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SUNLIGHT REIT

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

CIRCULAR TO UNITHOLDERS
IN RELATION TO
GENERAL MANDATE TO BUY BACK UNITS

A letter from the Board is set out on pages 3 to 10 of this circular.

A notice convening the AGM to be held at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 21 October 2016, at 10:00 a.m. is set out in the 2015/16 Annual Report. A form of proxy for use by the Unitholders at the AGM is enclosed. Whether or not you are able to attend the AGM in person, please complete, sign and date the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Unit Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish.

20 September 2016

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of Unitholders of Sunlight REIT to be held on 21 October 2016
“Board”	the board of Directors
“Buy-back Mandate”	a general mandate proposed to be granted by Unitholders to the Manager to buy back Units on behalf of Sunlight REIT, representing up to a maximum of 10% of the aggregate number of Units in issue at the date of the passing of the relevant resolution granting the general mandate
“Director(s)”	the director(s) of the Manager
“Henderson Concert Group”	HLD and its subsidiaries (including the Manager), SKFE and its subsidiaries, and parties who are, or are presumed under the Takeovers Code to be, acting in concert with any of HLD and SKFE
“HLD”	Henderson Land Development Company Limited 恒基兆業地產有限公司
“Latest Practicable Date”	7 September 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented and/or otherwise modified from time to time
“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
“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 the Units in issue
“Register”	the register of Unitholders

DEFINITIONS

“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
“SEHK”	The Stock Exchange of Hong Kong Limited
“SFC”	Securities and Futures Commission of Hong Kong
“SFC Repurchase Circular”	the circular dated 31 January 2008 issued by the SFC to management companies of SFC-authorized REITs in relation to on-market unit repurchases by SFC-authorized REITs
“SKFE”	Shau Kee Financial Enterprises Limited
“Sunlight REIT”	Sunlight Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorized under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented and/or otherwise modified from time to time
“Trust Deed”	the trust deed constituting Sunlight REIT dated 26 May 2006, as amended and supplemented by six supplemental deeds
“Trustee”	HSBC Institutional Trust Services (Asia) Limited 滙豐機構信託服務(亞洲)有限公司, in its capacity as the trustee of Sunlight REIT, or such other person as may from time to time be appointed as the trustee of Sunlight REIT
“Unit”	one unit in Sunlight REIT
“Unit Registrar”	Tricor Investor Services Limited 卓佳證券登記有限公司, or such other person as may from time to time be appointed to keep and maintain the Register
“Unitholder”	any person registered as holder of a Unit

LETTER FROM THE BOARD



SUNLIGHT REIT

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

Directors of the Manager:

Chairman and Non-executive Director
Mr. AU Siu Kee, Alexander

Chief Executive Officer and Executive Director
Mr. WU Shiu Kee, Keith

Non-executive Director
Mr. KWOK Ping Ho

Independent Non-executive Directors

Mr. KWAN Kai Cheong
Mr. MA Kwong Wing
Dr. TSE Kwok Sang
Mr. KWOK Tun Ho, Chester

Registered Office of the Manager:

30th Floor, Sunlight Tower,
248 Queen's Road East,
Wan Chai,
Hong Kong

20 September 2016

To the Unitholders

Dear Sir/Madam,

**CIRCULAR TO UNITHOLDERS
IN RELATION TO
GENERAL MANDATE TO BUY BACK UNITS**

1. INTRODUCTION

At the annual general meeting of Unitholders of Sunlight REIT held on 29 October 2015, an Ordinary Resolution was passed to grant a general mandate to the Manager to buy back Units on behalf of Sunlight REIT of up to 10% of the aggregate number of Units in issue at 29 October 2015. This general mandate will expire at the conclusion of the forthcoming AGM. The Manager proposes to seek Unitholders' approval at the AGM to grant a general mandate to the Manager to buy back Units on behalf of Sunlight REIT pursuant to the SFC Repurchase Circular and subject to the terms and conditions set out in section 2 below.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information regarding the proposed Buy-back Mandate.

2. GENERAL MANDATE TO BUY BACK UNITS

Proposed Buy-back Mandate

An Ordinary Resolution will be proposed at the AGM to grant a general mandate to the Manager to exercise all its powers to buy back Units on-market on behalf of Sunlight REIT, representing up to a maximum of 10% of the aggregate number of Units in issue at the date of the passing of such Ordinary Resolution.

The Buy-back Mandate will, if granted, commence on the date of the passing of the Ordinary Resolution approving the Buy-back Mandate and remain effective until the earliest of:

- (a) the conclusion of the next annual general meeting of Sunlight REIT following the passing of such Ordinary Resolution;
- (b) the expiration of the period within which the meeting referred to in (a) above is required to be held under the Trust Deed; and
- (c) its revocation or variation by an Ordinary Resolution.

Sunlight REIT shall comply with the restrictions and notification requirements applicable to listed companies purchasing their own shares on a stock exchange under Rule 10.06 of the Listing Rules, with necessary changes being made, as if the provisions therein were applicable to Sunlight REIT. These restrictions and notification requirements include, but are not limited to, dealing restrictions, restrictions on subsequent issues, reporting requirements and status of purchased shares.

Approval Required

Pursuant to the SFC Repurchase Circular, the Manager proposes to seek Unitholders' approval by way of an Ordinary Resolution at the AGM to grant a general mandate to the Manager to buy back Units on-market on behalf of Sunlight REIT.

Under paragraph 3.3 of Schedule A to the Trust Deed, at any general meeting of Unitholders, a resolution put to the meeting shall be decided on a poll (except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be decided on a show of hands) and the result of the poll (or a show of hands in the circumstances above) will be deemed to be the resolution of the meeting. Accordingly, the Ordinary Resolution to be proposed for approving the Buy-back Mandate will be decided on a poll at the AGM.

LETTER FROM THE BOARD

Further, under paragraph 3.2 of Schedule A to the Trust Deed and paragraph 9.9(f) of the REIT Code, at a meeting of Unitholders, where a Unitholder has a material interest in the transaction tabled for approval or the business to be conducted, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting its Units at, or being counted in the quorum for, such meeting.

At the Latest Practicable Date, to the best of the Manager's knowledge, information and belief after having made all reasonable enquiries, the Manager is not aware of any Unitholder who is required to abstain from voting in respect of the Ordinary Resolution to be proposed for approving the Buy-back Mandate at the AGM.

3. EXPLANATORY STATEMENT

Set out below is an explanatory statement providing further requisite information as required under the SFC Repurchase Circular to the Unitholders to enable them to make an informed decision on the Ordinary Resolution on the Buy-back Mandate.

Units in Issue

The Buy-back Mandate will, when approved at the AGM, allow the Manager to buy back a maximum of 10% of the number of Units in issue at the date of the passing of the relevant Ordinary Resolution.

There were 1,635,909,905 Units in issue at the Latest Practicable Date. Subject to the passing of the relevant Ordinary Resolution and assuming there is no change in the number of Units in issue prior to the AGM, the Manager will be allowed under the Buy-back Mandate to buy back a maximum of 163,590,990 Units on behalf of Sunlight REIT.

Reasons for the Buy-back Mandate

The Manager believes that it is in the interests of Sunlight REIT and the Unitholders as a whole to seek a general mandate from the Unitholders to enable the Manager to make on-market buy-backs of Units on behalf of Sunlight REIT. Depending on market conditions and funding arrangements at the time, buy-backs of Units may lead to an enhancement of the net asset value per Unit and/or distribution per Unit, and will only be made when the Manager believes that such buy-backs will benefit Sunlight REIT and the Unitholders as a whole.

The listing of all Units which are bought back by the Manager on behalf of Sunlight REIT shall be cancelled upon purchase. The Manager will ensure that the documents of title in respect of Units bought back are cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase.

LETTER FROM THE BOARD

Funding for the Buy-back

It is proposed that buy-backs of Units under the Buy-back Mandate would be financed by available cash flow or working capital of Sunlight REIT. For the purpose of any buy-back of Units, the Manager will only apply funds legally available for such purposes in accordance with the Trust Deed and the applicable laws of Hong Kong.

There might be a material adverse effect on the working capital or gearing position of Sunlight REIT (as compared with the position disclosed in the most recent audited financial statements) in the event that the Buy-back Mandate is exercised in full at any time during the proposed buy-back period. However, the Manager does not propose to exercise the Buy-back Mandate to such an extent that it would, in the circumstances, have a material adverse effect on the working capital or the gearing position of Sunlight REIT.

Disclosure of Interests

To the best of the knowledge of the Directors having made all reasonable enquiries, none of the Directors nor any of their associates (as defined in the REIT Code) has any present intention to sell Units to Sunlight REIT in the event that the Buy-back Mandate is approved by the Unitholders at the AGM.

At the Latest Practicable Date, no connected person (as defined in the REIT Code) of Sunlight REIT had notified the Manager of having a present intention to sell any Units to Sunlight REIT, or had undertaken not to sell any of the Units held by him/her/it to Sunlight REIT, in the event that the Buy-back Mandate is granted.

Directors' Undertaking

The Directors have undertaken to the SFC to exercise the power to make buy-backs of Units pursuant to the Buy-back Mandate only in accordance with the provisions of the Trust Deed, the applicable laws of Hong Kong, the REIT Code, the applicable provisions of the Takeovers Code and of the Code on Share Buy-backs, and the guidelines issued by the SFC from time to time.

LETTER FROM THE BOARD

Unit Prices

The highest and lowest prices at which the Units have traded on SEHK during each of the twelve months immediately preceding the Latest Practicable Date were as follows:

	Highest (HK\$)	Lowest (HK\$)
2015		
September	3.98	3.60
October	3.95	3.81
November	3.95	3.81
December	3.88	3.75
2016		
January	3.85	3.49
February	3.89	3.61
March	4.05	3.81
April	4.21	3.99
May	4.25	4.02
June	4.44	4.09
July	4.76	4.42
August	4.99	4.72
September (up to the Latest Practicable Date)	5.00	4.88

Takeovers Code and Buy-back of Units

If a Unitholder's proportionate interest in the voting rights of Sunlight REIT increases as a result of the Manager exercising the powers to buy back Units on behalf of Sunlight REIT pursuant to the Buy-back Mandate, pursuant to Rule 32 of the Takeovers Code, such increase will be treated as an acquisition of voting rights for purposes of the Takeovers Code. As a result, a Unitholder or group of Unitholders acting in concert, depending on the level of increase of the proportionate interest of the Unitholder or Unitholders, could obtain or consolidate control of Sunlight REIT and thereby become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. At the Latest Practicable Date, the Henderson Concert Group was interested in an aggregate of approximately 37.95% of the total number of Units in issue.

In the event of full exercise of the Buy-back Mandate, and assuming that the number of Units which the Henderson Concert Group is interested in remains unchanged, and that the total number of Units in issue and the capital structure of Sunlight REIT otherwise remain unchanged, the Henderson Concert Group's interests in Units would be increased to approximately 42.16% and such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

LETTER FROM THE BOARD

Previous Buy-back

The Manager (on behalf of Sunlight REIT) had bought back a total of 5,080,000 Units on SEHK during the period of six months immediately preceding the Latest Practicable Date, details of which are as follows:

Date of buy-back	Number of Units bought back	Price paid per Unit	
		Highest (HK\$)	Lowest (HK\$)
7 March 2016	246,000	3.90	3.88
8 March 2016	201,000	3.89	3.85
9 March 2016	170,000	3.89	3.86
10 March 2016	164,000	3.90	3.88
11 March 2016	479,000	3.92	3.87
14 March 2016	255,000	3.92	3.89
31 March 2016	150,000	4.00	3.99
5 April 2016	16,000	4.00	4.00
8 April 2016	79,000	4.05	4.05
11 April 2016	155,000	4.05	4.03
13 April 2016	344,000	4.09	4.07
14 April 2016	298,000	4.10	4.00
15 April 2016	179,000	4.10	4.06
18 April 2016	100,000	4.07	4.07
6 May 2016	220,000	4.08	4.07
10 May 2016	188,000	4.10	4.09
12 May 2016	350,000	4.11	4.09
13 May 2016	350,000	4.09	4.07
16 May 2016	44,000	4.08	4.04
18 May 2016	246,000	4.11	4.10
20 May 2016	96,000	4.12	4.12
6 June 2016	324,000	4.20	4.17
7 June 2016	265,000	4.22	4.21
8 June 2016	51,000	4.23	4.21
10 June 2016	23,000	4.29	4.23
13 June 2016	37,000	4.25	4.25
15 June 2016	50,000	4.25	4.25
	<u>5,080,000</u>		

Save as disclosed above, no Units were bought back by Sunlight REIT (whether on SEHK or otherwise) during the six months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

Trustee's Confirmation and Consent

The Trustee has confirmed that, in its opinion (i) the Buy-back Mandate complies with the requirements in the Trust Deed, and (ii) subject to Unitholders' approval, the Trustee does not have any objection to buy-backs of Units pursuant to the Buy-back Mandate. The Trustee's confirmation is being furnished for the sole purpose of complying with the SFC Repurchase Circular, and is not to be taken as a recommendation or representation by the Trustee of the merits of the Buy-back Mandate or of any statements or information made or disclosed in this circular.

The Trustee has not made any assessment of the merits or impact of the Buy-back Mandate, other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code.

Directors' Recommendation

The Board considers that the granting of the Buy-back Mandate to the Manager is in the interests of Sunlight REIT and the Unitholders as a whole. Accordingly, the Board recommends Unitholders to vote in favour of the Ordinary Resolution relating to the Buy-back Mandate to be proposed at the AGM.

4. ANNUAL GENERAL MEETING

The AGM is convened to be held at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 21 October 2016 at 10:00 a.m., for the purpose of, among other things, considering and, if thought fit, passing with or without modifications, the Ordinary Resolution set out in the notice of the AGM, which is included on pages 134 and 135 of the 2015/16 Annual Report of Sunlight REIT.

For the purpose of determining entitlements to attend and vote at the AGM, the Register will be closed from Wednesday, 19 October 2016 to Friday, 21 October 2016, both days inclusive, during which period no transfer of Units will be effected. In order to qualify to attend and vote at the AGM, all unit certificates accompanied by the duly completed transfer forms must be lodged with the Unit Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 18 October 2016.

Whether or not you are able to attend the AGM in person, please complete, sign and date the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Unit Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish.

LETTER FROM THE BOARD

5. RESPONSIBILITY STATEMENT

The Manager and the Directors, collectively and individually, accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

Yours faithfully,

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