVI Holdco has conditionally agreed to purchase, the Target Company Shares; and

- (ii) the Loan Vendor has conditionally agreed to sell, and BVI Holdco has conditionally agreed to purchase or procure the purchase of, the Target Company Loan,

at the Consideration which is agreed at an initial amount of HK\$1,960 million (subject to the Current Adjustment), and will be settled at Acquisition Completion in cash. The initial amount of the Consideration implies the Acquisition Value of the Prince Edward East Property at HK\$1,960 million. The Acquisition Value, which represents a discount of 2% to the Appraised Value of the Prince Edward East Property of HK\$2,000 million as of 31 May 2014, has been determined on the basis of commercial and arm's length negotiations between the parties, taking into account the information and particulars relating to the Prince Edward East Property, the Appraised Value and the terms of the Sale and Purchase Agreement (including the Deed of Adjustment Payments to be provided by the Share Vendor and HLD).

The Target Company is a company incorporated in Hong Kong. The Share Vendor represents and warrants that the Target Company is the legal and beneficial owner of the Prince Edward East Property.

Jones Lang LaSalle Limited, the current principal valuer of Sunlight REIT, has been appointed as the Independent Property Valuer for the purpose of the Acquisition. The Appraised Value of the Prince Edward East Property as appraised by the Independent Property Valuer as of 31 May 2014 was HK\$2,000 million.

The Share Vendor and HLD agree that, at Acquisition Completion, they will deliver to BVI Holdco the Deed of Adjustment Payments, under which the Share Vendor will make a cash payment equal to the shortfall in the NPI of the Prince Edward East Property in comparison to the specified Guaranteed NPI Level for each financial period from the date of Acquisition Completion to 30 June 2018. Based on the Acquisition Value of HK\$1,960 million, the Guaranteed NPI Levels represent effectively an annualised NPI yield of 3.75% per annum during the Adjustment Payments Term. In the event that any Force Majeure Event occurs during the Adjustment Payments Term, the total amount of all Shortfall Payments paid or payable by the Share Vendor in respect of the entire Adjustment Payments Term will be subject to the Force Majeure Cap of HK\$45 million. Other than the Force Majeure Cap in the event of Force Majeure Event and the Guaranteed NPI Levels, there is no limit imposed in the Sale and Purchase Agreement or the Deed of Adjustment Payments upon the maximum amount for each or all of the Shortfall Payments.

HLD has agreed to unconditionally and irrevocably guarantee the due performance and discharge by the Vendors of all their obligations to BVI Holdco, including payment obligations, whether due to any breach of warranties, undertakings, indemnities or otherwise, under the Sale and Purchase Agreement, the Deed of Adjustment Payments and the Deed of Tax Covenant.

Further, on 20 June 2014, the REIT Manager and the Subscriber entered into the Unit Subscription Agreement, pursuant to which the Subscriber conditionally agreed to subscribe for 201,025,641 Subscription Units at the Subscription Price of HK\$3.90 per Unit. The Subscription Units represent approximately 12.35% of the total number of Units in issue as at the date of this announcement, and approximately 10.99% of the total number of Units in issue immediately after the issuance of the Subscription Units (assuming that there are no other changes in the total number of Units in issue).

Subject to the fulfilment of the Conditions Precedent, the REIT Manager currently expects

that Completions will take place in or before mid-October 2014, and that the payment of the Consideration by the Sunlight REIT Group will be financed: (i) as to approximately 40%, by the proceeds of the Subscription; and (ii) as to the balance, by drawing down the Existing Unsecured Facility and new banking facilities expected to be obtained by the Sunlight REIT Group prior to Completions.

Intended Declaration of Special Distribution

It is the intention of the REIT Manager that, conditional upon the resolution for the approval of the Transactions and the Whitewash Waiver having been passed by the Independent Unitholders at the EGM (as detailed below), a Special Distribution in respect of the distributable income of Sunlight REIT for the period from 1 July 2014 to 30 September 2014 will be declared and payable to Qualifying Unitholders. Further details of the Special Distribution, if declared, are expected to be announced at or about the same date as the preliminary announcement of the final results of Sunlight REIT for the financial year ending 30 June 2014. The REIT Manager confirms that the Subscription Units (and the Manager Acquisition Fee Units, if the issuance of those Units is approved by Unitholders at the EGM) will be issued after the relevant record date(s) for the Special Distribution and the final distribution for the financial year ending 30 June 2014, and therefore will not be eligible for both distributions.

Implications of the Transactions under the REIT Code and the Trust Deed

Under 8.1 of the REIT Code, connected persons of Sunlight REIT include, among others, any “associated company” (which has the meaning ascribed to it under the REIT Code) of the REIT Manager. Accordingly, the Property Manager, the Vendors, the Subscriber and the Target Company (each of which is a direct or indirect wholly-owned subsidiary of HLD) and HLD are connected persons of Sunlight REIT within the meaning of the REIT Code. The Acquisition, the Subscription and consummation of the transactions contemplated under the Transaction Documents thus constitute connected party transactions of Sunlight REIT under the REIT Code.

Since the Consideration exceeds 5% of the latest audited NAV of Sunlight REIT as disclosed in the annual report of Sunlight REIT for the financial year ended 30 June 2013, as adjusted for any subsequent transactions since its publication, pursuant to 8.11 of the REIT Code and the Trust Deed, the Transactions will require Independent Unitholders’ approval by way of an Ordinary Resolution. In addition, under 12.2 of the REIT Code and the Trust Deed, the issuance of the Subscription Units to the Subscriber pursuant to the Unit Subscription Agreement will require the approval of Independent Unitholders by way of an Ordinary Resolution.

Further, as the Consideration represents approximately 37.28% of the total market capitalisation of Sunlight REIT based on the average closing price of the Units on the Stock Exchange for the five business days immediately preceding the date of the Sale and Purchase Agreement and the Unit Subscription Agreement, the Acquisition also constitutes a major acquisition by Sunlight REIT.

Implications of the Transactions under the Takeovers Code and Application for Whitewash Waiver

As at the date of this announcement, the Henderson Concert Group in aggregate own

597,487,195 Units, representing approximately 36.71% of the total number of Units in issue. Assuming all the Conditions Precedent are fulfilled (or waived, if applicable), 201,025,641 Subscription Units will be issued to the Subscriber upon Subscription Completion and, if the payment of the Manager's Acquisition Fee (as mentioned below) in the form of new Units is approved by Unitholders at the EGM, 5,128,205 Manager Acquisition Fee Units will be issued to the REIT Manager within 14 days after Acquisition Completion. As such, assuming that there are no other changes in the total number of Units in issue and no other changes in holdings of Units, the aggregate holding of the Henderson Concert Group in Units will, upon Subscription Completion, increase from 597,487,195 Units (representing approximately 36.71% of the total number of Units in issue as at the date of this announcement) to 798,512,836 Units, or 803,641,041 Units if the Manager Acquisition Fee Units are included, representing approximately 43.67% of the total number of Units in issue as enlarged by the issuance of the Subscription Units, or 43.83% if the Manager Acquisition Fee Units are included. In either case, the issuance of the new Units will result in an increase of the Unitholding of the Henderson Concert Group by more than 2% above the lowest percentage Unitholding during the period of 12 months prior to the date of Completions. In the absence of the Whitewash Waiver, the Henderson Concert Group would, as a result of the Transactions, be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Units not already owned or agreed to be acquired by it.

An application to the Executive for the Whitewash Waiver will be made by the Henderson Concert Group, pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code, from the mandatory general offer obligation which would otherwise arise as a result of the issuance of the Subscription Units and, where applicable, the issuance of the Manager Acquisition Fee Units. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Independent Unitholders at the EGM by way of a poll. Members of the Manager Connected Persons Group and of the Henderson Concert Group, and any other parties who are involved in, or interested in, the Transactions or the Whitewash Waiver, or have a material interest in the Transactions or the Whitewash Waiver, in each case, where such interest is different from that of all other Unitholders, will be required to abstain from voting at the EGM in respect of the resolution to be proposed to approve the Transactions and the Whitewash Waiver.

Subscription Completion (and, indirectly, Acquisition Completion) is conditional upon, among other things, the granting of the Whitewash Waiver by the Executive and the approval by the Independent Unitholders of the Whitewash Waiver at the EGM. **In no event will a mandatory general offer obligation of the Henderson Concert Group arise under the Takeovers Code as a result of the issuance of the Subscription Units and, where applicable, the issuance of the Manager Acquisition Fee Units.**

General

An independent financial adviser will be appointed by or with the approval of the Independent Board Committee to advise the Independent Board Committee, the Independent Unitholders and the Trustee on the Transactions and the Whitewash Waiver. A further announcement will be made by the REIT Manager when the independent financial adviser is appointed.

The Circular containing, among other things: (i) a letter from the Board to the Unitholders containing, among other things, details of the Transactions and the Whitewash Waiver, and the Trustee's view in relation to the Transactions; (ii) a letter from the Independent Board

Committee to Independent Unitholders in relation to the Transactions and the Whitewash Waiver; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Independent Unitholders and the Trustee in relation thereto; (iv) the valuation reports in respect of the Prince Edward East Property and Sunlight REIT's Existing Properties respectively; and (v) the notice of the EGM, is expected to be sent to the Unitholders.

Unitholders and potential investors of Sunlight REIT are reminded that Acquisition Completion and Subscription Completion are conditional upon all the Acquisition Conditions Precedent and the Subscription Conditions Precedent being fulfilled (and/or waived, if applicable) as set out under section B.6 headed “Acquisition Conditions Precedent” and section C.5 headed “Subscription Conditions Precedent” of this announcement respectively, and the Transactions may or may not proceed. In particular, the Executive may or may not grant the Whitewash Waiver and the Independent Unitholders may or may not approve the Transactions and the Whitewash Waiver. Unitholders and potential investors of Sunlight REIT are advised to exercise caution when dealing in the Units.

THE PROPOSED ACQUISITION

As proposed by the REIT Manager, Sunlight REIT is to acquire, through the acquisition of the Target Company, the entire interest in the Prince Edward East Property, which is a 26-storey Grade-A office development located at No.712 Prince Edward Road East, Kowloon currently called “AIA Financial Centre”, as more particularly described in section A.1 headed “*Information on the Prince Edward East Property*” below, at the Consideration which is agreed at an initial amount of HK\$1,960 million (subject to the Current Adjustment) by reference to the Acquisition Value, and will be settled at Acquisition Completion in cash.

A. Proposed Acquisition of the Target Company and interest in the Prince Edward East Property

1. Information on the Prince Edward East Property

(i) Description

The Target Company is a Hong Kong incorporated special purpose vehicle which owns the entire beneficial interest in a 26-storey¹ Grade-A office development located at No.712 Prince Edward Road East, Kowloon with twin main entrances on Prince Edward Road East and King Fuk Street respectively, currently called “AIA Financial Centre” (the “**Prince Edward East Property**”). The Prince Edward East Property has a total Gross Rentable Area of approximately 248,641 sq. ft. (excluding vehicle parking spaces), with 77 car parking spaces (of which 7 are for loading/unloading and parking purpose) and 7 motor cycle parking spaces, located on the ground floor to the 3rd floor, and a Sky Garden located on the 15th floor. The floors on and above the 5th floor (with the exception of the 15th floor) are permitted to be occupied for the purpose of “offices and ancillary accommodation for non-domestic use” pursuant to the occupation permit, and are currently designated for office usage.

¹ The designations of the 4th, 14th and 24th floors of the Prince Edward East Property are omitted.

A simplified expected holding structure of the Prince Edward East Property immediately after Acquisition Completion is represented in section A.2 headed “*Current and Expected Holding Structure*” below.

Jones Lang LaSalle Limited, the current principal valuer of Sunlight REIT, has been appointed as the Independent Property Valuer for the purpose of the Acquisition. The Appraised Value of the Prince Edward East Property as appraised by the Independent Property Valuer as of 31 May 2014 was HK\$2,000 million. Please refer to section P headed “*Reports*” below and the Appendix to this announcement.

(ii) Surrounding Environment

The Prince Edward East Property is located in San Po Kong in East Kowloon, in close proximity to the Kai Tak Development Area. According to the government website in respect of the Kai Tak Development, the Kai Tak Development Area, which covers the ex-Kai Tak airport site and the adjoining hinterland districts, spans a total planning area of over 320 hectares, which, upon completion, will comprise public and other facilities (including a cruise terminal, a multi-purpose sports complex, a metro park, etc.) as well as commercial and residential developments.

In terms of transport options, the Prince Edward East Property is served by a spectrum of bus and minibus routes. It is also located in close proximity to the future Kai Tak station of the Shatin-Central Link of the MTR, the relevant section of which is expected to be completed in 2018.

(iii) Key Information

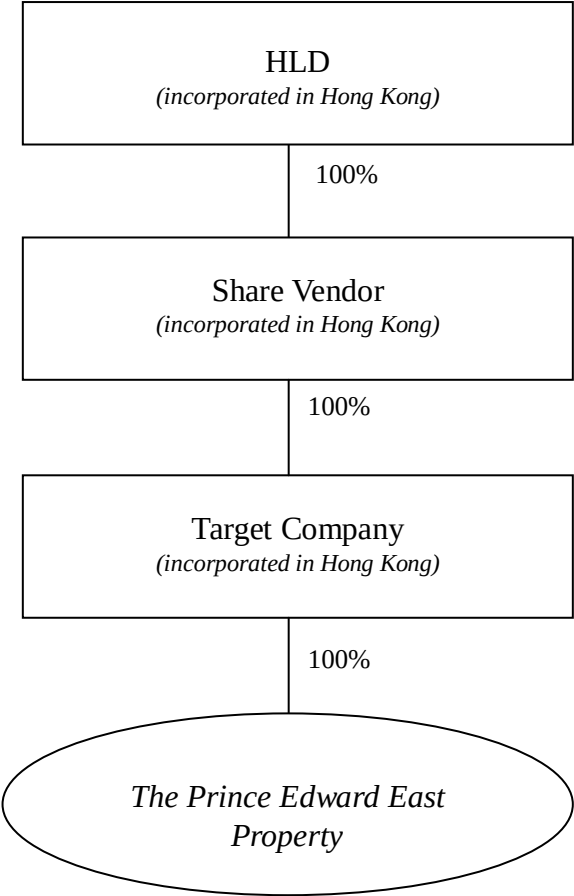
The table below sets out certain key information on the Prince Edward East Property as at 31 May 2014, unless otherwise indicated.

Address	No.712 Prince Edward Road East, Kowloon															
Year and month of Occupation Permit	January 2009															
Year and month of Certificate of Compliance	June 2009															
Government lease expiry	30 June 2047 (by virtue of Section 6 of the New Territories Leases (Extension) Ordinance, Cap. 150 of the Laws of Hong Kong)															
Gross Rentable Area (excluding vehicle parking spaces)	248,641 sq. ft.															
Number of vehicle parking spaces and loading/unloading spaces	84															
Number of tenants	15 tenants/licensee, under 21 tenancy agreements (or related documents) and 1 licence agreement															
Average monthly rent per leased sq. ft.	approximately HK\$13.24															
Occupancy rate	98.9%															
NPI for the three months ended 31 March 2014	approximately HK\$11.1 million															
Summarized expiry profile of existing tenancies	<table><tr><td><u>Year</u></td><td><u>% of occupied area (approximate) in respect of which existing tenancies are to expire</u></td></tr><tr><td>2014</td><td>6.1%</td></tr><tr><td>2015</td><td>28.9%</td></tr><tr><td>2016</td><td>63.8%</td></tr><tr><td>2017</td><td>1.3%</td></tr><tr><td></td><td>-----</td></tr><tr><td>Total</td><td>100%</td></tr></table>		<u>Year</u>	<u>% of occupied area (approximate) in respect of which existing tenancies are to expire</u>	2014	6.1%	2015	28.9%	2016	63.8%	2017	1.3%		-----	Total	100%
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2014	6.1%															
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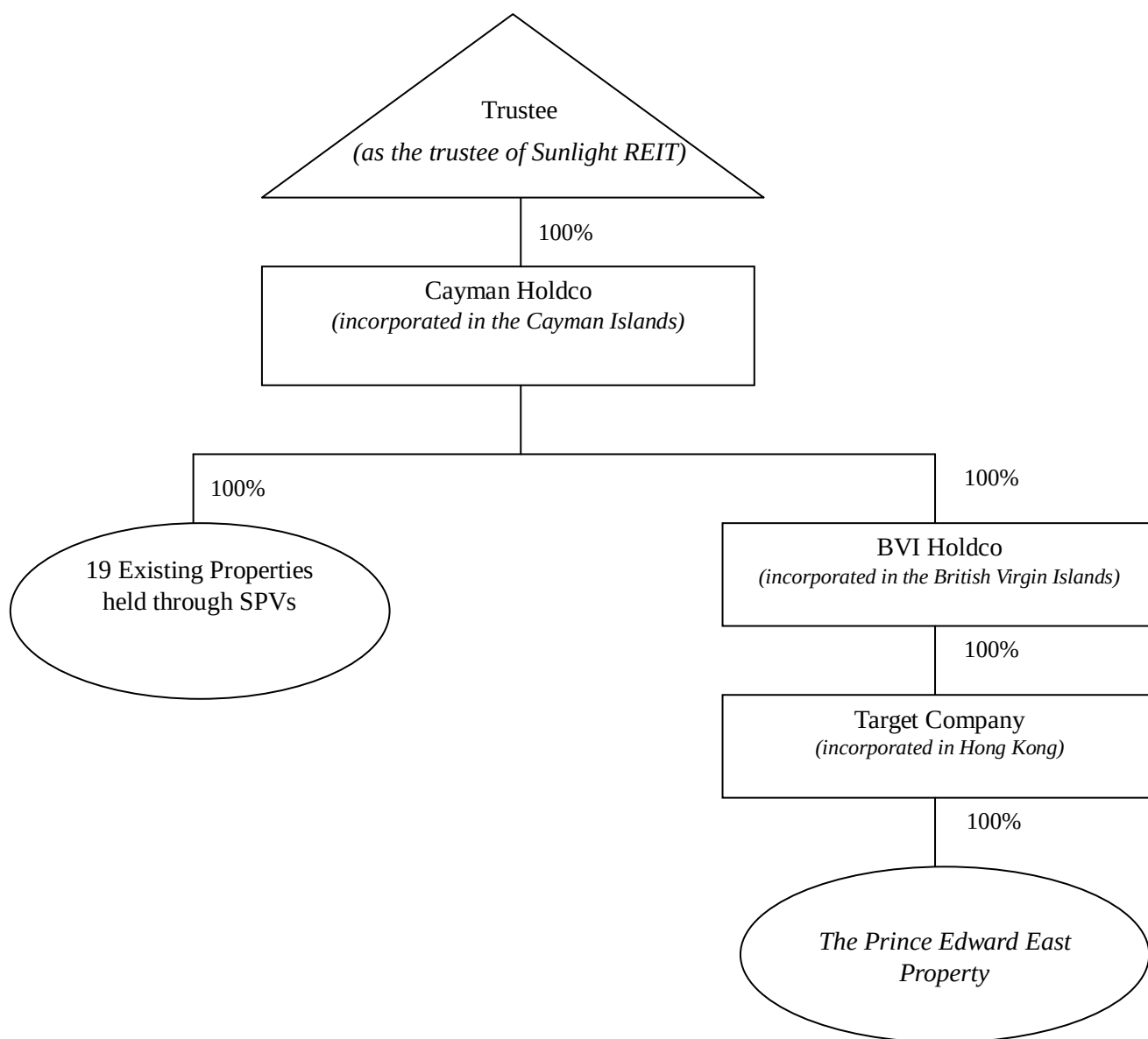
Total	100%															
Appraised Value	HK\$2,000,000,000															

2. Current and Expected Holding Structure

The holding structure of the Prince Edward East Property as at the date of this announcement may be represented as follows:



The expected holding structure of the Prince Edward East Property immediately after Acquisition Completion may be represented in a simplified manner as follows:



B. Sale and Purchase Agreement

1. Date

20 June 2014.

2. Parties

- (i) BVI Holdco (as purchaser);
- (ii) the Share Vendor (as vendor of the Target Company Shares);
- (iii) the Loan Vendor (as vendor of the Target Company Loan); and

- (iv) HLD (as guarantor for the Vendors).

3. *Subject matter of the Acquisition*

- (i) the Target Company Shares; and
- (ii) the Target Company Loan.

The Target Company is a company incorporated in Hong Kong. The Share Vendor represents and warrants that the Target Company is, and will at Acquisition Completion be, the legal and beneficial owner of the Prince Edward East Property free from all encumbrances. Based on representations from the Vendors' group, the principal activities of the Target Company are the holding and leasing of properties, and the Target Company has no other business except those in connection with the holding and leasing of the Prince Edward East Property.

As at 30 April 2014, the amount owing by the Target Company to the Loan Vendor was HK\$1,025,447,515, which was unsecured, interest-bearing and had no fixed term of repayment.

4. *Consideration*

The Consideration for the Acquisition, being the aggregate consideration for the Target Company Loan (which will be acquired on a dollar-for-dollar basis) and the Target Company Shares, is an initial amount of HK\$1,960 million (subject to the Current Adjustment). The aggregate Consideration will be payable in cash at Acquisition Completion. The initial amount of the Consideration implies the Acquisition Value of the Prince Edward East Property at HK\$1,960 million.

The Acquisition Value, which represents a discount of 2% to the Appraised Value of the Prince Edward East Property of HK\$2,000 million as of 31 May 2014, has been determined on the basis of commercial and arm's length negotiations between the parties, taking into account the information and particulars relating to the Prince Edward East Property, the Appraised Value and the terms of the Sale and Purchase Agreement (including the Deed of Adjustment Payments to be provided by the Share Vendor and HLD, as mentioned in section B.8 headed "*Deed of Adjustment Payments*" below).

Pursuant to the Sale and Purchase Agreement, audited completion accounts of the Target Company as at the date of Acquisition Completion will be prepared within three months after the date of Acquisition Completion. The initial amount of the Consideration will be subject to an adjustment (the "**Current Adjustment**") for the following, based on the audited completion accounts so prepared:

- (i) current assets comprising all rentals, licence fees and other receivables that either are in the nature of amortisation for rent free periods or have been actually collected when the audited completion accounts are finalised, all cash and deposits at banks, prepaid operating expenses and refundable utilities deposits placed with the relevant authorities; less
- (ii) current liabilities comprising all security deposits, all rentals and licence fees

received in advance, all stamp duty payable in respect of binding tenancies signed before Acquisition Completion, all payments due to creditors and accruals of property and other relevant expenses (including, without limitation, property operating expenses and leasing commissions), and all provision for taxation, indebtedness for borrowed money which is owing by the Target Company to parties other than the Loan Vendor and remains outstanding upon and immediately after Acquisition Completion, but excluding the Target Company Loan.

The deferred tax assets of the Target Company, which represent the unused tax losses recognized to the extent that it is probable that future taxable profits or taxable temporary differences will be available against which the asset can be utilized, will not be taken into account in the above Current Adjustment, but will be paid for on a dollar-for-dollar basis by BVI Holdco to the Share Vendor on a future date after Acquisition Completion when, and to the extent, the tax loss benefit as at Acquisition Completion is utilized by the Target Company to offset tax liabilities which would otherwise arise. The REIT Manager considers that this arrangement is to the benefit of the Sunlight REIT Group. Information relating to any utilisation of the tax loss benefit and corresponding payment by the Sunlight REIT Group, where a connected party transaction is constituted, will be disclosed in the annual report or interim report of Sunlight REIT for the financial period concerned. For illustration purposes, such deferred tax assets as at 31 March 2014 were approximately HK\$17 million, based on the unaudited financial statements of the Target Company for the three months ended 31 March 2014.

The deferred tax liabilities of the Target Company, arising from the commercial building allowances and depreciation allowances previously claimed by the Target Company in respect of the Prince Edward East Property, will not be taken into account in the above Current Adjustment as the REIT Manager is of the view that such deferred tax liabilities are unlikely to be crystallized since the Prince Edward East Property is to be held by Sunlight REIT for long term purposes. For illustration purposes, such deferred tax liabilities as at 31 March 2014 were approximately HK\$17 million, based on the unaudited financial statements of the Target Company for the three months ended 31 March 2014. Pursuant to the Deed of Tax Covenant, the Share Vendor and HLD will fully indemnify BVI Holdco and the Trustee in respect of any tax liability on clawback of commercial building allowances and depreciation allowances in respect of the Prince Edward East Property granted up to Acquisition Completion, resulting from any sale of the Prince Edward East Property or any part thereof by the Target Company (for details, please see section B.9 headed “*Deed of Tax Covenant*” below).

Based on the Share Vendor’s representations and warranties, and the audited financial statements of the Target Company for the years ended 31 December 2011, 2012 and 2013 and its unaudited financial statements for the three months ended 31 March 2014, there are no deferred tax liabilities of the Target Company, other than those relating to clawback of commercial building allowances and depreciation allowances in respect of the Prince Edward East Property.

The Current Adjustment does not include any adjustments for non-current assets and/or non-current liabilities of the Target Company. According to the audited financial statements of the Target Company for the financial year ended 31 December

2013 (which are represented and warranted by the Share Vendor as giving a true and fair view of the assets and liabilities as at 31 December 2013) and its unaudited financial statements for the three months ended 31 March 2014 (which are represented and warranted by the Share Vendor as being true and accurate in all material respects), there were no material assets or liabilities of the Target Company, other than the Prince Edward East Property, the Target Company Loan, deferred tax assets, deferred tax liabilities relating to clawback of commercial building allowances and depreciation allowances in respect of the Prince Edward East Property, and the items which will be taken into account in the Current Adjustment.

The REIT Manager will inform Unitholders of the amount of the Current Adjustment by way of an announcement after the amount is finalised.

5. Acquisition Completion

The Acquisition is to be completed on the seventh Business Day after the fulfilment (or, where applicable, waiver) of all the Acquisition Conditions Precedent (except items (ii) and (ix) of those conditions, which may be fulfilled simultaneously with Acquisition Completion).

BVI Holdco currently intends that it will nominate Finance Co to take up the assignment of the Target Company Loan, and procure Finance Co to enter into the Deed of Loan Assignment as assignee, at Acquisition Completion.

6. Acquisition Conditions Precedent

Acquisition Completion is conditional upon the following conditions precedent being or having been fulfilled:

- (i) the approval by the Independent Unitholders by way of a poll, in accordance with the REIT Code and the Trust Deed, of the Sale and Purchase Agreement and other Transaction Documents, and the transactions contemplated thereunder;
- (ii) Subscription Completion having taken place, or taking place simultaneously with Acquisition Completion;
- (iii) BVI Holdco and the REIT Manager being satisfied with the results of (a) their physical and technical inspection and investigation of the Prince Edward East Property, including the receipt of a building survey report in form and substance satisfactory to BVI Holdco and the REIT Manager, and (b) their inspection and investigation of the Target Company, including without limitation the financial, legal and contractual, taxation and trading position of the Target Company and the title of the Target Company to its assets (including without limitation, the Prince Edward East Property);
- (iv) BVI Holdco and the REIT Manager approving the title to the Prince Edward East Property, and being satisfied that the Target Company has good marketable legal and beneficial title to the Prince Edward East Property;

- (v) all approvals (other than the Independent Unitholders' approval as described in (i) above), consents and acts that are necessary for the purpose of the Acquisition and the Transaction Documents (excluding the Unit Subscription Agreement) (and the transactions thereunder) as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or the REIT Code, or by the SFC or the Stock Exchange or other regulatory authority, or by any third party pursuant to any agreement or contract, having been obtained and completed (unless the relevant waiver from compliance with any of such rules or requirements has been obtained from the SFC or the Stock Exchange, or such other relevant authority or person);
- (vi) there being no breach of the warranties or any other term of the Sale and Purchase Agreement on the part of any of the Vendors or HLD in any material respect;
- (vii) there being no material damage to the Prince Edward East Property;
- (viii) there being no compulsory acquisition or resumption of the Prince Edward East Property or any material part of it, and no order or notice or proposed notice of such intended compulsory acquisition or resumption having been issued, given or publicly advertised by the government or other competent authority; and
- (ix) both the Existing Unsecured Facility and the new banking facilities being in place and available for drawdown by the Sunlight REIT Group at Acquisition Completion.

Under the Sale and Purchase Agreement, Acquisition Conditions Precedent (i), (ii), (iv) and (v) above cannot be waived. BVI Holdco and the REIT Manager reserve the right to waive any or all of the Acquisition Conditions Precedent (except (i), (ii), (iv) and (v)) either in whole or in part.

If the Acquisition Conditions Precedent are not fulfilled (or, where applicable, waived) on or before the Long Stop Date (i.e., 24 October 2014, or such other date as the Vendors and BVI Holdco may agree (but not later than 28 November 2014)) the Sale and Purchase Agreement will lapse and cease to be of any further effect. The REIT Manager will inform Unitholders of any postponement of the Long Stop Date (which may, indirectly, result in a postponement of the date of Completions) by way of an announcement.

7. *Representations, Warranties, Undertakings and Indemnities*

The Sale and Purchase Agreement contains certain customary representations and warranties given by the Share Vendor in respect of the Target Company and the Prince Edward East Property and by the Loan Vendor in respect of the Target Company Loan. Such representations and warranties include, among other things, that: (i) the Target Company Shares and the Target Company Loan are, and will at Acquisition Completion be, beneficially owned by the respective Vendors free from all encumbrances; (ii) the Target Company has, and will at Acquisition Completion have,

good marketable legal and beneficial title to the Prince Edward East Property free from all encumbrances; (iii) no material unauthorized or illegal structures or alterations have been erected or made upon or to the Prince Edward East Property; (iv) the assets and undertakings of the Target Company are insured against risks normally insured against by prudent companies carrying on similar businesses in Hong Kong, including but not limited to loss of rental upon destruction of the Prince Edward East Property or any part thereof; (v) the Target Company has not carried on any business other than those in connection with its holding and leasing of the Prince Edward East Property; and (vi) as at Acquisition Completion, the Target Company has no employees.

The Sale and Purchase Agreement contains specific undertakings on terms consistent with market practice that give a significant degree of negative control to BVI Holdco in relation to the operation of the Target Company during the period between the date of the Sale and Purchase Agreement and Acquisition Completion. For example, the Sale and Purchase Agreement contains undertakings by the Share Vendor that, among other things: (a) require the business of the Target Company to be carried on with due care and in the ordinary course of business; (b) restrict the Target Company from borrowing or incurring any indebtedness or from incurring any liabilities (other than liabilities not exceeding HK\$50,000 in aggregate incurred in the ordinary course of business) without the prior written consent of BVI Holdco; and (c) restrict the Target Company from entering into any contract or arrangement (except in respect of an aggregate amount not exceeding HK\$50,000 in the ordinary course of business) or any tenancy, without the prior written consent of BVI Holdco.

Under the Sale and Purchase Agreement, the Vendors have agreed to indemnify BVI Holdco and the Target Company against all losses, damages, expenses and costs (including legal costs) incurred by any of them as a result of or in connection with any breach of representations, warranties or other provisions in the Sale and Purchase Agreement by the Vendors respectively.

The limitation period for any claims in respect of the representations and warranties given by the Vendors under the Sale and Purchase Agreement is two years from the date of Acquisition Completion, except for (a) claims in connection with representations and warranties relating to taxation, the limitation period for which is seven years, and (b) claims in connection with the title to the Target Company Shares or to the Prince Edward East Property, which may be brought without limit in time (without prejudice to the effect of the Limitation Ordinance, Cap. 347 of the Laws of Hong Kong). The aggregate liability of the Vendors and HLD for all claims in respect of the representations and warranties under the Sale and Purchase Agreement is subject to a maximum amount equal to the Consideration. For the avoidance of doubt, the above limitation period and the limit of claims are not applicable to claims under the Deed of Tax Covenant, which are summarized in section B.9 headed “*Deed of Tax Covenant*” below. Such limitation period and maximum amount are considered by the REIT Manager as acceptable, on normal commercial terms following arm’s length negotiations between the relevant parties, fair and reasonable, and are in the interests of Sunlight REIT, the Independent Unitholders, as well as Unitholders as a whole.

8. *Deed of Adjustment Payments*

The average passing rent of the Prince Edward East Property as of 31 May 2014 was

approximately HK\$13.24 per sq. ft. per month, which is over 25% below the average unit rent per month for new lettings commenced since the beginning of 2013. The REIT Manager is currently of the opinion that, upon the expiry of the existing lease agreements in the next few years, there is good potential for unit rent of new lease agreements to revert to the market level. The REIT Manager is also of the opinion that it is in the best interest of Unitholders for the Sunlight REIT Group to be offered the Adjustment Payments to make up for the shortfalls of the NPIs actually achieved below the Guaranteed NPI Levels (as described below) for the financial periods during the Adjustment Payments Term as upon Acquisition Completion, the Prince Edward East Property will be owned by the Sunlight REIT Group subject to the existing tenancies. Further information relating to the existing tenancies of the Prince Edward East Property will be disclosed in the Circular.

Under the Sale and Purchase Agreement, the Share Vendor and HLD are required to deliver to BVI Holdco the Deed of Adjustment Payments at Acquisition Completion, under which the Share Vendor will agree to make Adjustment Payments to Sunlight REIT for the period from the date of Acquisition Completion to 30 June 2018 (being the Adjustment Payments Term).

Under the Deed of Adjustment Payments, the Share Vendor will agree to (and HLD will guarantee that the Share Vendor will) make a cash payment to Sunlight REIT in an amount equal to the shortfall in the NPI of the Prince Edward East Property for each financial period (the “**Shortfall Payment**”) during the Adjustment Payments Term in comparison to the following Guaranteed NPI Level for the relevant period subject to, where applicable, the Force Majeure Cap as detailed below:

	<i>From the date of Acquisition Completion to 30 June 2015</i>	<i>Each of the financial years ending 30 June 2016, 30 June 2017 and 30 June 2018</i>
Guaranteed NPI Level	HK\$50,342,466 (Notes)	HK\$73,500,000

- Notes: (i) *The Guaranteed NPI Level stated for illustration purpose above for the period from the date of Acquisition Completion to 30 June 2015 is calculated on a pro rata basis, based on a level of HK\$73,500,000 for a 12-month period ending 30 June 2015, on an assumption that Acquisition Completion is to take place on 24 October 2014.*
- (ii) *Currently, the financial year end date of the Target Company is 31 December. It is intended that, following Acquisition Completion, the financial year end date of the Target Company will be changed to 30 June to align with the financial year end date of Sunlight REIT. Subject to the change of financial year end date becoming effective, the current financial period of the Target Company will cover a period of 18 months from 1 January 2014 to 30 June 2015.*
- (iii) *The amount of the Shortfall Payment (if any) that may be payable in respect of the period from the date of Acquisition Completion to 30 June 2015 will be calculated by comparing: (a) the NPI of the Prince Edward East Property from the date of Acquisition Completion to and including 30 June 2015, with: (b) a pro rata portion of the Guaranteed NPI Level of HK\$73,500,000 for a 12-month period ending 30 June 2015 (by dividing such figure for a 12-month period by the total number of days from 1 July 2014 to 30 June 2015, and multiplying the result by the actual number of days from the date of Acquisition Completion to 30 June 2015).*

In the event that the NPI in respect of any financial period during the Adjustment Payments Term is a negative figure, the amount of the NPI for the purpose of calculating the Shortfall Payment in respect of such financial period will be regarded as nil.

The Guaranteed NPI Levels have been determined after taking into account, among other things, the historical NPI yield of the Existing Properties of Sunlight REIT based on the NPI and the independent valuation of the Existing Properties as contained in the 2013/14 interim report of Sunlight REIT.

The Guaranteed NPI Levels represent effectively an annualised NPI yield of the Prince Edward East Property of 3.75% per annum during the Adjustment Payments Term, based on the Acquisition Value of HK\$1,960 million.

In the event that any Force Majeure Event occurs during the Adjustment Payments Term and a valid notice of the occurrence of such event is given by the Share Vendor, the total amount of all Shortfall Payments to be made by the Share Vendor to meet shortfalls in NPIs in comparison to the Guaranteed NPI Levels as mentioned above during the entire Adjustment Payments Term will be subject to a maximum amount of HK\$45 million (the “**Force Majeure Cap**”). Unitholders and other investors should note that in the event that the Force Majeure Cap becomes applicable as mentioned above, the Force Majeure Cap will effectively serve as an upper limit of the total liability of the Share Vendor under the Deed of Adjustment Payments in respect of Shortfall Payments, and that, in such event, once the total amount of the Shortfall Payments made has reached the Force Majeure Cap, the Share Vendor (and HLD) will have no further liability under the Deed of Adjustment Payments in respect of Shortfall Payments during the Adjustment Payments Term. Other than the Force Majeure Cap in the event of Force Majeure Event and the Guaranteed NPI Levels, there is no limit imposed in the Sale and Purchase Agreement or the Deed of Adjustment Payments upon the maximum amount of each or all of the Shortfall Payments.

The Force Majeure Cap was determined by the Share Vendor, HLD and the REIT Manager after taking into consideration, among other factors, the Acquisition Value, the current average passing rent of the Prince Edward East Property, the tenancy profile of the Prince Edward East Property and the capitalisation rates of comparable office buildings in East Kowloon.

During the Adjustment Payments Term, each Shortfall Payment will be determined on the basis of the NPI of the Prince Edward East Property for each financial period as certified by the auditors of Sunlight REIT, and any such Shortfall Payment is required to be made within 10 Business Days after the date on which such certification by the auditors is sent to HLD (receiving on behalf of the Share Vendor).

In the event that, during the Adjustment Payments Term, the entirety of the Prince Edward East Property has ceased to be owned by the Sunlight REIT Group, the obligations of the Share Vendor (and HLD) to make Shortfall Payments under the Deed of Adjustment Payments will terminate (without prejudice to any obligations which have arisen before such termination).

The REIT Manager will include the amount of any Shortfall Payment for the relevant

period as part of the income of Sunlight REIT in its financial statements for the relevant period. The amount of any Shortfall Payment payable by the Share Vendor in respect of each relevant financial period will be announced as soon as possible after the relevant payment has been determined (including, without limitation, by way of a results announcement, where appropriate), and will also be disclosed in the relevant annual report of Sunlight REIT.

9. Deed of Tax Covenant

Under the Sale and Purchase Agreement, the Share Vendor and HLD are required to deliver to BVI Holdco the Deed of Tax Covenant at Acquisition Completion, under which the Share Vendor and HLD will covenant to indemnify BVI Holdco and the Trustee in respect of (among others):

- (i) any liability to taxation (including but not limited to profits tax, stamp duty, rates, penalties and others) resulting from any transactions, events or matters that occurred or occur or have been or are effected on or before Acquisition Completion or in respect of any gross receipts, income, profits or gains earned, accrued, received by the Target Company on or before Acquisition Completion;
- (ii) any liability to taxation in respect of clawback of commercial building allowances and depreciation allowances granted up to Acquisition Completion, resulting from any sale of the Prince Edward East Property or any part thereof by the Target Company; and
- (iii) all losses, costs (including legal costs) and expenses incurred by the Target Company, BVI Holdco or the Trustee in connection with a claim under the Deed of Tax Covenant.

The limitation period for any claims in relation to (ii) above under the Deed of Tax Covenant is seven years from the date of sale of the Prince Edward East Property by the Target Company in the future, and in relation to other claims under the Deed of Tax Covenant, is seven years from the date of Acquisition Completion. There is no limit imposed on the maximum amount of claims under the Deed of Tax Covenant.

10. Deed of Ratification and Accession

At Acquisition Completion, the Target Company, the REIT Manager and the Property Manager will enter into the Deed of Ratification and Accession. Pursuant to the Deed of Ratification and Accession, the operation, maintenance, management and marketing of the Prince Edward East Property will be managed by the Property Manager, which is an indirect wholly-owned subsidiary of HLD, subject to the overall management and supervision by the REIT Manager pursuant to and in accordance with the terms of the Property Management Agreement.

The fees payable to the Property Manager under the Property Management Agreement after the entering into of the Deed of Ratification and Accession are as follows (which are at the same rate as the current fees payable to the Property Manager under the Property Management Agreement in respect of the Existing Properties of the Sunlight REIT Group):

- (i) property and lease management fee of 3.0% per annum of the Gross Property Revenue;
- (ii) commission of: (a) one month's base rent for securing a tenancy of three years or more; (b) one-half month's base rent for securing a tenancy of less than three years; (c) one-half month's base rent for securing a renewal of tenancy irrespective of duration of the renewal term; and (d) 10.0% of the total licence fee for securing a licence for a duration of less than 12 months; and
- (iii) subject to certain exceptions, a commission equal to one-fourth of the month's base rent (as reviewed), for handling each rent review during the term of a tenancy provided for in the tenancy agreement.

If the tenancy, renewal of tenancy and/or licence is secured by a third party agent appointed by the relevant property holding company, having regard to, amongst other things, the work done by the Property Manager in connection with such tenancy, renewal of tenancy and/or licence, the relevant property holding company may, at its absolute discretion, pay the Property Manager the commissions for such tenancy, renewal of tenancy and/or licence provided that any such commission will be at rates not exceeding those specified in (ii) (as the case may be) above.

11. Guarantee

HLD has agreed to unconditionally and irrevocably guarantee the due performance and discharge by the Vendors of all their obligations to BVI Holdco, including payment obligations, whether due to any breach of warranties, undertakings, indemnities or otherwise, under the Sale and Purchase Agreement, the Deed of Adjustment Payments and the Deed of Tax Covenant.

C. Unit Subscription Agreement

1. Date

20 June 2014.

2. Parties

- (i) the Subscriber; and
- (ii) the REIT Manager.

3. Number of Subscription Units and Subscription Price

Pursuant to the Unit Subscription Agreement, the Subscriber has conditionally agreed to subscribe for 201,025,641 new Units (being the Subscription Units) at the Subscription Price of HK\$3.90 per Unit. The Subscription Units represent approximately 12.35% of the total number of Units in issue as at the date of this announcement, and approximately 10.99% of the total number of Units in issue immediately after the issuance of the Subscription Units (assuming that there are no other changes in the total number of Units in issue).

The Subscription Price of HK\$3.90 per Unit represents:

- (a) a premium of approximately 20.7% over the closing price of HK\$3.23 per Unit on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 21.0% over the average closing price of HK\$3.223 per Unit on the Stock Exchange for the last three trading days up to and including the Last Trading Day;
- (c) a premium of approximately 20.7% over the average closing price of HK\$3.230 per Unit on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (d) a premium of approximately 20.4% over the average closing price of HK\$3.238 per Unit on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (e) a premium of approximately 22.5% over the average closing price of HK\$3.183 per Unit on the Stock Exchange for the last thirty trading days up to and including the Last Trading Day; and
- (f) a discount of approximately 42.4% to the unaudited consolidated NAV per Unit of HK\$6.77 as at 31 December 2013 as set out in the 2013/14 interim report of Sunlight REIT.

The Subscription Units will rank *pari passu* in all respects among themselves and with all the Units in issue at the date of issuance of the Subscription Units. For the avoidance of doubt, the Subscription Units will not be eligible for the Special Distribution and the final distribution for the financial year ending 30 June 2014 (see section L headed “*Intended Declaration of Special Distribution*” below).

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Units on the Main Board of the Stock Exchange.

4. *Subscription Completion*

The Subscription is to be completed on the seventh Business Day after the fulfilment (or, where applicable, waiver) of all the Subscription Conditions Precedent (except item (iv) of those conditions, which may be fulfilled simultaneously with Subscription Completion).

5. *Subscription Conditions Precedent*

Subscription Completion is conditional upon the following conditions precedent being or having been fulfilled:

- (i) the granting of the Whitewash Waiver by the Executive to the Henderson Concert Group, pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code, from the obligation to make a mandatory general offer which would otherwise arise as a result of the issuance of the Subscription Units and,

where applicable, the issuance of the Manager Acquisition Fee Units;

- (ii) the approval by the Independent Unitholders by way of a poll, in accordance with the REIT Code and the Trust Deed, of each of the following:
 - (a) the Unit Subscription Agreement and the transactions contemplated thereunder; and
 - (b) the Whitewash Waiver;
- (iii) the approval by the Stock Exchange for the listing of, and permission to deal in, the Subscription Units and such listing and approval not subsequently being revoked prior to the date of Subscription Completion;
- (iv) Acquisition Completion having taken place, or taking place simultaneously with Subscription Completion; and
- (v) the listing or trading of the Units on the Stock Exchange not having been terminated or otherwise ceased, or suspended for 14 or more consecutive Business Days except (a) for any suspension relating to the Transactions, or (b) where a suspension is initiated by Sunlight REIT or the REIT Manager for the purposes of announcing any material transaction or on other technical grounds and that trading of the Units is resumed within 30 consecutive Business Days of the suspension.

Under the Unit Subscription Agreement, Subscription Conditions Precedent (i), (ii), (iii) and (iv) above cannot be waived. The Subscriber reserves the right to waive the Subscription Condition Precedent (v) either in whole or in part.

If the Subscription Conditions Precedent are not fulfilled (or, where applicable, waived) on or before the Long Stop Date, the Unit Subscription Agreement will lapse and cease to be of any further effect.

D. Expected Date of Completions

Subject to the fulfilment of the Conditions Precedent, the REIT Manager currently expects Completions to take place in or before mid-October 2014, of which Unitholders will be informed by way of an announcement.

E. Arm's Length Terms

The REIT Manager considers that the Sale and Purchase Agreement, the Unit Subscription Agreement and other Transaction Documents have been entered into, or will be entered into, by the parties thereto on normal commercial terms following arm's length negotiations.

The REIT Manager has been carrying out and will continue to carry out its due diligence review in respect of the Target Company and the Prince Edward East Property in accordance with the relevant provisions of the REIT Code and the REIT Manager's compliance manual. Completion of the Acquisition (and therefore, indirectly the Subscription) is conditional upon BVI Holdco and the REIT Manager being satisfied that

the Target Company has good marketable legal and beneficial title to the Prince Edward East Property.

F. Fees and Charges

1. Fees and charges in relation to the Acquisition and the Subscription

The total fees and charges payable by Sunlight REIT in relation to the Acquisition and the Subscription are estimated to be approximately HK\$48.3 million. Before taking into account the Current Adjustment, the total cost of the Acquisition (being the Consideration plus the estimated total fees and charges) is estimated to be approximately HK\$2,008.3 million.

2. Fees payable by Sunlight REIT to the REIT Manager in relation to the Acquisition

Pursuant to clause 15.1(a)(iii) of the Trust Deed, the REIT Manager will be entitled to receive an acquisition fee not exceeding 1% of the value of any real estate purchased by Sunlight REIT according to the valuation conducted by an approved valuer for the purpose of such acquisition, and such fee will be payable within 14 days after the completion of the acquisition. Based on the current applicable rate of the REIT Manager's acquisition fee which is 1% and the Appraised Value of the Prince Edward East Property as of 31 May 2014, the REIT Manager's acquisition fee in relation to the Acquisition would amount to HK\$20 million (the "**Manager's Acquisition Fee**"). Such amount has been included in the total estimated amount of fees and charges in relation to the Acquisition and the Subscription, as referred to in section F.1 above.

The REIT Manager has elected that the Manager's Acquisition Fee be paid to the REIT Manager entirely in the form of new Units to be issued, with such election to be subject to the approval of Unitholders by way of an Ordinary Resolution at the EGM. Pursuant to clause 15.1(a)(iii) of the Trust Deed, the number of new Units to be so issued to the REIT Manager will be such number of Units as may be purchased for the Manager's Acquisition Fee at the same price as the Subscription Price. Accordingly, 5,128,205 new Units will be issued to the REIT Manager as Manager Acquisition Fee Units if the REIT Manager's election to receive the Manager's Acquisition Fee in the form of new Units is approved by the Unitholders. If such approval is not granted by the Unitholders, the Manager's Acquisition Fee will be paid to the REIT Manager in cash.

3. Ongoing fees payable to the REIT Manager and the Trustee in relation to the Prince Edward East Property following Completions

After Completions, and as disclosed in the Offering Circular:

- (i) the REIT Manager will be entitled under the Trust Deed to receive, from the Deposited Property, management fees attributable to the Prince Edward East Property comprising: (a) a base fee of 0.4% per annum of the value of the Prince Edward East Property; and (b) a variable fee of 3.0% per annum of the NPI (which, for the avoidance of doubt, will be before deduction of the variable fee) attributable to the Prince Edward East Property; and
- (ii) the Trustee will receive a trustee fee, currently being no more than 0.03% per

annum of the value of the Deposited Property, which shall include the assets attributable to the Prince Edward East Property, subject to a minimum amount of HK\$50,000 per month.

For the above purpose, the value of the Prince Edward East Property will be determined in accordance with the provisions of the Trust Deed, which will (until a more up-to-date valuation is obtained) be taken as the independent valuation obtained by the REIT Manager in relation to the Acquisition.

The REIT Manager and the Trustee will be entitled to such fees attributable to the Prince Edward East Property in the future for so long as the Prince Edward East Property continues to form part of the Deposited Property, with appropriate pro rata adjustment in accordance with the provisions of the Trust Deed in any financial period where the Prince Edward East Property is held by Sunlight REIT for less than the complete financial period.

Other than the Manager's Acquisition Fee and the future ongoing fees payable to the REIT Manager which will be indirectly affected as a result of the Acquisition, no other fees will be payable by Sunlight REIT to the REIT Manager in relation to the Transactions. Other than as mentioned in paragraph 3(ii) above, the Trustee has informed the REIT Manager that no other fees will be payable to the Trustee in respect of the Transactions.

G. Reasons for and Benefits of the Transactions

The REIT Manager believes that the key benefits of the Transactions to Sunlight REIT are as follows:

1. Consistent with key objectives of the REIT Manager with respect to Sunlight REIT

The key objectives of the REIT Manager are to provide Unitholders with regular and stable cash distributions with the potential for sustainable long-term growth of such distributions and enhancement in value of the portfolio. The REIT Manager considers that the expected effect of the Transactions is consistent with the achieving of the key objectives by the REIT Manager.

2. Strategic location of the Prince Edward East Property

The Prince Edward East Property is strategically located in an emerging business hub. In the 2011-12 policy address, the government announced the adoption of an integrated approach to expedite the transformation of East Kowloon into an attractive, alternative central business district ("CBD") to support Hong Kong's economic development. Various development and infrastructure works have been planned for the East Kowloon area, including the Kai Tak Development Area, the Shatin-Central Link of the MTR connecting Shatin to Central via the Kai Tak Development Area and the proposed Monorail running within the East Kowloon area. The Prince Edward East Property is situated in close proximity to the Kai Tak Development Area, as well as the future Kai Tak station of the Shatin-Central Link, the relevant section of which is expected to be completed in 2018.

Recognizing the future potential of the East Kowloon area, there has been an

on-going decentralization trend with local and multi-national corporates relocating their offices to this area. The REIT Manager believes the Prince Edward East Property is poised to benefit from the new demand resulting from the transformation of East Kowloon into a premier business centre in Hong Kong.

3. *Good quality asset with substantial rental reversion potential*

The Prince Edward East Property has a high occupancy rate and a solid tenant profile. As of 31 May 2014, the occupancy rate of the Prince Edward East Property was 98.9%. It has a solid tenant profile with AIA International Limited (formerly known as American International Assurance Company (Bermuda) Limited) being the major tenant and other tenants operating in industries including but not limited to retail, trading and logistics.

The average passing rent of the Prince Edward East Property as of 31 May 2014 was approximately HK\$13.24 per sq. ft. per month, which is over 25% below the average unit rent per month for new lettings commenced since the beginning of 2013. Upon the expiry of existing lease agreements in the next few years, the REIT Manager currently believes there is good potential for unit rent of new lease agreements to revert to the market level.

4. *Enhanced portfolio diversification*

The Acquisition is expected to improve the diversification of Sunlight REIT's portfolio geographically and strengthen Sunlight REIT's presence in the decentralized Grade-A office market. It will also further reduce the extent of reliance of Sunlight REIT's income stream on any single property.

5. *DPU accretive transaction*

If the Acquisition (together with the Subscription) had been completed on 1 July 2012, it is estimated that it would be DPU accretive for the financial year ended 30 June 2013. Based on the estimated financial effects as set out in section I headed "*Financial Effects of the Acquisition and the Subscription*" of this announcement, Sunlight REIT's estimated DPU for the financial year ended 30 June 2013 would have increased from HK17.70 cents to HK18.12 cents². The estimates and statements in this paragraph 5 are not intended as, and should not be interpreted as, a forecast of the profits of Sunlight REIT in any current or future financial period.

6. *Continued support by HLD in Sunlight REIT*

The Subscription Units will be issued to the Subscriber as one of the manners for financing the Consideration, at an issue price representing a 20.7% premium to the average closing price of the Units on the five trading days up to and including the Last Trading Day. This demonstrates the HLD group's continued support to the future prospect of Sunlight REIT. The Subscription Units to be issued will represent approximately 12.35% of the total number of Units in issue as at the date of this

² Based on the assumptions that the Acquisition and the Subscription had been completed on 1 July 2012 and the other assumptions in section I headed "*Financial Effects of the Acquisition and the Subscription*" of this announcement, and after taking into consideration the Adjustment Payments, as elaborated in section B.8 headed "*Deed of Adjustment Payments*" above.

announcement. The issuance of the new Units will increase the market capitalization of Sunlight REIT, and may lead to increased investors' interest in the Units.

H. Financing of the Acquisition

1. Overview

The REIT Manager currently expects that the payment of the Consideration by the Sunlight REIT Group will be financed: (i) as to approximately 40%, by the proceeds of the Subscription; and (ii) as to the balance, by bank borrowings.

2. Proceeds of the Subscription

Total gross subscription proceeds amounting to HK\$784 million (before expenses) will be received by Sunlight REIT at Subscription Completion, all of which will be applied toward payment of part of the Consideration payable to the Vendors at Acquisition Completion on the same date.

3. The Existing Unsecured Facility and expected new banking facilities

In addition to the sum of HK\$784 million expected to be financed by the proceeds raised through the issuance of the Subscription Units as mentioned above, the Sunlight REIT Group will finance the balance of the Consideration by drawing down the Existing Unsecured Facility and new banking facility(ies) expected to be obtained prior to Completions. Further details of all the banking facilities relevant to the Transactions will be disclosed by further announcement or in the Circular.

4. Expected Gearing Ratio

Based on the financing structure as described in this section and the estimated fees and charges in relation to the Transactions, the Gearing Ratio of Sunlight REIT will increase from approximately 25.2% (as at 31 December 2013) to approximately 29.2% immediately following Completions.

I. Financial Effects of the Acquisition and the Subscription

The financial effects set out below of the Acquisition and the Subscription on DPU and NAV per Unit are estimated based on:

- a) the audited consolidated financial statements of Sunlight REIT for the financial year ended 30 June 2013;
- b) the unaudited interim consolidated financial statements of Sunlight REIT for the six months ended 31 December 2013;
- c) the audited financial statements of the Target Company for the financial year ended 31 December 2013; and
- d) the unaudited financial statements of the Target Company for the three months ended 31 March 2014,

and on the basis of the following assumptions:

- (i) the Consideration of HK\$1,960 million;
- (ii) the fees and charges payable by Sunlight REIT in relation to the Acquisition and the Subscription in the total amount of HK\$48.3 million ;
- (iii) the Consideration and the Acquisition Fees and Expenses were funded by banking facilities bearing interest at a blended margin of 1.11% per annum over HIBOR (Hong Kong Interbank Offered Rate) and proceeds from the issuance of 201,025,641 Subscription Units to the Subscriber at an issue price of HK\$3.90 per Unit;
- (iv) the Manager's Acquisition Fee in the total amount of HK\$20 million for the Prince Edward East Property, and the REIT Manager's management fee and Trustee's fee in the total amount of approximately HK\$9.2 million for the financial year ended 31 December 2013 for the Prince Edward East Property;
- (v) a Shortfall Payment of approximately HK\$48.0 million under the Deed of Adjustment Payments (being the shortfall of the NPI for the financial year ended 31 December 2013 from the Prince Edward East Property compared to the Guaranteed NPI Level of HK\$73.5 million);
- (vi) the issuance of 1,005,821 new Units as part payment of the REIT Manager's management fee for the Prince Edward East Property at an assumed issue price of HK\$3.268 per Unit (being the average of various issue prices of new Units as part payment of the REIT Manager's management fee for the Existing Properties for the financial year ended 30 June 2013);
- (vii) the issuance of 5,128,205 new Units as payment of the Manager's Acquisition Fee at the Subscription Price of HK\$3.90 per Unit; and
- (viii) the Acquisition is not accounted for as an acquisition of business but as an acquisition of assets.

1. *Estimated effect on DPU*

The DPU of Sunlight REIT was HK17.70 cents for the financial year ended 30 June 2013. If the Acquisition and the Subscription had been completed on 1 July 2012 and Sunlight REIT had held and operated the Prince Edward East Property through to 30 June 2013, the REIT Manager estimates that the DPU of Sunlight REIT for the financial year ended 30 June 2013 would have been increased to HK18.12 cents. This estimate is made on the basis of (i) the audited consolidated financial statements of Sunlight REIT for the financial year ended 30 June 2013 and the audited financial statements of the Target Company for the financial year ended 31 December 2013, and (ii) the above assumptions.

The estimates and statements in this paragraph 1 are not intended as, and should not be interpreted as, a forecast of the profits of Sunlight REIT in any current or future financial period.

2. Estimated effect on NAV per Unit

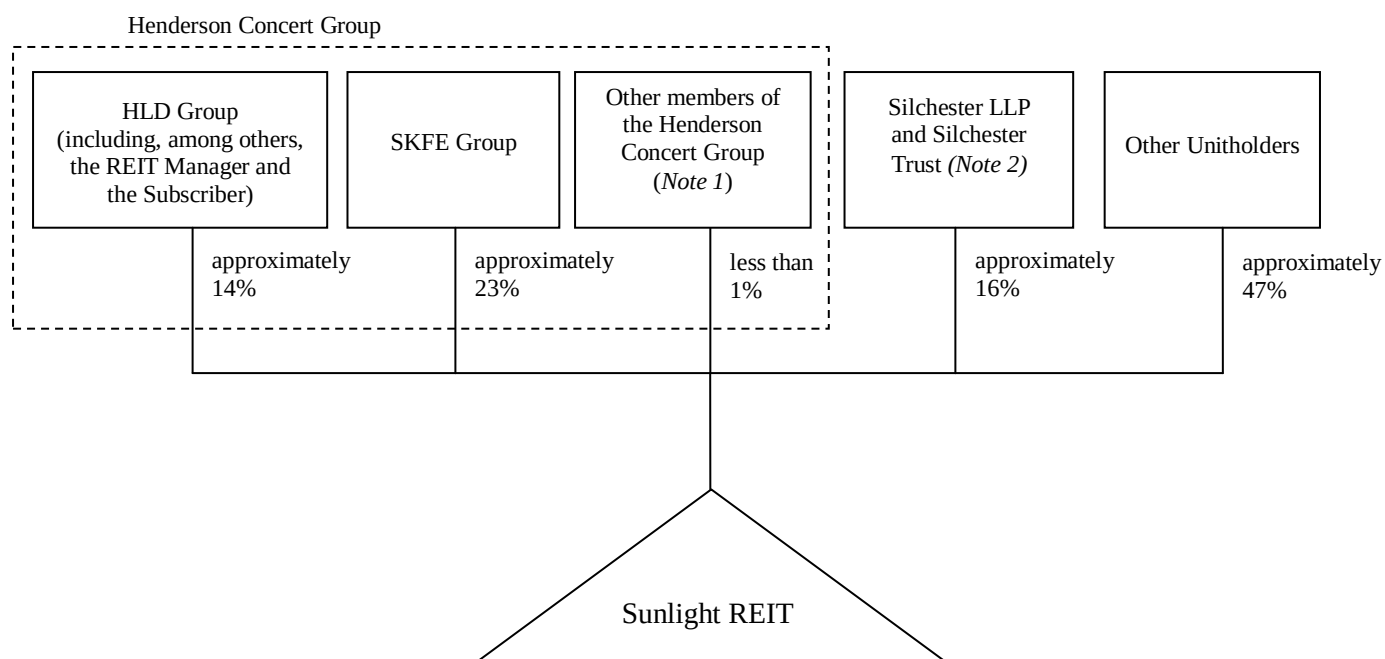
The NAV per Unit of Sunlight REIT was HK\$6.77 as at 31 December 2013. If the Acquisition and the Subscription had been completed on 31 December 2013, the REIT Manager estimates that the NAV per Unit of Sunlight REIT would have been decreased to HK\$6.44.

The REIT Manager considers the assumptions set out in this section for the financial effects of the Acquisition and the Subscription on DPU and NAV per Unit to be appropriate and reasonable as at the date of this announcement. However, Unitholders should consider the information outlined above in light of such assumptions and make their own assessment of the future performance of Sunlight REIT. Further details of the financial effects of the Acquisition and the Subscription will be disclosed in the Circular and they are subject to change upon Completions.

Based on the financial effects of the Acquisition and the Subscription as stated in this section, the REIT Manager does not foresee any material adverse impact on the financial position of Sunlight REIT as a result of the Acquisition and the Subscription.

J. Impact of Issuance of the Subscription Units and the Manager Acquisition Fee Units on Unitholding Structure

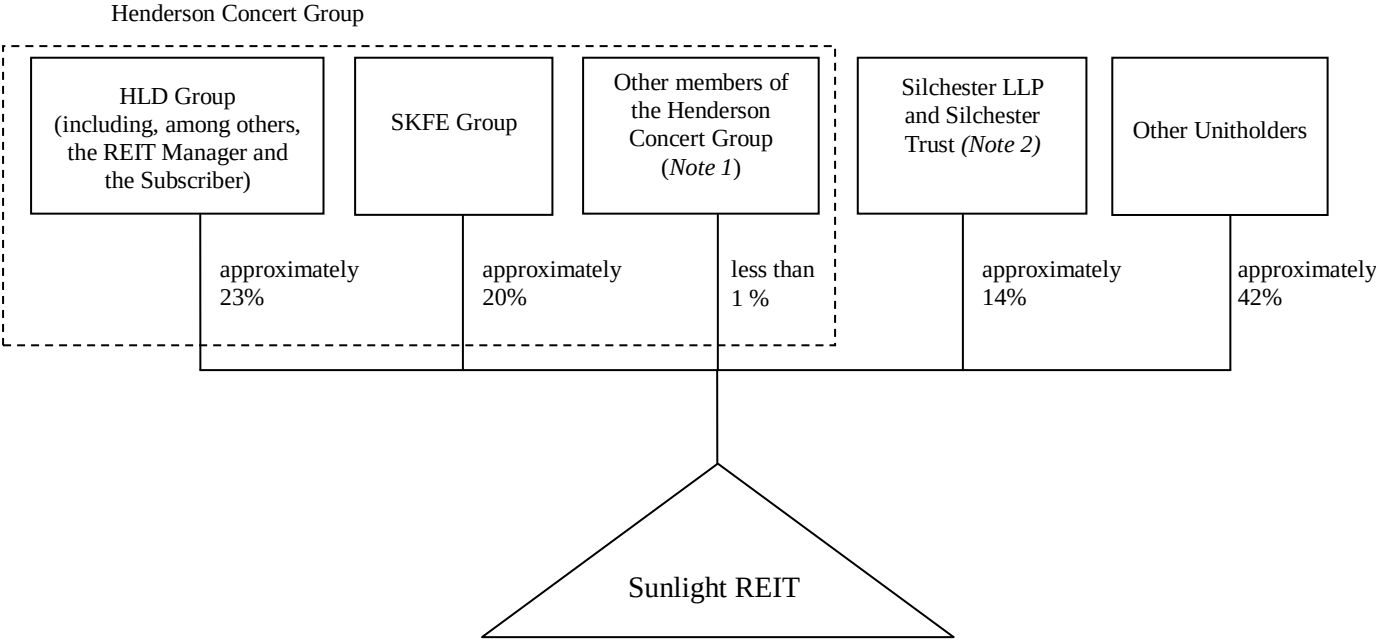
The simplified Unitholding structure of Sunlight REIT as at the date of this announcement (based on the register of interests kept by the REIT Manager pursuant to Schedule C to the Trust Deed as at such date) may be represented as follows:



Notes:

1. The other members of the Henderson Concert Group include certain Directors(s) and other parties acting in concert with the HLD Group and the SKFE Group who are interested in the Units.
2. As at 31 December 2013, in accordance with the notices given to the REIT Manager pursuant to Part XV of the SFO, Silchester International Investors LLP ("**Silchester LLP**") in its capacity as investment manager, was interested in 257,791,150 Units, and Silchester International Investors International Value Equity Trust ("**Silchester Trust**") beneficially owned 113,294,922 Units. The Manager has subsequently been notified informally (in the context of preparation of the 2013/14 interim report of Sunlight REIT) that at 31 December 2013, (i) Silchester LLP was interested in 250,899,150 Units (representing approximately 15.48% of the total number of Units then in issue); and (ii) the beneficial interest owned by Silchester Trust, being included as part of the interests of Silchester LLP reported above, remained unchanged.

Assuming that there are no changes in the total number of Units in issue other than the issuance of the Subscription Units (and the Manager Acquisition Fee Units) and that there are no other changes in holdings of Units, the simplified Unitholding structure of Sunlight REIT immediately after the issuance of the Subscription Units and the Manager Acquisition Fee Units (assuming that approval from Unitholders is obtained at the EGM for the Manager’s Acquisition Fee to be paid in the form of new Units) may be represented as follows:



Note: Please refer to the notes under the simplified Unitholding structure chart of Sunlight REIT as at the date of this announcement, above.

The following table sets forth the Unitholdings: (i) as at the date of this announcement (based on the register of interests kept by the REIT Manager pursuant to Schedule C to the Trust Deed as at such date); (ii) immediately after the issuance of the Subscription Units; and (iii) immediately after the issuance of the Subscription Units and the Manager Acquisition Fee Units, assuming that there are no changes in the total number of Units in issue other than the issuance of the Subscription Units (and in respect of (iii), the Manager Acquisition Fee Units) and that there are no other changes in holdings of Units:

	(i) As at the date of this announcement		(ii) Immediately after the issuance of the Subscription Units			(iii) Immediately after the issuance of the Subscription Units and the Manager Acquisition Fee Units		
	Number of Units	Unitholding (%) (approximately)	Newly issued Units	Total number of Units held	Unitholding (%) (approximately)	Newly issued Units	Total number of Units held	Unitholding (%) (approximately)
The Subscriber (Note 1)	67,378,972	4.14	201,025,641	268,404,613	14.68	—	268,404,613	14.64
The REIT Manager (Note 1)	77,319,863	4.75	—	77,319,863	4.23	5,128,205	82,448,068	4.50
Cobase Limited (Note 1)	76,533,345	4.70	—	76,533,345	4.19	—	76,533,345	4.17
SKFE Group	374,072,708	22.98	—	374,072,708	20.46	—	374,072,708	20.40
Au Siu Kee, Alexander (Note 2)	1,530,000	0.09	—	1,530,000	0.08	—	1,530,000	0.08
Lee King Yue (Note 3)	50,000	0.00	—	50,000	0.00	—	50,000	0.00
Lee Pui Ling, Angelina (Note 3)	2,307	0.00	—	2,307	0.00	—	2,307	0.00
Wu Shiu Kee, Keith (Note 4)	<u>600,000</u>	<u>0.04</u>	<u>—</u>	<u>600,000</u>	<u>0.03</u>	<u>—</u>	<u>600,000</u>	<u>0.03</u>
Subtotal of the Henderson Concert Group	597,487,195	36.71	201,025,641	798,512,836	43.67	5,128,205	803,641,041	43.83
Silchester LLP & Silchester Trust (Note 5)	257,791,150	15.84	—	257,791,150	14.10	—	257,791,150	14.06
Other Unitholders	<u>772,302,148</u>	<u>47.45</u>	<u>—</u>	<u>772,302,148</u>	<u>42.23</u>	<u>—</u>	<u>772,302,148</u>	<u>42.12</u>
Total	<u>1,627,580,493</u>	<u>100.00</u>	<u>201,025,641</u>	<u>1,828,606,134</u>	<u>100.00</u>	<u>5,128,205</u>	<u>1,833,734,339</u>	<u>100.00</u>

Notes:

1. The REIT Manager, the Subscriber and Cobase Limited are wholly-owned subsidiaries of HLD.
2. Mr. Au Siu Kee, Alexander is an independent non-executive director of HLD, and the Chairman and a non-executive director of the REIT Manager.
3. Mr. Lee King Yue is an executive director of HLD, and Mrs. Lee Pui Ling, Angelina is a non-executive director of HLD.
4. Mr. Wu Shiu Kee, Keith is the Chief Executive Officer and an executive director of the REIT Manager.
5. Please refer to Note 2 under the simplified Unitholding structure chart of Sunlight REIT on page 27 of this announcement.
6. Some percentage figures may not add up due to rounding differences.

K. Connected Party Transactions constituted by the Acquisition and the Subscription

All transactions under the Transaction Documents are or will be connected party transactions of Sunlight REIT. In addition, certain ancillary property services currently provided by the HLD Group in respect of the Prince Edward East Property may continue to subsist after Acquisition Completion and, if so, such transactions will be connected party transactions of Sunlight REIT.

As far as the REIT Manager is aware, after due and careful enquiries, currently there are no tenants or licensees of the Prince Edward East Property which are connected persons of Sunlight REIT.

L. Intended Declaration of Special Distribution

It is the intention of the REIT Manager that, conditional upon the resolution for the approval of the Transactions and the Whitewash Waiver having been passed by the Independent Unitholders at the EGM (as detailed below), a Special Distribution in respect of the distributable income of Sunlight REIT for the period from 1 July 2014 to 30 September 2014 will be declared and payable to Qualifying Unitholders. Further details of the Special Distribution, if declared, are expected to be announced at or about the same date as the preliminary announcement of the final results of Sunlight REIT for the financial year ending 30 June 2014. The REIT Manager confirms that the Subscription Units (and the Manager Acquisition Fee Units, if the issuance of those Units is approved by Unitholders at the EGM) will be issued after the relevant record date(s) for the Special Distribution and the final distribution for the financial year ending 30 June 2014, and therefore will not be eligible for both distributions.

M. Implications under the REIT Code and the Trust Deed

1. Connected Party Transactions

Clause 31.1 of the Trust Deed requires any connected party transactions of Sunlight REIT to be carried out in accordance with the provisions of the REIT Code and any conditions (including any conditions of waivers and exemptions from the operation of the REIT Code granted by the SFC from time to time) imposed by the SFC from time to time. Under 8.1 of the REIT Code, connected persons of Sunlight REIT include, among others, any “associated company” (which has the meaning ascribed to it under the REIT Code) of the REIT Manager. Accordingly, the Property Manager, the Vendors, the Subscriber and the Target Company (each of which is a direct or indirect wholly-owned subsidiary of HLD) and HLD are connected persons of Sunlight REIT within the meaning of the REIT Code. Each of the following thus constitutes a connected party transaction of Sunlight REIT under 8.5 of the REIT Code:

- (i) the entering into and performance of the Sale and Purchase Agreement;
- (ii) the entering into and performance of the Deed of Loan Assignment;
- (iii) the entering into and performance of the Deed of Tax Covenant;

- (iv) the entering into and performance of the Deed of Adjustment Payments;
- (v) the entering into and performance of the Deed of Ratification and Accession;
and
- (vi) the entering into and performance of the Unit Subscription Agreement and the issuance of the Subscription Units.

Since the Consideration exceeds 5% of the latest audited NAV of Sunlight REIT as disclosed in the annual report of Sunlight REIT for the financial year ended 30 June 2013, as adjusted for any subsequent transaction since its publication, pursuant to 8.11 of the REIT Code and the Trust Deed, each of the above transactions will require Independent Unitholders' approval by way of an Ordinary Resolution.

2. *Issuance of the Subscription Units*

In addition, under 12.2 of the REIT Code and the Trust Deed, the issuance of the Subscription Units to the Subscriber pursuant to the Unit Subscription Agreement will require the approval of Independent Unitholders by way of an Ordinary Resolution.

3. *Issuance of the Manager Acquisition Fee Units*

Under 12.2 of the REIT Code and the Trust Deed, the issuance of the Manager Acquisition Fee Units to the REIT Manager will also require the approval of Unitholders by way of an Ordinary Resolution.

4. *Major acquisition*

Further, as the Consideration represents approximately 37.28% of the total market capitalisation of Sunlight REIT, based on the average closing price of Units on the Stock Exchange for the five business days immediately preceding the date of the Sale and Purchase Agreement and the Unit Subscription Agreement, the Acquisition also constitutes a major acquisition by Sunlight REIT.

5. *Submission in relation to the number of layers of Special Purpose Vehicles*

The REIT Manager has made a submission to the SFC regarding 7.5(d) of the REIT Code in relation to Sunlight REIT's holding of the Prince Edward East Property through more than two layers of Special Purpose Vehicles upon Acquisition Completion.

6. *BVI Holdco and the REIT Manager have Discretion*

Given the Acquisition and the Subscription are dependent on the satisfaction of the Conditions Precedent, for the avoidance of doubt, Unitholders should note that BVI Holdco has the discretion, after consultation with and taking instructions from the REIT Manager, not to proceed with the Acquisition (and, indirectly, the Subscription) if any of the Acquisition Conditions Precedent (except items (i), (ii), (iv) and (v)) shall not have been fulfilled prior to the Long Stop Date.

N. Implications of the Transactions under the Takeovers Code and Application for Whitewash Waiver

As at the date of this announcement, the Henderson Concert Group own in aggregate 597,487,195 Units, representing approximately 36.71% of the total number of Units in issue. Assuming all the Conditions Precedent are fulfilled (or waived, if applicable), 201,025,641 Subscription Units will be issued to the Subscriber upon Subscription Completion and, if the payment of the Manager's Acquisition Fee in the form of new Units is approved by Unitholders at the EGM, 5,128,205 Manager Acquisition Fee Units will be issued to the REIT Manager within 14 days after Acquisition Completion. As such, assuming that there are no other changes in the total number of Units in issue and no other changes in holdings of Units, the aggregate holding of the Henderson Concert Group (of which the Subscriber and the REIT Manager are members) in Units will, upon Subscription Completion, increase from 597,487,195 Units (representing approximately 36.71% of the total number of Units in issue as at the date of this announcement) to 798,512,836 Units, or 803,641,041 Units if the Manager Acquisition Fee Units are included, representing approximately 43.67% of the total number of Units in issue as enlarged by the issuance of the Subscription Units, or 43.83% if the Manager Acquisition Fee Units are included. In either case, the issuance of the new Units will result in an increase of the Unitholding of the Henderson Concert Group by more than 2% above the lowest percentage Unitholding during the period of 12 months prior to the date of Completions. Accordingly, in the absence of the Whitewash Waiver, the Henderson Concert Group would, as a result of the Transactions, be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Units not already owned or agreed to be acquired by it.

An application to the Executive for the Whitewash Waiver will be made by the Henderson Concert Group, pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code, from the mandatory general offer obligation which would otherwise arise as a result of the issuance of the Subscription Units and, where applicable, the issuance of the Manager Acquisition Fee Units. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Independent Unitholders at the EGM by way of a poll. Members of the Manager Connected Persons Group and of the Henderson Concert Group, and any other parties who are involved in, or interested in, the Transactions or the Whitewash Waiver, or have a material interest in the Transactions or the Whitewash Waiver, in each case, where such interest is different from that of all other Unitholders, will be required to abstain from voting at the EGM in respect of the resolution approving the Transactions and the Whitewash Waiver. Other Unitholders who are not Independent Unitholders will also be required to abstain from voting at the EGM in respect of that resolution.

Subscription Completion (and, indirectly, Acquisition Completion) is conditional upon, among other things, the granting of the Whitewash Waiver by the Executive and the approval of the Independent Unitholders of the Whitewash Waiver at the EGM. **In no event will a mandatory general offer obligation of the Henderson Concert Group arise under the Takeovers Code as a result of the issuance of the Subscription Units and, where applicable, the issuance of the Manager Acquisition Fee Units.**

The Subscriber has confirmed that, save for the entering into of the Sale and Purchase Agreement and the Unit Subscription Agreement and save for the Manager Acquisition Fee Units, neither it nor any other members of the Henderson Concert Group:

- (a) has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in Sunlight REIT (save for subscription for new Units (including receiving of new Units as part of fees payable to the REIT Manager) which will be fully disclosed in the Circular) during the six months prior to the date of this announcement;
- (b) owns any outstanding options, warrants, or any securities that are convertible into Units or any derivatives in respect of Units nor has entered into any outstanding derivative in respect of securities in Sunlight REIT;
- (c) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Sunlight REIT, shares of the Subscriber or shares of HLD and which might be material to the Transactions or the Whitewash Waiver with any other persons; and
- (d) has any agreements or arrangements to which it is party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Transactions or the Whitewash Waiver, nor any such agreements or arrangements the consequences of its so invoking or seeking to invoke a precondition or a condition to such transactions would result in any break fees being payable.

The Subscriber has also confirmed that neither it nor any other member of the Henderson Concert Group:

- (i) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Sunlight REIT, save for any borrowed securities which have been either on-lent or sold; and
- (ii) has received any irrevocable commitment from any Independent Unitholders as to whether they will vote for or against the resolution approving the Transactions and/or the Whitewash Waiver.

O. Restriction on Voting

9.9(f) of the REIT Code provides that, where a Unitholder has a material interest in the resolution tabled for approval, and that interest is different from that of all other Unitholders, such Unitholders shall abstain from voting.

Also, under paragraph 3.2 of Schedule A to the Trust Deed, where a Unitholder has a material interest in the business conducted at a meeting of Unitholders, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting his Units at, or being counted in the quorum for, such meeting.

Further, in cases where Note 1 on Dispensations from Rule 26 of the Takeovers Code applies, under that Note the Executive will normally waive the general offer obligation if there is an independent vote at a unitholders' meeting, and for that purpose "independent vote" means a vote by unitholders who are not involved in, or interested in, the transaction in question.

Certain members of the REIT Manager Group are parties to one or more of the Transactions, and as such, have a material interest in the resolution approving the Transactions and the Whitewash Waiver and the resolution approving the REIT Manager's election to receive the Manager's Acquisition Fee entirely in the form of new Units to be issued. Pursuant to the REIT Code and the Trust Deed, HLD will, and will procure the Manager Connected Persons Group and other members of the Henderson Concert Group (further details of which will be disclosed in the Circular) to abstain from voting on those resolutions at the EGM.

Pursuant to the Takeovers Code, the Henderson Concert Group, and any other parties who are involved in, or interested in, the Transactions and/or the Whitewash Waiver, or have a material interest in the Transactions or the Whitewash Waiver, in each case, where such interest is different from that of all other Unitholders, will abstain from voting at the EGM in respect of the resolution approving the Transactions and the Whitewash Waiver.

To the best of the REIT Manager's knowledge, information and belief, save as disclosed above, the REIT Manager is not aware of any Unitholders who are required to abstain from voting at the EGM in respect of the resolution approving the Transactions and the Whitewash Waiver.

P. Reports

1. Valuation report of the Independent Property Valuer

Jones Lang LaSalle Limited, the current principal valuer of Sunlight REIT, has been appointed as the Independent Property Valuer for the purpose of the Acquisition. The Appraised Value of the Prince Edward East Property as appraised by the Independent Property Valuer as of 31 May 2014 was HK\$2,000 million.

The text of the valuation report issued by the Independent Property Valuer dated 20 June 2014 in relation to the Appraised Value of the Prince Edward East Property is set out in the Appendix to this announcement. Jones Lang LaSalle Limited has given and has not withdrawn its written consent to the issue of this announcement with the inclusion herein of its valuation report and references to its name in the form and context in which they respectively appear in this announcement.

2. Building survey report

As mentioned above, the receipt of a building survey report in form and substance satisfactory to BVI Holdco and the REIT Manager is one of the Acquisition Conditions Precedent. Any key findings in the report will be announced if so required under the REIT Code, and appropriate disclosure of that condition precedent being satisfied or not will be announced by the REIT Manager.

Prior to the issuance of the Circular, it is expected that the REIT Manager will conduct a preliminary physical inspection of the Prince Edward East Property. If any material defect on the physical state of the Prince Edward East Property is being identified, the relevant details will be included in the Circular.

Q. General

The Directors (other than the independent non-executive Directors) believe that the terms of the Transactions are fair and reasonable and in the interests of the Independent Unitholders as a whole.

The Independent Board Committee, comprising Mr. KWAN Kai Cheong, Mr. MA Kwong Wing and Dr. TSE Kwok Sang, being all the independent non-executive Directors, has been established to advise the Independent Unitholders on the Transactions and the Whitewash Waiver. Mr. AU Siu Kee Alexander (Chairman and Non-executive Director of the REIT Manager) is also an independent non-executive director of HLD, and Mr. KWOK Ping Ho (Non-executive Director of the REIT Manager) is also an executive director of HLD and a director of each of the Vendors and the Target Company. In view of that, Mr. AU and Mr. KWOK are not included as members of the Independent Board Committee. No member of the Independent Board Committee has any interest in the Transactions or the Whitewash Waiver. An independent financial adviser will be appointed by or with the approval of the Independent Board Committee to advise the Independent Board Committee, the Independent Unitholders and the Trustee on the Transactions and the Whitewash Waiver. A further announcement will be made by the REIT Manager when the independent financial adviser is appointed.

The Circular containing, among other things: (i) a letter from the Board to the Unitholders containing, among other things, details of the Transactions and the Whitewash Waiver, and the Trustee's view in relation to the Transactions; (ii) a letter from the Independent Board Committee to Independent Unitholders in relation to the Transactions and the Whitewash Waiver; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Independent Unitholders and the Trustee in relation thereto; (iv) valuation reports in respect of the Prince Edward East Property and Sunlight REIT's Existing Properties respectively; and (v) the notice of the EGM, will be sent to the Unitholders in accordance with the Takeovers Code and the REIT Code or such later date as soon as practicable, if an extension is granted.

Unitholders and potential investors of Sunlight REIT are reminded that Acquisition Completion and Subscription Completion are conditional upon all the Acquisition Conditions Precedent and the Subscription Conditions Precedent being fulfilled (and/or waived, if applicable) as set out under section B.6 headed “Acquisition Conditions Precedent” and section C.5 headed “Subscription Conditions Precedent” of this announcement respectively, and the Transactions may or may not proceed. In particular, the Executive may or may not grant the Whitewash Waiver and the Independent Unitholders may or may not approve the Transactions and the Whitewash Waiver. Unitholders and potential investors of Sunlight REIT are advised to exercise caution when dealing in the Units.

DEFINITIONS

In this announcement, unless otherwise stated, the following terms shall have the following meanings. Terms which are defined and used in only one section of this announcement may not be included in the table below:

“Acquisition”	the proposed acquisition by BVI Holdco from the Share Vendor of the Target Company Shares and the proposed acquisition by or procured by BVI Holdco of the Target Company Loan from the Loan Vendor, pursuant to the Sale and Purchase Agreement
“Acquisition Completion”	completion of the Acquisition pursuant to the terms of the Sale and Purchase Agreement
“Acquisition Conditions Precedent”	the conditions precedent to which the Acquisition is subject, as set out in the Sale and Purchase Agreement and which are summarised in section B.6 headed “ <i>Acquisition Conditions Precedent</i> ” of this announcement
“Acquisition Fees and Expenses”	the total fees and charges payable or borne by Sunlight REIT in relation to the Acquisition (excluding the Manager’s Acquisition Fee)
“Acquisition Value”	the agreed value of the Prince Edward East Property on the basis of which the Consideration is determined for the purpose of the Sale and Purchase Agreement, being HK\$1,960,000,000
“Adjustment Payments”	adjustment payments to be made by the Share Vendor (and guaranteed by HLD) to Sunlight REIT in respect of the Prince Edward East Property for the Adjustment Payments Term, further details of which are set out in section B.8 headed “ <i>Deed of Adjustment Payments</i> ” of this announcement
“Adjustment Payments Term”	the period from the date of Acquisition Completion to 30 June 2018
“Appraised Value”	the value of the Prince Edward East Property as of 31 May 2014 as appraised by the Independent Property Valuer
“Beneficial Owner”	any beneficial owner of Units whose Units are registered in the name of a Registered Owner
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and a day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning is in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong
“BVI Holdco”	Rotech Investment Limited, a company incorporated in the British Virgin Islands and directly wholly-owned by Cayman Holdco, one of the Special Purpose Vehicles in the Sunlight REIT Group

“Cayman Holdco”	Sunlight REIT Holding Limited, a company incorporated in the Cayman Islands and directly wholly-owned by Sunlight REIT
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Charge-out Collection”	in respect of a real estate property, and in relation to any financial year or part thereof, all air-conditioning charges, management fees, promotional charges, government rates, government rents, utility charges, cleaning and other charges which are payable by tenants or licensees to the relevant property holding company or its property manager or agent
“Circular”	the circular to be issued to the Unitholders, containing, among other things: (i) a letter from the Board to the Unitholders containing, among other things, (a) details of the Transactions and the Whitewash Waiver and (b) the Trustee’s view in relation to the Transactions; (ii) a letter from the Independent Board Committee to the Independent Unitholders in relation to the Transactions and the Whitewash Waiver; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Independent Unitholders and the Trustee in relation the Transactions and the Whitewash Waiver; (iv) the valuation reports in respect of the Prince Edward East Property and Sunlight REIT’s Existing Properties respectively; and (v) the notice of the EGM
“Completions”	Acquisition Completion and Subscription Completion
“Conditions Precedent”	the Acquisition Conditions Precedent and the Subscription Conditions Precedent
“connected person(s)”	has the meaning ascribed to it under the REIT Code
“Consideration”	the total purchase price for the Target Company Shares and the Target Company Loan payable by BVI Holdco to the Vendors for the Acquisition in accordance with the terms of the Sale and Purchase Agreement, being initially HK\$1,960,000,000 (subject to the Current Adjustment)
“Current Adjustment”	the adjustment to be made to the initial Consideration, as further described in section B.4 headed “ <i>Consideration</i> ” of this announcement
“Deed of Adjustment Payments”	the deed of adjustment payments to be entered into between the Share Vendor, HLD, BVI Holdco, the Trustee and the REIT Manager, at Acquisition Completion, as further described in section B.8 headed “ <i>Deed of Adjustment Payments</i> ” of this announcement

“Deed of Loan Assignment”	the deed of assignment to be entered into between the Loan Vendor, BVI Holdco or (as BVI Holdco may direct) Finance Co, and the Target Company at Acquisition Completion, in respect of the Target Company Loan
“Deed of Ratification and Accession”	the deed of ratification and accession to be entered into between the Target Company, the REIT Manager and the Property Manager at Acquisition Completion, as further described in section B.10 headed “ <i>Deed of Ratification and Accession</i> ” of this announcement
“Deed of Tax Covenant”	the deed of tax covenant to be entered into between the Share Vendor, HLD, BVI Holdco and the Trustee at Acquisition Completion, as further described in section B.9 headed “ <i>Deed of Tax Covenant</i> ” of this announcement
“Deposited Property”	the gross assets of Sunlight REIT, including the Existing Properties held in Sunlight REIT’s portfolio and, from and after Acquisition Completion, the Prince Edward East Property
“Director(s)”	the director(s) of the REIT Manager
“DPU”	distribution per Unit
“EGM”	an extraordinary general meeting of the Unitholders to be convened and held for considering and, if thought fit, passing on a poll, among other things, the resolution approving the Transactions and the Whitewash Waiver and the resolution approving the REIT Manager’s election to receive the Manager’s Acquisition Fee entirely in the form of new Units
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of him
“Existing Properties”	the 19 properties held by Sunlight REIT as at the date of this announcement, as described in the interim report of Sunlight REIT for the first six months of the financial year ending 30 June 2014, published on 24 February 2014
“Existing Unsecured Facility”	an unsecured revolving credit facility of HK\$300,000,000 granted to the Sunlight REIT Group by The Hongkong and Shanghai Banking Corporation Limited in December 2013, which remains undrawn as at the date of this announcement
“Finance Co”	Sunlight REIT Finance Limited (陽光房地產基金融資有限公司), a company incorporated in the British Virgin Islands and indirectly wholly-owned by Sunlight REIT
“Force Majeure Cap”	as described in section B.8 headed “ <i>Deed of Adjustment Payments</i> ” of this announcement

“Force Majeure Event”	means the occurrence of any of the following: (i) the World Health Organisation alert level being formally declared a “Pandemic” (Phase 6) for Hong Kong; (ii) the “Emergency Response Level” being activated under the Government’s response system for Influenza Pandemic in Hong Kong; (iii) riots leading to civil disorder taking place in Hong Kong on a widespread and ongoing or recurring basis for at least two weeks; (iv) the occurrence of hostilities or the outbreak of war in Hong Kong; (v) any event or events beyond the control of the Share Vendor which cause(s) the destruction, damage or forced closure of the Prince Edward East Property (or any part thereof) or which cause(s) the Prince Edward East Property (or any part thereof) to become generally inaccessible to tenants, directly resulting in the loss of at least 20% of the then aggregate Income in respect of the Prince Edward East Property
“Gearing Ratio”	the aggregate borrowings of Sunlight REIT (as calculated under the Trust Deed) as a percentage of the total gross asset value of the Deposited Property (as calculated under the Trust Deed)
“Gross Property Revenue”	the amount equivalent to the Gross Revenue less the Charge-out Collections
“Gross Rentable Area”	in respect of a property, the area of the property determined by the owner of that property 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-parking)
“Gross Revenue”	in respect of any property, and in relation to any financial year or part thereof, all income accruing or resulting from the operation of property for that financial year or part thereof
“Guaranteed NPI Level(s)”	as described in section B.8 headed “ <i>Deed of Adjustment Payments</i> ” of this announcement
“Henderson Concert Group”	the HLD Group (of which the REIT Manager and the Subscriber are members), the SKFE Group, and parties acting in concert with any of HLD and SKFE. For the avoidance of doubt, HSBC is not regarded as a member of the Henderson Concert Group

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HLD”	Henderson Land Development Company Limited (恒基兆業地產有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“HLD Group”	HLD and its subsidiaries
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, the financial adviser to the REIT Manager in connection with the Transactions
“Income”	in respect of a real estate property, all rents, dividends, distributions, licence fees, service charges, turnover rentals, advertising revenue and such other receipts (excluding interest and taxation rebates) considered by the REIT Manager to be in the nature of income in accordance with generally accepted accounting principles in Hong Kong
“Independent Board Committee”	the independent committee of the Board established to advise the Independent Unitholders on the Transactions and the Whitewash Waiver, comprising all the independent non-executive Directors, namely, Mr. KWAN Kai Cheong, Mr. MA Kwong Wing and Dr. TSE Kwok Sang
“Independent Financial Adviser”	the independent financial adviser to be appointed by or with the approval of the Independent Board Committee to advise the Independent Board Committee, the Independent Unitholders and the Trustee on the Transactions and the Whitewash Waiver
“Independent Property Valuer”	Jones Lang LaSalle Limited (仲量聯行有限公司), an independent property valuer as appointed by the Trustee
“Independent Unitholders”	Unitholders who: (i) are not involved in, or interested in, the Transactions or the Whitewash Waiver (within the meaning of Note 1 on Dispensations from Rule 26 of the Takeovers Code), and (ii) do not have a material interest (which is different from that of all other holders) in the Transactions (within the meaning of 8.11 of the REIT Code). For the avoidance of doubt, Independent Unitholders include any member of the HSBC group acting in its capacity as a Registered Owner of Units held on behalf of a Beneficial Owner where the Beneficial Owner: (a) controls the voting rights attaching to those Units; (b) if those Units are voted, gives instructions as to how those Units are to be voted; and (c) is someone falling within the definition of “Independent Unitholders” above

“Last Trading Day”	20 June 2014, being the last trading day of the Stock Exchange up to (and including) the date of this announcement
“Loan Vendor”	Henderson Real Estate Agency Limited (恒基兆業地產代理有限公司), a company incorporated in Hong Kong, a wholly-owned subsidiary of HLD
“Long Stop Date”	24 October 2014, or such other date as the Vendors and BVI Holdco may agree (but not later than 28 November 2014)
“Manager’s Acquisition Fee”	has the meaning ascribed to it in section F.2 headed “ <i>Fees payable by Sunlight REIT to the REIT Manager in relation to the Acquisition</i> ” of this announcement, being the acquisition fee which the REIT Manager will be entitled to receive from Sunlight REIT pursuant to the Trust Deed upon completion of the Acquisition
“Manager Acquisition Fee Units”	the 5,128,205 new Units to be issued to the REIT Manager in payment of the Manager’s Acquisition Fee, if the REIT Manager’s election for such fee to be received in the form of new Units is approved by Unitholders by way of an Ordinary Resolution
“Manager Connected Persons Group”	the REIT Manager and entities or persons which are from time to time connected persons of Sunlight REIT as a result of their connection with the REIT Manager, including the Property Manager, HLD and other members of their group
“MTR”	Mass Transit Railway
“NAV”	net asset value
“NPI”	net property income of a real estate property, being the Income less the Property Expenses
“Offering Circular”	the offering circular dated 8 December 2006 issued in connection with the initial public offering of the Units
“Ordinary Resolution”	a resolution proposed and passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed and carried by a simple majority of the votes of those Unitholders present and voting in person or by proxy
“Prince Edward East Property”	the whole building currently known as “AIA Financial Centre” situated at No.712 Prince Edward Road East, Kowloon, Hong Kong, as directly owned by the Target Company
“Property Expenses”	in respect of a real estate property, direct property related expenses, including without limitation, property management fees, property insurance expenses, taxes related to the real estate property or interest therein, expenses related to repairs and maintenance, and bad debt expenses in relation to Income

“Property Management Agreement”	the agreement dated 29 November 2006 entered into between the REIT Manager and the Property Manager, as amended, supplemented, acceded to, ratified and/or otherwise modified or extended from time to time
“Property Manager”	Henderson Sunlight Property Management Limited (恒基陽光物業管理有限公司), as the property manager of Sunlight REIT, or such other person as may from time to time be appointed as the property manager of Sunlight REIT
“Qualifying Unitholders”	the Unitholders whose names appear on the register of Unitholders and any person holding Units through CCASS at 5:00 pm on the relevant record date for the Special Distribution
“Registered Owner”	any owner of Units (including without limitation, a nominee, trustee, depositary or other authorized custodian or other party) whose name is entered in the register of Unitholders of Sunlight REIT
“REIT”	real estate investment trust
“REIT Code”	Code on Real Estate Investment Trusts issued by the SFC, as amended, supplemented and/or otherwise modified from time to time
“REIT Manager”	Henderson Sunlight Asset Management Limited (恒基陽光資產管理有限公司), as the manager of Sunlight REIT
“REIT Manager Group”	the REIT Manager and entities or persons which are from time to time connected persons of Sunlight REIT as a result of their connection with the REIT Manager
“Sale and Purchase Agreement”	the sale and purchase agreement dated 20 June 2014 and entered into between BVI Holdco, the Share Vendor, the Loan Vendor and HLD in respect of the Acquisition, further details of which are set out in section B headed “ <i>Sale and Purchase Agreement</i> ” of this announcement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified for the time being
“Share Vendor”	Main Champion Development Limited (敏昌發展有限公司), a company incorporated in Hong Kong, a direct wholly-owned subsidiary of HLD
“Silchester LLP”	Silchester International Investors LLP in its capacity as investment manager, further details of which are set out in section J headed “ <i>Impact of Issuance of the Subscription Units and the Manager Acquisition Fee Units on Unitholding Structure</i> ” of this announcement

“Silchester Trust”	Silchester International Investors International Value Equity Trust, further details of which are set out in section J headed “ <i>Impact of Issuance of the Subscription Units and the Manager Acquisition Fee Units on Unitholding Structure</i> ” of this announcement
“SKFE”	Shau Kee Financial Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability, which is an investment holding company wholly-owned by a family trust of Dr Lee Shau Kee, the Chairman of HLD
“SKFE Group”	SKFE and its subsidiaries
“Special Distribution”	the conditional distribution by Sunlight REIT, proposed to be declared by the REIT Manager as described in section L headed “ <i>Intended Declaration of Special Distribution</i> ” of this announcement
“Special Purpose Vehicles” or “SPVs”	the special purpose vehicles owned and controlled by Sunlight REIT in accordance with the REIT Code
“sq. ft.”	square feet, and “per sq. ft.” means for each square feet of the Gross Rentable Area
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Richful Resources Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of HLD
“Subscription”	the proposed subscription of the Subscription Units by the Subscriber at the Subscription Price pursuant to the Unit Subscription Agreement
“Subscription Conditions Precedent”	the conditions precedent to which the Subscription is subject, as set out in the Unit Subscription Agreement and which are summarised in section C.5 headed “ <i>Subscription Conditions Precedent</i> ” of this announcement
“Subscription Completion”	completion of the Subscription, pursuant to the terms of the Unit Subscription Agreement
“Subscription Price”	the price of HK\$3.90 per Unit
“Subscription Units”	201,025,641 new Units proposed to be issued pursuant to the Unit Subscription Agreement
“Sunlight REIT”	Sunlight Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
“Sunlight REIT Group”	Sunlight REIT, the Special Purpose Vehicles and other companies or entities held or controlled by Sunlight REIT
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers

“Target Company”	Gain Global Development Limited (景寶發展有限公司), a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of HLD
“Target Company Loan”	the aggregate amount owing from the Target Company to the Loan Vendor (including any interest accrued thereon) as at Acquisition Completion
“Target Company Shares”	the entire issued share capital of the Target Company
“Transactions”	collectively (1) the Acquisition pursuant to the Sale and Purchase Agreement, (2) the entering into and performance of the Deed of Tax Covenant, (3) the entering into and performance of the Deed of Loan Assignment; (4) the entering into and performance of the Deed of Adjustment Payments, (5) the entering into and performance of the Deed of Ratification and Accession, and (6) the issuance and subscription of the Subscription Units pursuant to the Unit Subscription Agreement
“Transaction Documents”	collectively (1) the Sale and Purchase Agreement, (2) the Deed of Tax Covenant, (3) the Deed of Loan Assignment, (4) the Deed of Adjustment Payments, (5) the Deed of Ratification and Accession, details of which are set out in section B headed “ <i>Sale and Purchase Agreement</i> ” of this announcement, and (6) the Unit Subscription Agreement
“Trust Deed”	the trust deed dated 26 May 2006 constituting Sunlight REIT (as modified, supplemented and amended from time to time)
“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. All references to the Trustee in this announcement are, as the context may require, to the Trustee acting on behalf of Sunlight REIT and on the instructions of the REIT Manager
“Unit”	one unit in Sunlight REIT
“Unit Subscription Agreement”	the unit subscription agreement dated 20 June 2014 and entered into between the REIT Manager and the Subscriber in respect of the Subscription, further details of which are set out in section C headed “ <i>Unit Subscription Agreement</i> ” of this announcement
“Unitholder”	any person registered as holding a Unit, and “Unitholding” shall be construed accordingly
“Vendors”	the Share Vendor and the Loan Vendor

“Whitewash Waiver”

the waiver being sought to be granted by the Executive, pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code, in respect of the obligation on the part of the Henderson Concert Group to make a general offer to the Unitholders for all issued Units not already owned or agreed to be acquired by the Henderson Concert Group, which would otherwise arise as a result of the increase in the holding of Units of the Henderson Concert Group by more than 2% above the lowest percentage holding during the period of 12 months prior to Subscription Completion as a result of the issuance of the Subscription Units to the Subscriber and, where applicable, the issuance of the Manager Acquisition Fee Units.

On behalf 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)
WU Shiu Kee, Keith
Chief Executive Officer and Executive Director

Hong Kong, 20 June 2014

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.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The Appendix
Valuation report issued by Jones Lang LaSalle Limited

The following is the text of the valuation report dated 20 June 2014 issued by the Independent Property Valuer, Jones Lang LaSalle Limited, in relation to the Appraised Value of the Prince Edward East Property as of 31 May 2014:



Jones Lang LaSalle Limited
Valuation Advisory Services
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2968 0078
Company Licence No.: C-003464

仲量聯行有限公司
物業估價部
香港皇后大道東 1 號太古廣場三期 6 樓
電話 +852 2846 5000 傳真 +852 2968 0078
牌照號碼 C-003464

Our Ref.: CK/DC/JW/alc
2/14/00131



20 June 2014

HSBC Institutional Trust Services (Asia) Limited
(in its capacity as Trustee of Sunlight Real Estate Investment Trust)
17/F, Towers 2 & 3
HSBC Centre
1 Sham Mong Road
Kowloon
Hong Kong
and
Henderson Sunlight Asset Management Limited
(in its capacity as manager of Sunlight Real Estate Investment Trust)
30/F, 248 Queen's Road East
Wan Chai
Hong Kong

1.0 INTRODUCTION

1.1 Instructions

We refer to the invitation from the **HSBC Institutional Trust Services (Asia) Limited** (in its capacity as trustee of Sunlight Real Estate Investment Trust) (the "Trustee") for us to carry out a market valuation for Sunlight Real Estate Investment Trust ("REIT") in relation to the property interest as set out in Section 1.2 for acquisition purpose as at 31 May 2014 ("the Date of Valuation").

We confirm that we have carried out inspection of the subject property, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing the REIT with our opinion of the market value of the unencumbered leasehold property interest as at the Date of Valuation.

1.2 The Property Interest

The property interest as identified to us for this valuation is AIA Financial Centre at 712 Prince Edward Road East, Kowloon, Hong Kong ("the Property").

1.0 INTRODUCTION

1.3 Source of Information

We have relied to a considerable extent on the information provided by Henderson Sunlight Asset Management Limited and have accepted advice given to us on such matters as identification of the Property, planning approvals, statutory notices, easements, tenure, occupation, floor plans, floor areas, tenancy schedule and all other relevant matters.

In the course of our valuation, we have also made reference to inter alia, the following information provided by Henderson Sunlight Asset Management Limited.

1. Copy of rent roll as at 9 May 2014;
2. Copy of Revenue Breakdown from January 2011 to April 2014
3. Copy of Management Accounts from January 2013 to April 2014
4. Copy of layout plans of the Property;
5. Copy of Approved Building plans of the Property;
6. Copy of various tenancy agreements of the Property; and
7. Copy of Land Grant and Modification Letters of Section A, Section B and the Remaining Portion of New Kowloon Inland Lot No. 4795.

Dimensions, measurements and areas included in the report are based on information contained in copies of documents provided to us and are therefore only approximations. No on site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided. We have also been advised by Henderson Sunlight Asset Management Limited that no material facts have been omitted / withheld from the information provided to us. Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/or the assumptions made. Should these prove to be incorrect or inadequate, the accuracy of the valuation may be affected.

We have assumed that the Property has been erected, being occupied and used in accordance with such consents and that there are no outstanding statutory notices.

2.0 BASIS OF VALUATION

All work has been carried out in accordance with the "HKIS Valuation Standards 2012 Edition" published by The Hong Kong Institute of Surveyors ("HKIS") and Chapter 6.8 of Code on Real Estate Investment Trusts. If the HKIS Valuation Standards are silent on subjects requiring guidance, we refer to the "International Valuation Standards" published by the International Valuation Standards Council ("IVSC"), as appropriate, subject to variation to meet local established law, custom, practice and market conditions. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the HKIS Valuation Standards.

Our valuations are made on the basis of Market Value adopted by the HKIS, set out as:

"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation presented in the report would represent 100% interest of the Property and not the share holdings of the companies holding the property interest hereof.

3.0 VALUATION METHODOLOGIES

We will make use of the Income Capitalisation method cross-referenced to the Direct Comparison method.

3.1 Income Capitalisation Method

The income capitalisation approach is based on the capitalisation of the current passing rental income and potential reversionary income over the remaining tenure of the property from the date of valuation at appropriate investment yields to arrive at the capital value. The appropriate adjustments/deductions for rent free period, ongoing vacancy voids/marketing periods and non-recoverable expenses for the vacant space have been allowed.

The income capitalisation approach can more accurately reflect these property specific factors by utilising various specific assumptions which have been derived via analysis of market evidence. The ability to apply these assumptions in the capitalisation approach is by far more appropriate for valuing an investment property where investors' emphasis on delivering returns is of paramount importance.

3.2 Direct Comparison Method

Direct Comparison Approach is the most widely used method of valuation in Hong Kong and is based on comparing the properties to be valued directly with other comparable properties which recently changed hands or leased. These premises are generally located in the surrounding areas or in another market which is comparable to the properties. However, because of the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price/rental likely to be achieved by the properties under consideration.

3.3 Valuation Reconciliation

The results of the two valuation methods have been reconciled and the assessed value has been analysed in terms of initial passing yield and on a dollar per square foot basis.

4.0 VALUATION ASSUMPTIONS

4.1 Valuation Assumptions

Our report is qualified by certain assumptions, definitions and limiting conditions as set out in our General Principles of Valuation, a copy of which is attached as Appendix 1.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting sales. Unless otherwise stated, it is assumed that the Property is free of encumbrances, restrictions and outgoing of an onerous nature which could affect the capital values of the properties.

4.2 Title Investigation and Encumbrances

We have arranged to conduct land searches of the Property with the Land Registry. However, we have not examined the original documents to verify ownership or to ascertain the existence of any lease amendments, which may not appear on the copies handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate.

4.3 Property Inspection

We have inspected the exterior, and where possible the interior of the Property on 9 June 2014.

We have not conducted formal site and structural surveys and, as such, we cannot report that the Property is free from rot, infestation or any other structural defects. We have not carried out a building survey, nor have we inspected those parts of the Property which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the services.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Property, or has since been incorporated, and we are therefore unable to report that the Property are free from risk in this respect. For the purpose of this valuation we have assumed that such investigations would not disclose the presence of any such material to any significant extent.

4.0 VALUATION ASSUMPTIONS (CONT'D)

4.4 Plant and Machinery

Our valuation normally includes all plant and machinery that form part of the building services installations. However, process plant, machinery and equipment which may have been installed wholly in connection with the occupiers' commercial processes, together with furniture and furnishings, tenants' fixtures and fittings are excluded in our valuation.

5.0 DISCLOSURE OF INTEREST

Jones Lang LaSalle is unaware of any of our business, relationship or interest is in real, potential or apparent conflict with the performance required for the above-mentioned assignment. We confirm we have no present or prospective interest in the Property. We also confirm we are independent of the REIT, the Trustee, Henderson Sunlight Asset Management Limited or other party(ies) that the REIT or its group is contracting with in relation to the Property.

6.0 SATISFACTION OF PROPERTY VALUER CRITERIA IN REIT CODE

Jones Lang LaSalle and the qualifications of directors of our firm, are in a position to fulfill and comply fully with paragraphs 6.4, 6.5, 6.6 and 6.7 of the Code on Real Estate Investment Trusts.

7.0 MARKET OVERVIEW

7.1 Overview of San Po Kong & Kai Tak Areas

The Kai Tak Development area covers a large area of over 320 hectares of land, comprising the ex-Kai Tak Airport site and adjoining sites. According to the Outline Zoning Plan of Kai Tak, the Kai Tak Development area is proposed to be developed as the “Heritage, Green, sports and Tourism Hub of Hong Kong”. The area is to provide for residential, commercial, private as well as government offices, recreational and tourism. The Kai Tak cruise terminal has been completed. The area will also be served by the MTR Shatin to Central Link.

Since the commencement of development of Kai Tak Area, various development projects have been initiated or have begun in the surrounding area. One government building currently under construction is the Trade and Industry Tower which will be of 21-storey with a GFA of approximately 540,000 sq ft. The government also announced plans to increase the total planned office space at Kai Tak to be more than 10 million sq ft (gross) which means an additional area of some 4.6 million sq ft.

San Po Kong which is situated northwest of Kai Tak and separated by Prince Edward Road East will benefit from the Kai Tak developments. Two Grade A office buildings are under construction, namely Unimix Industrial Building Redevelopment at 2 Ng Fong Street by Billion Development, and Hip Lik Industrial Building Redevelopment at 33 Tseuk Luk Street by SHK Properties & others which are expected to be completed in 2015 and 2016 respectively.

7.2 General Office Supply & Demand

The 2014-15 Land Sale Programme which was released in February, included seven commercial/business sites with the potential to yield some 2.7 million sq ft (gross) of space. The government also announced plans to accelerate the launch of Central Harbourfront Site 3 to increase the supply of office space.

In the first quarter of 2014, Billion Plaza II and two buildings in the Hong Kong Science Park received Occupation Permits. It was reported in the news that Billion Development also intends to launch three Grade A office development projects (two in Kwun Tong and one in Shatin) onto the sales market in 2015.

The general demand for Grade A offices in the market continued to be underpinned by smaller office premises in the first quarter of 2014. The net take-up in the overall market amounted to about 303,200 sq ft (net).

7.0 MARKET OVERVIEW

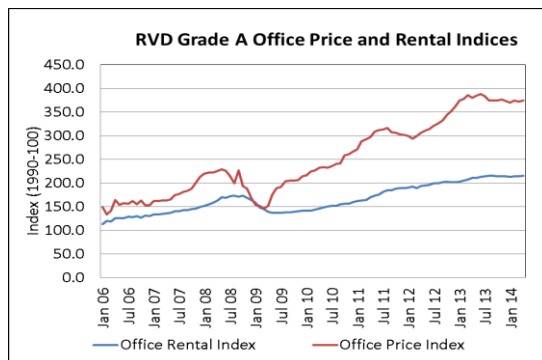
7.3 Office Rental & Capital Value Movements

Investment volumes for office properties over HK\$20million fell to their lowest quarterly level in the first quarter of 2014 since the first quarter of 2009. Nonetheless, capital values remained broadly stable as vendors continued to hold firm on asking prices and on the back of a strong land sales market. Improving occupancy levels in a handful of buildings in Central led to rents in the overall market edging up by 0.5% quarter-on-quarter.

In Kowloon East area, major en bloc office transactions in 2013 included the purchase of an office development at 9 Chong Yip Street by Prosperity REIT for HK\$1.0 billion which building has a gross rentable area of approximately 136,600sq ft. Manulife paid HK\$4.5billion for an office block in One Bay East (West Tower) at 83 Hoi Bun Road which is developed by Wheelock. This office block has a gross floor area of 512,000 sq ft approximately. In June 2014, Citi acquired One Bay East (East Tower) at a consideration of HK\$5.425 billion. This office block has a gross floor area of 512,000 sq ft approximately. It is expected that both Manulife and Citi will move into the Kowloon East as owner-occupiers.

Mapletree Investments won the tender of a commercial development site in Kwun Tong (KTIL 761) for HK\$3.77 billion in January this year. The accommodation value of HK\$5,780 per sq ft (gross) set a new record for commercial development site in Kowloon East. Sino Land disposed of a floor in Exchange Tower in Kowloon Bay for HK\$243.4million (HK\$9,120 per sq ft, gross).

The following graph shows the Office Rental and Price Indices published by the Rating and Valuation Department (“R&VD”) recording the movements of Grade A Office rental and capital values of Grade A premises since 2006. It shows that both rental and prices have stabilised since mid-2013.



Source: Rating & Valuation Department

7.4 Office Market Outlook

Leasing activity is expected to continue to gain momentum in 2014, lending further support to rental growth. Rents in the overall market are expected to grow modestly for the rest of 2014. With holding costs at their current low levels and the government’s tightening policies remaining intact, buyers and sellers are expected to continue to take a wait-and-see approach towards investment decisions, leading to relatively weak investment volumes.

8.0 VALUATION

We are of the opinion that the market value of the unencumbered leasehold interest of the Property, subject to the existing tenancies, as at 31 May 2014, was in the sum of **HK\$2,000,000,000 (HONG KONG DOLLARS TWO BILLION)**.

9.0 POTENTIAL TAX LIABILITY

Regarding the potential tax liabilities which may arise if the Property were to be sold, the following information is included for the purpose of compliance with Rule 11.3 of The Code on Takeovers and Mergers:

We understand from Henderson Sunlight Asset Management Limited that the Property would be held by the REIT with no intention for disposal. Hence, the likelihood of any potential tax liability being crystallized from a disposal of the Property is remote. Henderson Sunlight Asset Management Limited further advises that, if the Property were to be sold at an amount equivalent to the valuation, the potential tax liabilities which may arise are calculated at the tax rate of 16.5% (based on the current rate for profits tax).

10.0 CONVERSION FACTORS

Conversion factors

1 square metre	=	10.764 square feet
1 metre	=	3.2808 feet

Yours faithfully
For and on behalf of
Jones Lang LaSalle Limited

Dorothy Y.Y. Chow BSc(Hons), MSc, MHKIS, MRICS, RPS (GP)
National Director
Licence No.: E-182969

Note : Ms. Dorothy Y.Y. Chow, MHKIS MRICS RPS(GP), is a qualified general practice surveyor and has 16 years of experience in the valuation of properties in Hong Kong

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value as at 31 May 2014
AIA Financial Centre No. 712 Prince Edward Road East, Kowloon	AIA Financial Centre ("the Property") is a 26-storey Grade A office building completed in 2009 (Occupation Permit No. KN1/2009).	As at the date of valuation, the 5 th to 13 th and 16 th to 28 th floors of the Property were let under various tenancies for terms of two to six years with the latest one expiring on February 2017. The total monthly base rental is approximately HK\$3,254,000, exclusive of rates, Government rent, management fees and air-conditioning charges and are let for use as office.	HK\$2,000,000,000 (HONG KONG DOLLARS TWO BILLION)
Remaining Portion of New Kowloon Inland Lot No. 4795	The building accommodates office spaces on the 5th to 13th and 16th to 28th floors, a sky garden on 15th floor, having a total gross rentable area of approximately 248,641ft² (23,099.3m²). (Designation of 4th, 14th and 24th floors are omitted) There are 70 private car parking spaces, 7 loading/unloading spaces and 7 motorcycle spaces on the ground to 3rd Floors. According to the approved building plans dated 26 November 2008, the site area of the Property was approximately 18,051.2ft² (1,677m²). The Property is held from the Government under Conditions of Sale No. UB8764 for a term of 99 years commencing on 1 July 1898. The lease has been extended to expire on 30 June 2047. The annual Government rent payable is at 3% of the rateable value of the Property.	About 52.4% of the total area of the Property has been leased to American International Assurance Company (Bermuda) Limited under different tenancies which contribute approximately 40.0% of the total rent of the Property. The Property was also subject to a licence yielding a monthly licence fee of approximately HK\$2,200. The occupancy rate of the Property as at date of valuation (excluding parking lots) was approximately 99%.	Estimated Net Property Yield: 2.1% Capitalisation Rate: 3.7%

AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value as at 31 May 2014
AIA Financial Centre No. 712 Prince Edward Road East, Kowloon	-	The parking lots of the Property were let on monthly or hourly basis yielding an average monthly net income of approximately	-
Remaining Portion of New Kowloon Inland Lot No. 4795		HK\$192,000 during the period from January 2013 to April 2014.	
(Cont'd)			

VALUATION CERTIFICATE

Notes:

- (1) The registered owner of the Property is Gain Global Development Limited vide Memorial No.UB6269718 dated 15 March 1995.
- (2) The Property is currently zoned for “Other Specified Uses (Business)” purposes under Tsz Wan Shan, Diamond Hill & San Po Kong Outline Zoning Plan No.S/K11/25 dated 22 January 2010.
- (3) The following encumbrances are registered against the Property upon our recent Land Registry search:
 - Modification Letter from the Director of Public Works Re NKIL 4795 vide Memorial No. UB1007489 dated 23 July 1973.
 - Modification Letter with Plan Re NKIL 4795 vide Memorial No. 05042102370010 dated 18 April 2005.
 - Deed Poll with Plan Re s.A, s.B and R.P. vide Memorial No. 07091802090011 dated 12 September 2007.
 - Modification Letter from the Government of the Hong Kong Special Administrative Region by the District Lands Officer/Kowloon East Re NKIL 4795 vide Memorial No. 08021802310028 dated 12 February 2008.
 - Undertaking Letter relating to Green Features to the Buildings Authority, Buildings Department Re s.A, s.B and R.P. vide Memorial No. 09010702110013 dated 6 January 2009.
 - Undertaking Letter for GFA Exemption Relating to Sky Garden (Green Feature) to the Building Authority, Buildings Department Re s.A, s.B and R.P. vide Memorial No. 09010702110026 dated 6 January 2009.
 - Occupation Permit Re R.P. vide Memorial No. 09012001710010 dated 9 January 2009.
 - Certificate of Compliance from District Lands Office, Kowloon East, Lands Department Re R.P. vide Memorial No. 09070602580065 dated 29 June 2009.
 - Consent Letter from District Lands Office / Kowloon East Re: s.A, s.B and R.P. vide Memorial No. 09072803090060 dated 26 June 2009.
 - Memorandum of Change of the Name of the Building vide Memorial No.10083002440122 dated 9 August 2010.
 - And Various Tenancy Agreements

VALUATION CERTIFICATE

Notes: (Cont'd)

- (4) The use and development of the lot are governed by the Conditions of Sales UB8764 modified by:
- Modification Letter from the Director of Public Works Re NKIL 4795 vide Memorial No. UB1007489 dated 23 July 1973.
 - Modification Letter with Plan Re NKIL 4795 vide Memorial No. 05042102370010 dated 18 April 2005.
 - Modification Letter from the Government of the Hong Kong Special Administrative Region by the District Lands Officer/Kowloon East Re NKIL 4795 vide Memorial No. 08021802310028 dated 12 February 2008.

The major conditions contained in the Government Leases modified by the modification letters are summarized below:

- The lot or any part thereof or any building or part of any building erected or to be erected thereon shall not be used for any purpose other than for non-residential purposes excluding:-
 - (i) petrol filling station and residential care home;
 - (ii) any trade that is now or may hereafter be declared to be an offensive trade;
 - (iii) the use or storage of any dangerous goods.
 - No right of ingress or egress to or from the lot for the passage of motor vehicles except between the points X and Y through Z shown
 - No building or structure shall be erected on the Pink Hatched Blue Area
 - The total gross floor area of any building or buildings erected or to be erected on the lot shall not be less than 12,074 sq m (129,964.5sq ft) and shall not exceed 20,122 sq m (216,593.2sq ft).
- (5) Estimated net property yield is based on the net monthly rental income as of date of valuation and the average monthly net income receivable from parking lots, etc. during the period from January 2013 to April 2014.

VALUATION CERTIFICATE

Notes: (Cont'd)

- (6) Based on the tenancy information provided by Henderson Sunlight Asset Management Limited, our analysis of the existing tenancy profile (excluding parking spaces) is set out below:

Occupancy Profile

Type	Gross Rentable Area (sq ft)	% of Total
Leased	245,790	98.9%
Vacant	2,851	1.1%
Total	248,641	100.0%

Tenancy Commencement Profile

Year	Occupied Gross Rentable Area (sq ft)	% of Occupied Area	Monthly Rental (HK\$)	% of Total	No. of Tenancy	% of Total
2011	127,170	51.7%	1,193,426	36.7%	5	23.8%
2012	53,452	21.7%	988,390	30.4%	4	19.0%
2013	58,995	24.0%	964,132	29.6%	10	47.6%
2014	6,173	2.5%	108,016	3.3%	2	9.5%
TOTAL	245,790	100%	3,253,964	100%	21	100.0%

Tenancy Expiry Profile

Year	Occupied Gross Rentable Area (sq ft)	% of Occupied Area	Monthly Rental (HK\$)	% of Total	No. of Tenancy	% of Total
2014	14,947	6.1%	225,211	6.9%	2	9.5%
2015	70,974	28.9%	1,273,832	39.1%	9	42.9%
2016	156,771	63.8%	1,702,255	52.3%	9	42.9%
2017	3,098	1.3%	52,666	1.6%	1	4.8%
Total	245,790	100.0%	3,253,964	100.0%	21	100.0%

Tenancy Duration Profile

Year	Occupied Gross Rentable Area (sq ft)	% of Occupied Area	Monthly Rental (HK\$)	% of Total	No. of Tenancy	% of Total
1 yr or below	0	0.0%	0	0.0%	0.00	0.0%
> 1 yr up to 2 yrs	32,696	13.3%	563,955	17.3%	7.00	33.3%
> 2 yrs up to 3 yrs	82,872	33.7%	1,395,256	42.9%	8.00	38.1%
> 3 yrs up to 4 yrs	0	0.0%	0	0.0%	0.00	0.0%
> 4 yrs up to 5 yrs	6,150	2.5%	136,954	4.2%	2.00	9.5%
> 5 yrs	124,072	50.5%	1,157,799	35.6%	4.00	19.0%
Total	245,790	100%	3,253,964	100%	21	100.0%



仲量聯行

VALUATION REPORT
AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong

Appendix 1

General Principles of Valuation

**GENERAL PRINCIPLES ADOPTED IN THE PREPARATION
AND CONDITIONS THAT APPLY TO AND FORM PART
OF
HONG KONG VALUATIONS AND REPORTS**

This document sets out the general principles upon which our Valuations and Reports are normally prepared, and the conditions that apply to and form part of our Valuations and Reports. They apply unless we have specifically mentioned otherwise in the body of the report. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, where appropriate, or to arrange for the execution of structural or site surveys, or any other more detailed enquiries. Any variations to these general principles and/or conditions must be confirmed in writing.

1. Valuation Methodology:

All work is carried out in accordance with the “HKIS Valuation Standards 2012 Edition” published by The Hong Kong Institute of Surveyors (“HKIS”). If the HKIS Valuation Standards are silent on subjects requiring guidance, we refer to the “International Valuation Standards” published by the International Valuation Standards Council (“IVSC”), as appropriate, subject to variation to meet local established law, custom, practice and market conditions. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the HKIS Valuation Standards.

2. Valuation Basis:

Our valuations are made on the basis of Market Value adopted by the HKIS, set out as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuations are made on the assumption that the owner sells the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture or similar arrangement which would serve to affect the value of the property.

Each valuation is current as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of preceding half of this paragraph, we do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the date of valuation.

3. Costs:

No allowances are made in our valuations for dealing with any encumbrances such as charges, mortgages, nor for amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale or disposal.

4. Source of Information:

We accept as being complete and correct the information provided to us, by the sources listed, as to details of tenure, tenancies, tenant's improvements, planning consents and other relevant matters, as summarized in our report.

5. Assumptions

Unless we state otherwise in the valuation, our valuation assumes (without investigation on our part), where applicable,

- (a) good and marketable title, and no encumbrance on the property's title which could materially affect its value,
- (b) no encroachment by or on the property and no unauthorized additions or structural alterations (our valuation is made according to the original layout as shown in the Registered Floor Plans or developer's brochure and assumes no outstanding reinstatement costs to be charged on the property),
- (c) no major environmental factor (including contamination) affects the property,
- (d) no deficiencies in the structural integrity of the property and other improvements,
- (e) the property is not affected or required for any public purposes or is to be acquired for a public purpose,
- (f) there are no outstanding statutory orders on the property or the likely possibility of future orders being made by a regulatory authority,
- (g) body corporate records and finances are in a satisfactory order and there are no major financial commitments, orders or levies in respect of any major rectifications, remedial or other works to be undertaken by the body corporate above normal maintenance,
- (h) no material litigation pending relating to the property,
- (i) that the property (and any works thereto) comply with all relevant statutory regulations, including enactments relating to fire regulations,
- (j) no deleterious materials (including by way of example asbestos and calcium chloride)
- (k) ground conditions and services are suitable (including, particularly with respect to agricultural land, no possibility of latent infestation in the soil or of disease which might affect crops or stock at any time in the future) and no extraordinary expenses or delays will be incurred due to archaeological, ecological or environmental matters.

Without affecting the generality of the above, where leases or documents of title or site and building surveys or building report or pest certificate or engineer's certificate or body corporate records are provided to us for the purpose of the valuation, reliance must not be placed on our interpretation thereof of any of these documents.

6. Tenants:

Enquiries as to the financial standing of actual or prospective tenants are not made unless we specifically agree to in writing. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise in writing, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

7. Measurements:

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the Registered Floor Plans if available.

8. Jurisdiction:

Unless the parties otherwise agree in writing, all disputes arising out and relating to our valuation shall be finally settled under Hong Kong Law and the parties irrevocably submit to the jurisdiction of the Hong Kong Courts.
