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SUNLIGHT REIT

Sunlight Real Estate Investment Trust

(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance
(Chapter 571 of the Laws of Hong Kong))

(Stock Code : 435)

Managed by

Henderson Sunlight Asset Management Limited
恒基陽光資產管理有限公司

- (1) PROPOSED EXTENSION OF PERIOD OF WAIVER IN RESPECT OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS**
- (2) PROPOSED AMENDMENTS TO PROPERTY MANAGEMENT AGREEMENT**
- (3) NOTICE OF EGM AND CLOSURE OF REGISTER OF UNITHOLDERS**

Independent Financial Adviser to the Independent Board Committee,
the Independent Unitholders and the Trustee



Crescendo Capital Limited

The Manager proposes to seek Independent Unitholders' approval to extend the 2015 Extended Waiver for a further period of three years up to and including 30 June 2021, and set the New Annual Caps for the Relevant Connected Party Transactions.

Details of the proposed extension are set out in the Circular which will be despatched together with the EGM Notice and the form of proxy for the EGM to Unitholders on Friday, 13 April 2018. The EGM will be held at 10:00 a.m. on Wednesday, 2 May 2018 at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong. In order to determine the entitlement of Unitholders to attend and vote at the EGM, the register of Unitholders will be closed from Thursday, 26 April 2018 to Wednesday, 2 May 2018, both days inclusive, during which period no transfer of Units will be effected.

Moreover, the Manager wishes to further extend the term of appointment of the Property Manager for a period of three years up to and including 30 June 2021, and to amend the Property Management Agreement by entering into a supplemental agreement which will take effect on 1 July 2018.

1. PROPOSED EXTENSION OF PERIOD OF WAIVER IN RESPECT OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS

A. Initial Waiver Granted and Extended

As disclosed in the Offering Circular, subject to certain conditions, the SFC has granted a waiver from strict compliance with the requirements for disclosure and, where applicable, Unitholders' approval under Chapter 8 of the REIT Code in respect of the Relevant Connected Party Transactions for a period up to and including 30 June 2009 (the "**Initial Waiver**").

Details of the Relevant Connected Party Transactions and the Initial Waiver are more particularly set out in the section "Connected Party Transactions – Waivers for Certain Transactions" (pages 412 to 418) in the Offering Circular.

As disclosed in subsequent announcements and circulars issued by the Manager, the Initial Waiver was subsequently extended at the extraordinary general meeting of Unitholders held on 28 April 2009, and was further extended at the extraordinary general meetings of Unitholders held on 30 April 2012 and 13 March 2015 respectively (the latest extended waiver being the "**2015 Extended Waiver**").

B. Expiration of the 2015 Extended Waiver

The 2015 Extended Waiver will expire on 30 June 2018. In accordance with the conditions of the 2015 Extended Waiver, the 2015 Extended Waiver may be extended beyond 30 June 2018, and/or its conditions may be modified from time to time, provided that:

- (a) the approval of Unitholders other than those who have a material interest in the relevant transactions within the meaning of paragraph 8.11 of the REIT Code is obtained by way of an Ordinary Resolution passed at a general meeting of Unitholders;
- (b) disclosure of details of the proposed extension and/or modification (as the case may be) shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) any extension of the period of the 2015 Extended Waiver is made, on each occasion of such extension, for a period which shall expire not later than the third full financial year-end date of Sunlight REIT after the date on which the approval referred to in paragraph (a) above becomes effective.

C. 2018 Waiver Extension

Accordingly, the Manager now proposes to seek Independent Unitholders' approval, by way of an Ordinary Resolution at the EGM, (i) to extend the 2015 Extended Waiver for a further period of three years up to and including 30 June 2021, and (ii) to set the New Annual Caps for the Relevant Connected Party Transactions. The Relevant Connected Party Transactions with respect to which the 2018 Waiver Extension is sought are within the same categories as those described in the circular dated 17 February 2015 issued by the Manager to Unitholders.

The Manager has made a submission to the SFC for the 2018 Waiver Extension. Details of the 2018 Waiver Extension and the New Annual Caps are set out in the Circular.

D. Independent Board Committee and Independent Financial Adviser

The Independent Board Committee has been established by the Board to advise the Independent Unitholders on the 2018 Waiver Extension and the New Annual Caps. Crescendo Capital Limited, being the Independent Financial Adviser, has been appointed as the independent financial adviser to provide an opinion on the 2018 Waiver Extension and the New Annual Caps to the Independent Board Committee, the Independent Unitholders and the Trustee.

Unitholders' attention is drawn to the "*Letter from the Independent Board Committee*" set out in the Circular, which contains the Independent Board Committee's recommendation to the Independent Unitholders, and the "*Letter from the Independent Financial Adviser*" set out in the Circular, which contains the Independent Financial Adviser's advice to the Independent Board Committee, the Independent Unitholders and the Trustee.

2. PROPOSED AMENDMENTS TO THE PROPERTY MANAGEMENT AGREEMENT

The term of the appointment of the Property Manager under the Property Management Agreement will expire on 30 June 2018. The Manager wishes to further extend the appointment of the Property Manager for a period of three years up to and including 30 June 2021 on the same terms and conditions of the Property Management Agreement subject to the proposed amendments as described below, by entering into a supplemental agreement which will take effect on 1 July 2018.

(a) Property management services and lease management services

The Property Management Agreement provides that in respect of the property management services and lease management services provided by the Property Manager for a property, the Property Manager shall be entitled to receive for each financial year, a fee of 3% per annum of the gross property revenue of the relevant property managed by it. The Manager wishes to amend the Property Management Agreement such that the Manager and the Property Manager may mutually agree to revise the rate of the fee in respect of any property from time to time provided that it does not exceed 3% per annum of the gross property revenue of such property.

(b) Commission in respect of tenancy and licence

The Property Management Agreement provides that the Property Manager is entitled to receive commissions for provision of marketing services. Different scenarios are provided for the determination of the Property Manager's commissions. For securing a tenancy, licence or renewal of tenancy or licence for a duration of less than 12 months, the Property Manager is currently entitled to a commission equivalent to one-half month's base rent or licence fee or 10% of the total rent or licence fee, whichever is the lower. The Manager wishes to amend the Property Management Agreement such that the commission payable in such cases will not be exceeding the lower of one-half month's base rent or licence fee, or 10% (or a lower percentage as mutually agreed between the Manager and the Property Manager from time to time) of the total rent or licence fee.

(c) Third party rights

In light of the coming into effect of the Contract (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) in 2016, the Manager wishes to insert a provision such that unless expressly provided to the contrary in the Property Management Agreement, a person who is not a party to the Property Management Agreement has no right under the Contract (Rights of Third Parties) Ordinance to enforce or to enjoy the benefit of any term of the Property Management Agreement.

As the estimated amount of fees to be payable to the Property Manager under the Property Management Agreement (as and when amended and renewed by the proposed supplemental agreement) for each of the three financial years ending 30 June 2021 is less than 5% of the latest net asset value of Sunlight REIT as disclosed in the latest published audited accounts of Sunlight REIT, no Unitholders' approval is required for the transactions under the Property Management Agreement (as so amended) pursuant to paragraph 8.9 of the REIT Code. In the event that, in the future, such payment of fees by Sunlight REIT to the Property Manager in a financial year is to exceed the 5% threshold, Sunlight REIT will comply with the then applicable requirements under the REIT Code.

3. CIRCULAR AND EGM NOTICE

The Circular will be despatched together with the EGM Notice and the form of proxy for the EGM to Unitholders on Friday, 13 April 2018. The EGM will be held at 10:00 a.m. on Wednesday, 2 May 2018 at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong. Unitholders' attention is drawn to the "*Notice of Extraordinary General Meeting*" set out in the Circular, which contains the full text of the proposed Ordinary Resolution in relation to the approval of the 2018 Waiver Extension and the New Annual Caps.

4. CLOSURE OF REGISTER OF UNITHOLDERS

For the purpose of determining eligibility of Unitholders to attend and vote at the EGM, the register of Unitholders will be closed from Thursday, 26 April 2018 to Wednesday, 2 May 2018, both days inclusive, during which period no transfer of Units will be effected. In order to qualify to attend and vote at the EGM, all transfers of Units accompanied by the relevant unit certificates and the duly completed transfer forms must be lodged with the unit registrar of Sunlight REIT, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 25 April 2018.

DEFINITIONS

“2018 Waiver Extension”	the proposed extension of the 2015 Extended Waiver (as defined above) for the Relevant Connected Party Transactions (including the setting of the New Annual Caps) as described in this announcement and the Circular
“Board”	the board of Directors
“Circular”	the circular to be issued and despatched to Unitholders on 13 April 2018, containing, among other things, (i) the proposed 2018 Waiver Extension together with the recommendations of the Independent Board Committee to the Independent Unitholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the 2018 Waiver Extension and (ii) the EGM Notice
“connected person(s)”	has the meaning ascribed to it under the REIT Code
“Director(s)”	the director(s) of the Manager
“EGM”	the extraordinary general meeting of Unitholders to be held on 2 May 2018 to consider and, if thought fit, approve the proposed 2018 Waiver Extension, or any adjournment thereof
“EGM Notice”	the notice of the EGM set out in the Circular

“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	independent committee of the Board established to advise the Independent Unitholders on the 2018 Waiver Extension and the New Annual Caps, comprising Mr. KWAN Kai Cheong, Mr. MA Kwong Wing, Dr. TSE Kwok Sang and Mr. KWOK Tun Ho, Chester, all being independent non-executive Directors
“Independent Financial Adviser”	Crescendo Capital Limited 蒼盛融資有限公司, which is licensed by the SFC to carry out Type 6 regulated activities under the SFO, and appointed as the independent financial adviser to advise the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the 2018 Waiver Extension
“Independent Unitholders”	Unitholders other than those who have a material interest in the 2018 Waiver Extension within the meaning of paragraph 8.11 of the REIT Code
“Manager”	Henderson Sunlight Asset Management Limited 恒基陽光資產管理有限公司, as the manager of Sunlight REIT, or such other person as may from time to time be appointed as the manager of Sunlight REIT
“Manager Group”	the Manager and entities or persons which are from time to time connected persons of Sunlight REIT as a result of their connection with the Manager, including the Property Manager, HLD and other members of the same group
“New Annual Caps”	the proposed new annual caps for the Relevant Connected Party Transactions for the years ending 30 June 2019, 30 June 2020 and 30 June 2021 respectively, as set out in the Circular
“Offering Circular”	the offering circular dated 8 December 2006 issued in connection with the initial public offering of the Units

“Ordinary Resolution”	a resolution of Unitholders passed by a simple majority of the votes of those Unitholders present and entitled to vote, whether in person or by proxy, at a duly convened meeting, where the votes shall be taken by way of a poll, but with a quorum of two or more Unitholders holding together not less than 10% of Units in issue
“Property Management Agreement”	the agreement dated 29 November 2006 entered into between the Manager and the Property Manager (and subsequently acceded to by the property holding companies within Sunlight REIT) relating to the provision of certain property management and lease management as well as marketing services in respect of the properties of Sunlight REIT, as amended by the supplemental agreements dated 28 April 2009, 25 June 2012 and 12 May 2015 respectively, each entered into between the Manager and the Property Manager
“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
“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
“Relevant Connected Party Transactions”	continuing connected party transactions involving (i) leasing and licensing arrangements or (ii) property management and operations between the Sunlight REIT Group on one part and the SKFE Connected Persons Group and/or the Manager Group on the other part, the details of which are set out in the Offering Circular and the Circular
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time

“SKFE”	Shau Kee Financial Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability, is an investment holding company wholly-owned by a family trust of Dr. LEE Shau Kee, the chairman of HLD
“SKFE Connected Persons Group”	SKFE Holders, associates (as defined in the REIT Code) of SKFE Holders and entities or persons which are from time to time connected persons of Sunlight REIT as a result of their connection with the SKFE Holders
“SKFE Holders”	wholly-owned subsidiaries of SKFE which are significant holders of Sunlight REIT
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunlight REIT”	Sunlight Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorized under section 104 of the SFO
“Sunlight REIT Group”	Sunlight REIT, the special purpose vehicles owned and controlled by Sunlight REIT in accordance with the REIT Code and the Trust Deed and other companies or entities held or controlled by Sunlight REIT
“Trust Deed”	the trust deed dated 26 May 2006 constituting Sunlight REIT (as supplemented by six supplemental deeds dated 1 June 2006, 28 November 2006, 28 April 2009, 23 July 2010, 30 April 2012 and 16 March 2015 respectively), as may be 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, or such other person as may from time to time be appointed 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 Manager

“Unit” one unit in Sunlight REIT

“Unitholder” any person registered as holder of a Unit

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

Hong Kong, 12 April 2018

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