

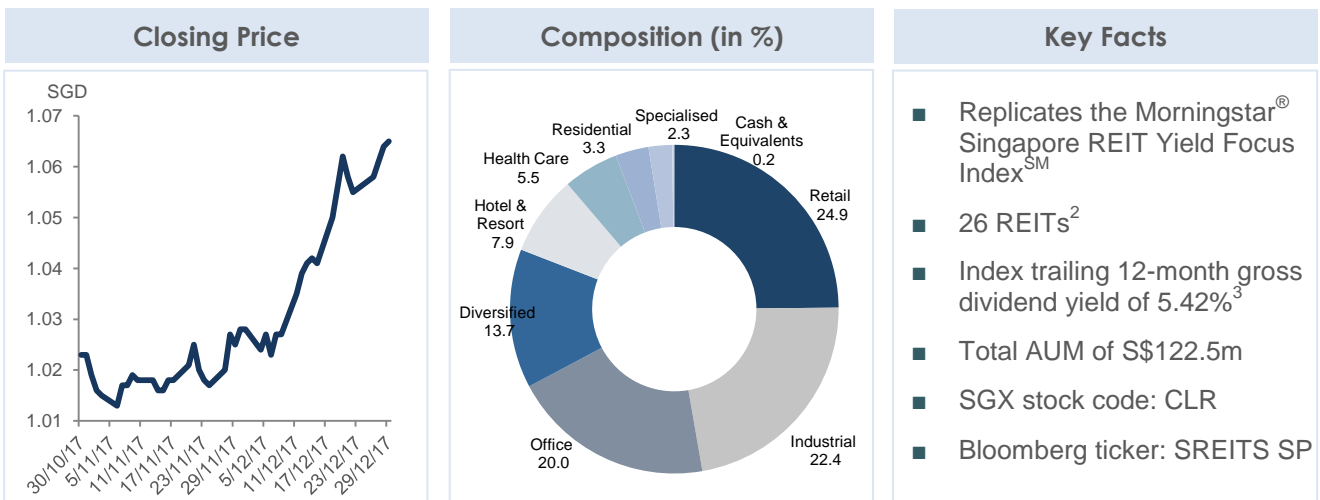
The Compelling Singapore REITs Story

Quarterly Update: December 2017



LION-PHILLIP S-REIT ETF

Set Your Sights on a Sustainable Income Stream with High-Quality S-REITs¹



Source: Bloomberg, Lion Global Investors; as at 29 December 2017.

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

REIT in Focus:

CapitaLand Commercial Trust*



- Market capitalisation of S\$7.0 billion
- 9 properties in Singapore's Central Area
- S\$8.9 billion in deposited properties (as at 30 September 2017)
- About 4 million square feet of net leasable area
- 31% owned by CapitaLand Group

Source: CapitaLand Commercial Trust, Bloomberg; as at 29 December 2017.

In this issue, we highlight CapitaLand Commercial Trust's (CCT) most recent cycle of portfolio reconstitution in 2017, when the firm redeployed its proceeds from divestments, to rejuvenate its portfolio with newer office assets:

Divestments:

1. One George Street (50% interest)
2. Wilkie Edge

Total divestments: S\$1.03 billion

Investments:

1. Asia Square Tower 2
2. Redevelopment of Golden Shoe Car Park

Total investments: S\$2.97 billion

Source: CapitaLand Commercial Trust; as at 20 October 2017.

1. Acquisition of Asia Square Tower 2 (AST2)

CCT bought AST2 in September 2017, in a mega-deal worth S\$2.09 billion (S\$2.689 per square foot)⁴. Located in the Marina Bay financial district, a 360-hectare development designed to support Singapore's continuing growth as a major business and financial hub in Asia, AST2 boasts premium specifications and has a full suite of integrated amenities, offering a 'work-live-play' environment for its occupants.

2. Redevelopment of Golden Shoe Car Park (GSCP)

The GSCP is being redeveloped into a 51-storey integrated development comprising Grade A office space, a 299-unit serviced residence, retail space and a food centre. The latest "future of work" innovations, such as workspace personalisation, seamless connectivity and collaborative workspaces, will be incorporated. In particular, a 4-storey high Green Oasis will offer community and flexible space for activities such as meetings and wellness programmes, in line with CCT's vision to create vibrant communities within its properties⁵.

In 2017, CCT reconstituted its portfolio for the future

CCT is incorporating "future of work" features in its offices

* Lion-Phillip S-REIT ETF has a 9.9% exposure to CCT as at 29 December 2017.

Trend in Focus:

Co-Working Office Space

Co-working office spaces are shared office working environment which harness the use of technology and collaboration tools, typically sold through daily or monthly memberships. Co-working office spaces in Singapore have evolved over the years. These spaces now offer more luxurious design concepts, as well as offerings to address different niche users, such as educational and networking events and even childcare facilities.



Photo credit: collision8.com

Co-working office spaces are gaining in popularity

We believe these are some key reasons why such office spaces are quickly gaining in popularity in Singapore:

- Greater accessibility to prime locations and regional networks for start-ups and freelancers at lower expenses.
- Flexibility for companies to scale up or down as needed, without being locked down by long-term rents.
- Access to a community of like-minded individuals and businesses for wider collaboration and sharing of ideas
- Growing millennial workforce for which space is no longer just a venue, but a factor which actively contributes to the work experience.

Co-working office spaces offer multiple benefits such as greater costs flexibility and networking

As Singapore strives to create an innovation-based entrepreneurial ecosystem, demand for co-working office spaces could continue to rise in the coming years.



Photo credit: District6 / citynomads.com

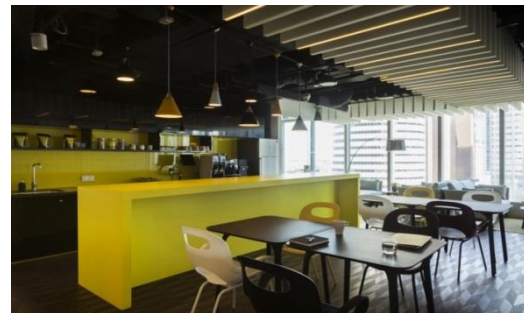


Photo credit: collective.works

Co-working operators flocking to Singapore

We have seen several co-working operators, such as WeWork, Just Co, Collective Works, District6 and Collision 8, opening a number of chic co-working offices in Singapore. Traditional landlords are also making an effort to keep up with the trend:

- CCT's Capital Tower welcomed Collective Works in December 2016⁶.
- Suntec REIT's** Suntec City, which already house a number of co-working spaces, will be welcoming Chinese operator UrWork in Q1 2018⁷.

Developers are increasingly collaborating with co-working operators to meet rising demand

As they say, 'watch this space'.

** Lion-Phillip S-REIT ETF has a 10.0% exposure to Suntec REIT as at 29 December 2017.

NOTES

¹ S-REITs are securities constituting the Morningstar® Singapore REIT Yield Focus IndexSM.

² As at 29 December 2017. The number of S-REITs which constitutes the Index may be changed by the Index Provider from time to time.

³ Based on weighted average of the 26 underlying constituents' trailing 12-month dividend yield as at 29 December 2017. Past payout yields and payments of the constituents of the Index do not represent future payout yields and payments.

⁴ http://cct-trust.listedcompany.com/misc/CCT-Investor-presentation_21-Sep-2017.pdf

⁵ <https://www.capitaland.com/international/en/about-capitaland/newsroom/news-releases/international/2017/jul/nr-201707-13-CapitalLand-CCT-and-MEC-form-joint-venture-to-redevelop-Singapores-Golden-Shoe-Car-Park-into-landmark-integrated-development-at-Raffles-Place.html>

⁶ <https://www.capitaland.com/international/en/about-capitaland/newsroom/inside/2016/jul/inside-201607-reimagining-work-spaces.html>

⁷ <https://www.iesingapore.gov.sg/Media-Centre/News/2017/12/Chinese-co-working-space-operator-UrWork-to-open-2nd-Singapore-branch-in-Suntec-City>

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