

# The Compelling Singapore REITs Story

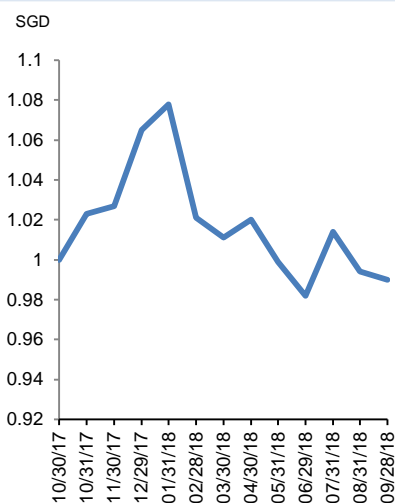
Quarterly Update: September 2018



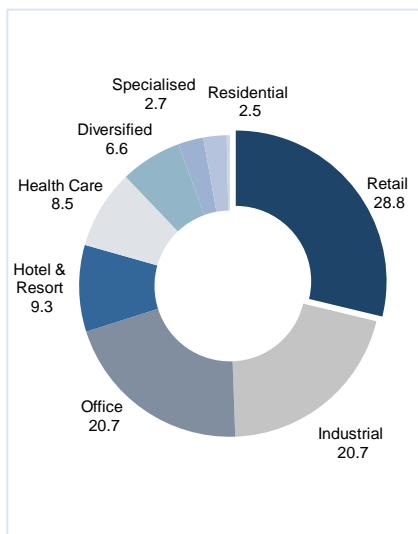
## LION-PHILLIP S-REIT ETF

Set Your Sights on a Sustainable Income Stream with High-Quality S-REITs<sup>1</sup>

### Market Closing Price



### Composition (in %)<sup>2</sup>



### Key Facts

- Replicates the Morningstar<sup>®</sup> Singapore REIT Yield Focus Index<sup>SM</sup> ("Index")
- 28<sup>3</sup> Real Estate Investment Trusts (REITs)
- Gross current dividend yield of 5.3%<sup>4</sup>
- Second distribution of S\$0.018 per unit on ex-date 29 August 2018<sup>^</sup>
- Total AUM of S\$140.1m
- SGX stock code: CLR
- Bloomberg ticker: SREITS SP

Source: Bloomberg, Lion Global Investors, as at 28 September 2018. <sup>^</sup> Pay-date of 28 September 2018. Distribution is for the period from 3 March 2018 to 31 July 2018, and comprises of 94.4% distributable income<sup>5</sup> and 5.6% capital component. Past payout yields and payments do not represent future payout yields and payments. Distribution payments shall, at the sole discretion of the Manager, be made out of either (a) income; or (b) net capital gains; or (c) capital of the fund or a combination of (a) and/or (b) and/or (c). The declaration and/or payment of distributions (whether out of income and/or capital) may have the effect of lowering the net asset value of the fund. For further detailed income statistics, please visit [www.lionglobalinvestors.com](http://www.lionglobalinvestors.com)

# REIT in Focus:

## CapitaLand Mall Trust \*



- Singapore's First and Largest Retail REIT
- Market capitalisation of S\$7.3 billion
- CMT's portfolio comprises of 15 properties strategically located with close proximity to public transport and population catchments in Singapore
- CMT is the largest shopping mall owner with 14.0% of malls greater than 100,000 sq ft

Source: Bloomberg as at 30 September 2018.

In this issue, we highlight CapitaLand Mall Trust's (CMT) ongoing redevelopment and asset enhancement initiatives on its assets to generate and unlock value.

### Redevelopment and asset enhancement initiatives

#### 1. Funan – a new integrated experience come 2019

CMT is currently redeveloping Funan into an integrated development comprising retail, office and serviced residence components. Funan's redevelopment is CapitaLand's pilot project in offering a new live-work-play paradigm to cater to a new generation of tech- and socially-savvy consumers, who yearn to live in a community with modern comforts; work in a collaborative environment; and unwind in a convenient location where they can shop, play sports and enjoy recreational activities under one roof.

*CMT unlocks value through asset enhancement*



Source: CMT South Korea Roadshow<sup>6</sup>, August 2018.

CMT is also shaping Funan into a shopping mall integrating online and offline with technology and automation, with the objective of enhancing customer's shopping experience. This redevelopment project's target completion date is in 2H 2019, whose success will pave the further of other CMT's malls.

\* Lion-Phillip S-REIT ETF has a 10.5% exposure to CapitaLand Mall Trust as at 30 September 2018.

For more information on Lion-Phillip S-REIT ETF, visit <http://www.lionglobalinvestors.com/en/disclaimer-etf.html> or email us at [contactus@lionglobalinvestors.com](mailto:contactus@lionglobalinvestors.com).

## 2. Ongoing rejuvenation works for Tampines Mall



Artist impression: new duplex at Tampines Mall

Tampines Mall is undergoing rejuvenation work which includes construction of a new duplex as well as enhancement to the mall facade.

Source: CMT South Korea Roadshow<sup>6</sup>, August 2018.

### CMT is looking to future-enable their malls

CMT is focused on engaging shoppers, leveraging on technology to bring greater convenience and delight to enhance shopping experience. CMT is also working on helping retailers to do more business by increasing consumer touchpoints.

With Funan paving the way forward, CMT is looking at bringing some of the latest digital innovations and infrastructure to the other malls in their portfolio.

*CMT is focused on engaging shoppers using technology*

# Trend in Focus:

## Retailers and malls reinventing for the digital age

With the recent bankruptcies and closings in the retail industry, it's clear that the brick-and-mortar mall shopping model is in need of reinvention. China retailers and shopping malls have taken the lead to stay relevant in this digital age through some of these innovations and best practices:

### Experiential retail concepts

CapitaLand Retail China Trust\*\* which owns several quality malls in Beijing, Shanghai, Chengdu, Wuhan and Guangzhou, attracts consumers to their malls by bringing in new-to-market brands, smaller specialty stores that combine physical goods with interactive experiences. They are also changing the tenant mix to include stores that are providing interactivity services such as cooking schools that conduct classes as well as cooking demonstrations.



Interactive concept YID Cooking Studio  
CapitaMall Wangjing (Beijing)



Xiaomi Digital Experiential Store  
Rock Square (Guangzhou)

*To survive the challenge from e-commerce, retailers and malls need to offer consumers something internet-based rivals cannot: a complete experience*

Source: CRCT SGX-CS Real Estate Corporate Day 2018<sup>7</sup>, 3 October 2018.

\*\* Lion-Phillip S-REIT ETF has a 1.3% exposure to CapitaLand Retail China Trust as at 30 September 2018.



## Technological integration

Alibaba leads the tech movement in retail. In 2015, Alibaba announced its new retail strategy, o2o (online to offline), integrating online and offline shopping using technologies such as virtual reality, augmented reality, machine learning and cloud computing to engage consumers, and with everything being done over the mobile phone.

The prime example of integrated retail is Hema, a chain of technology-powered supermarkets owned by Alibaba – an all in one business model as follows:



Source: Alibaba Group 2018 Investor Day, 17 September 2018.

Alibaba uses big data, analytics, machine learning and artificial intelligence to create value from data, to help businesses and partners improve operations.



Source: Alibaba Group 2018 Investor Day, 17 September 2018.

New technologies and new ways to connect with consumers are transforming the retail sector. To compete effectively, retailers need to be able to collect data (about products, customers, and locations), turning that data into insights, and then turning those insights into action.

## Shopping malls becoming lifestyle hubs

VivoCity (owned by MapleTree Commercial Trust<sup>\*\*\*</sup>) is an iconic retail, entertainment & lifestyle destination that constantly surprises and stimulates visitors with its vibrant mix of retail and entertainment concepts. It features wide, open spaces for waterfront relaxation and entertainment, and a full calendar of exciting festivals and events that will draw both locals and foreign visitors



Shopping malls have the potential to become the "third place" where consumers hangout aside from their home and workplace

<sup>\*\*\*</sup> Lion-Phillip S-REIT ETF has a 10.1% exposure to MapleTree Commercial Trust as at 30 September 2018.

## NOTES

<sup>1</sup> S-REITs are securities constituting the Morningstar<sup>®</sup> Singapore REIT Yield Focus Index<sup>SM</sup>.

<sup>2</sup> Composition chart does not add up to 100%. Cash and cash equivalents as at 30 September 2018 was approximately 0.34%.

<sup>3</sup> As at 30 September 2018. The number of S-REITs which constitutes the Index may be changed by Morningstar Research Pte Ltd from time to time.

<sup>4</sup> Based on the weighted average 12-month trailing dividend yield of the underlying S-REITs as at 28 September 2018. Past payout yields and payments of the underlying S-REITs do not represent future payout yields and payments.

<sup>5</sup> Distributable income refers to the interest and dividend income, taking into consideration the net realised gains, a collective investment scheme receives from its portfolio holdings and are payable to its investors.

<sup>6</sup> [http://cmt.listedcompany.com/newsroom/20180828\\_172326\\_C38U\\_C1FH1Q9W1T9M4G7U.1.pdf](http://cmt.listedcompany.com/newsroom/20180828_172326_C38U_C1FH1Q9W1T9M4G7U.1.pdf)

<sup>7</sup> [http://crct.listedcompany.com/newsroom/20181002\\_173553\\_AU8U\\_7UC328LORTFRN028.1.pdf](http://crct.listedcompany.com/newsroom/20181002_173553_AU8U_7UC328LORTFRN028.1.pdf)

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