

The Compelling Singapore REITs Story

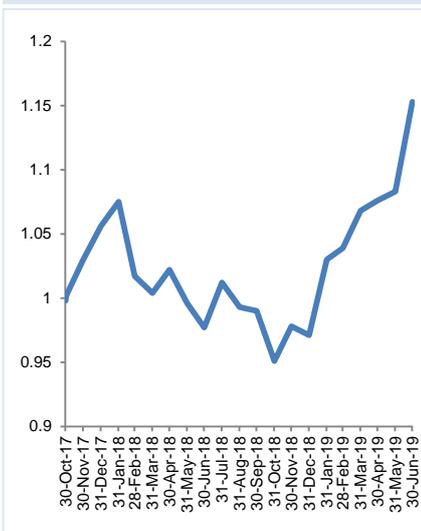
Quarterly Update: June 2019



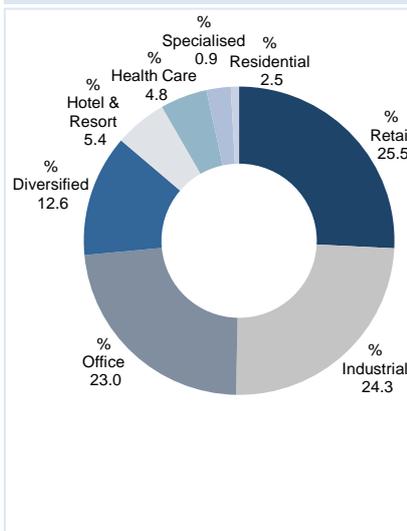
LION-PHILLIP S-REIT ETF

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

Market Closing Price



Composition (in %)²



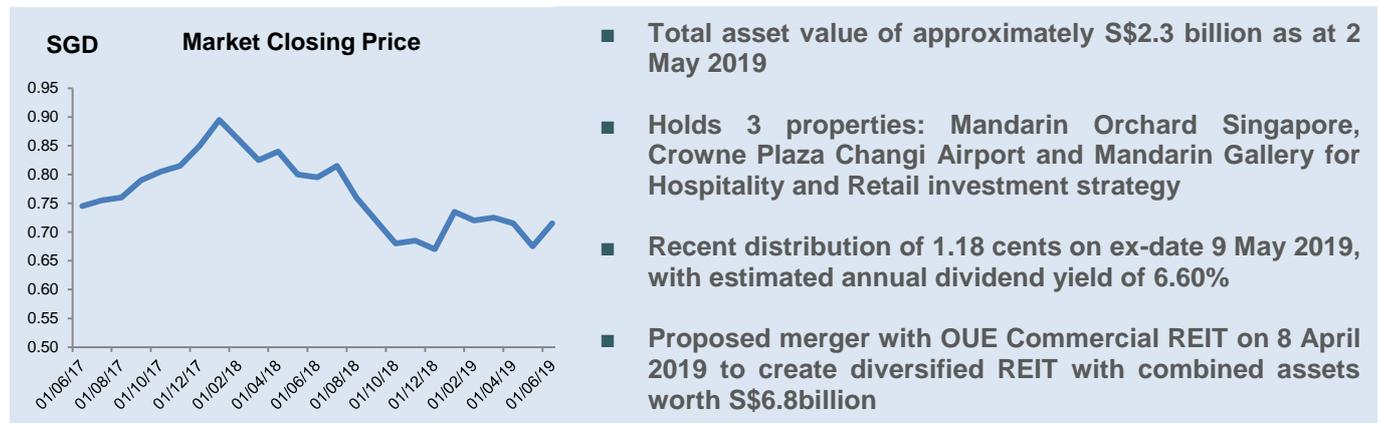
Key Facts

- Replicates the Morningstar[®] Singapore REIT Yield Focus IndexSM ("Index")
- 26³ Real Estate Investment Trusts (REITs)
- Gross current dividend yield of 5.0%⁴
- Third distribution of S\$0.0211 per unit on ex-date 30 January 2019[^]
- Total AUM of S\$143.1m
- SGX stock code: CLR
- Bloomberg ticker: SREITS SP

Source: Bloomberg, Lion Global Investors, as at 28 June 2019. [^]Pay-date of 4 March 2019. Distribution is for the period from 1 August 2018 to 31 December 2018, and comprises of 76.3% distributable income⁵ and 23.7% capital component. Past payout yields and payment do not represent future payout yields and payments. Distribution payments shall, at the sole discretion of the Manager, be paid 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

REIT in Focus:

OUE Hospitality Trust*



Source: Bloomberg as at 28 June 2019; OUE Hospitality Trust 1Q Year 2019 Results Presentation (May 2019)⁶

In this issue, we highlight OUE Hospitality Trust (OUE HT), a Singapore-based REIT with principal investment strategy of investing in a portfolio of income-producing real estate used primarily for hospitality and/or hospitality-related purposes. OUE HT is expected to benefit from the upturn in hospitality industry as well as the pending merger with OUE Commercial REIT.

Seamless connectivity to Jewel Changi Airport

Visitor arrivals to Singapore are forecast to grow by up to 4% to 19.2 million in 2019, Crowne Plaza Changi Airport (CPCA) being strategically located at Terminal One, is projected to enjoy high occupancy rate due to the constant stream of incoming tourists, fuelled by factor such as greater flight connectivity between key markets of China, India, Japan and USA.



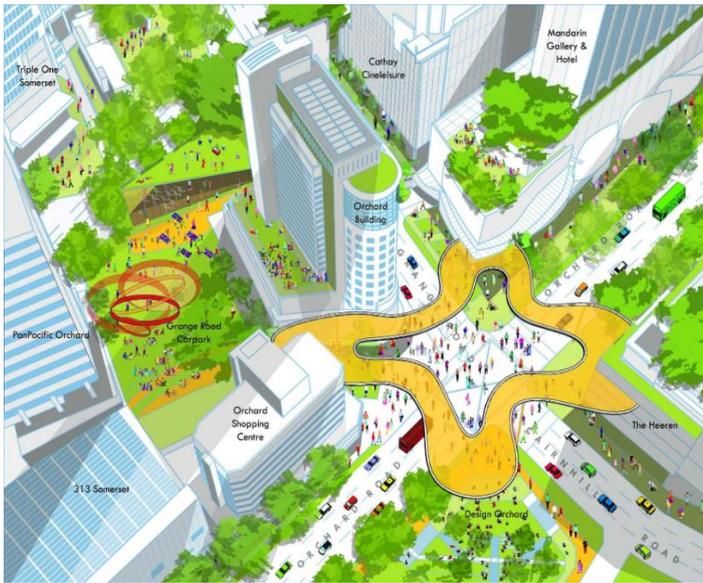
Sources: www.ihg.com; www.channelnewsasia.com⁷

In addition to offering accessible and first-class accommodation, CPCA is also seamlessly connected to Jewel, a newly opened mixed-use complex comprising of a large indoor garden, recreation space, and airport facilities as well as over 280 retail and F&B outlets. As Jewel is estimated to see about 40 to 50 million domestic and international visitors a year, of which 40% will be overseas visitors⁸, CPCA is all set to ride on the wave of incoming travellers looking to shop-play-and-dine in Jewel.

Strong Tourism Investment together with enhanced Aviation facilities at Changi Airport entice Travelers to choose Singapore as their preferred travel destination

*Lion-Phillip S-REIT ETF has a 3.0% exposure to OUE Hospitality Trust as at 28 June 2019.

Design Orchard⁹: Plans to make Orchard Road a Lifestyle Destination with lush Greenery



Urban Redevelopment Authority of Singapore has announced plans to rejuvenate Orchard Road¹⁰ to keep up with the evolving retail landscape. The centre of Orchard Road will remain the retail heart of Singapore while plans to enhance the shopping experience through more street activities (such as retail, food and

Evolution of Orchard Road with new retail concepts, attractions, entertainment and events for a mixed-use developments

Source: www.channelnewsasia.com¹³ beverage pop-ups along the pedestrian walkways¹¹) and better pedestrian connectivity¹² are placed into trials. The anticipated line-up of activities to revamp Orchard Road aims to attract visitors from both local and international.

Mandarin Orchard Singapore with its prime location right in the heart of Orchard, together with Mandarin Gallery which houses flagship stores of international brands and boutique shops and restaurants, are poised to benefit from the rejuvenated Orchard Road in the near future to come.

Merger of OUE HT with OUE Commercial REIT

Managers of OUE HT and OUE Commercial REIT (C-REIT) announced the proposed merger on 8 April 2019, whereby security holders of OUE HT will be paid a combination of cash and units in C-REIT in exchange for every OUE HT security held.

The enlarged REIT will have 7 properties under its umbrella, offering investors diversification benefits through a broadened investment mandate (hospitality + retail + office). Other benefits of this transformative merger include increased growth potential arising



Timely consolidation of assets to form a mixed commercial REIT

from enhanced scale (being top 10 largest diversified Singapore REITs by assets) and increased flexibility (higher liquidity with a funding capacity of about S\$1 billion to seize potential investment opportunities). Source: <https://investor.ouect.com>.¹⁴

The deal is also expected to increase the combined entity's free float by more than two times, which potentially drives positive re-rating and heightened its chance of

inclusion in property indexes such as FTSE EPRA Global Real Estate Index.

Holders can look forward to the consummation of the deal in tentatively August 2019.

Hospitality REITs Outlook

We are positive on hospitality REITs in Singapore as we expect Singapore tourism industry to continue its cyclical upturn. The growth could be fuelled by the steady demand growth paired with little addition in terms of room supply.

Transformation of Tourism Landscape

The Singapore Tourism sector remains vibrant with Singapore Changi Airport handling a record 65.6 million passenger movements (year-on-year increase of 5.5%) for year 2018¹⁵. We foresee that visitors' arrival is set to grow in tandem with the upcoming line-up of exciting new tourist attractions and infrastructure developments.

Besides the rejuvenation of Orchard Road and opening of Jewel Changi, tourists can visit Floral Fantasy, a new exhibit featuring garden landscapes of floral artistry and a 4D multimedia ride at Gardens by the Bay.



Next-up, nocturnal tourists who are looking for a fun-packed nightlife can look forward to Silo Green, a new lifestyle quarter featuring eateries, shops, concert and event spaces, and waterfront accommodation set to open in Sentosa by the end of 2019.

Staying on the forefront of Singapore Tourism Industry through incessant innovation and long-term investments

Sources: www.gardensbythebay.com.sg¹⁶; www.straitstimes.com¹⁷

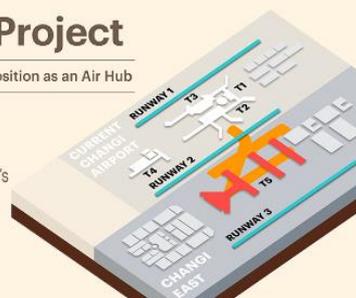
Changi East Project¹⁸ and Expansion of Changi Airport Terminal 2

Scheduled for completion around 2030, Changi Airport Terminal 5 will provide future capacity to cater to the projected growth in air travel. Key features include a three-runway system (ability to handle larger passenger aircraft), expansion of Cargo Facilities, and a Smart Air Cargo Hub (expect greater connectivity through use of data and technology). For travelers to Singapore, they can expect greater efficiency when Terminal 2 completes its expansion with 22 new boarding gates, equipped with moving sidewalks channeling flows of arriving and departing passengers¹⁹. Such developments will serve to secure Singapore's air hub status and ensure its continued competitiveness and relevance.

The Changi East Project

Strengthening Changi Airport's Position as an Air Hub

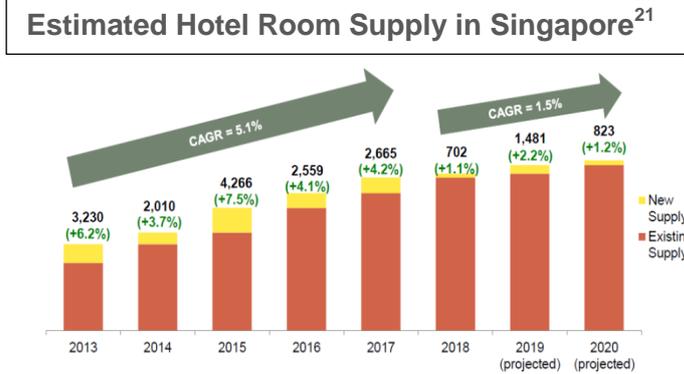
The 1,080-hectare Changi East development is Changi Airport's biggest expansion project in more than three decades.



Tapering of increase in supply of hotel rooms

In 2019, close to 1,500 new hotel rooms are expected to enter the pipeline. After 2019, new supply is expected to taper off²⁰, which would help ease any supply pressure as the hotel market would be able to consolidate further in light of healthy tourist arrival numbers.

In 2019, the trading environment of the hospitality industry shall benefit from the continued growth in tourism arrivals, transformation of the tourism sector and the reduction in supply of new hotel rooms.



Demand and supply for hotels forecast to balance out in 2019

*Lion-Phillip S-REIT ETF has a 5.4% exposure to Hotel & Resort REITs as at 28 June 2019.

NOTES

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

²Composition chart does not add up to 100%. Cash and cash equivalents as at 28 June 2019 was approximately 1.02%.

³As at 28 June 2019. The number of S-REITs which constitutes the Index may be changed by Morningstar Research Pte Ltd from time to time.

⁴Based on the weighted average 12-month trailing dividend yield of the underlying S-REITs as at 28 June 2019. Past payout yields and payments of the underlying S-REITs do not represent future payout yields and payments.

⁵Distributable 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.

⁶https://investor.oueht.com/newsroom/20190502_175901_SK7_AB1XVD369E003VCI.1.pdf

⁷www.todayonline.com/8days/seeanddo/things/todo/jewel-changi-airport-opened-its-doors-and-40m-rain-vortex-today-and-we

⁸<https://www.businesstimes.com.sg/hub/singapore-business-awards-2018/keeping-changi-airports-flag-flying-high>

⁹<https://www.ura.gov.sg/Corporate/Get-Involved/Plan-Our-Future-SG/Orchard-Road>

¹⁰<https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr19-06>

¹¹<https://www.straitstimes.com/singapore/major-revamp-of-orchard-road-announced-with-new-developments-different-offerings-in-sub>

¹²https://www.channelnewsasia.com/news/singapore/orchard-road-s-shibuya-style-crossing-well-received-on-first-day-9503834?cid=h3_referral_inarticlelinks_24082018_cna

¹³<https://www.channelnewsasia.com/news/singapore/more-greenery-street-activities-to-make-orchard-road-a-lifestyle-11185058>

¹⁴https://investor.ouect.com/newsroom/20190408_073900_TS0J_KRH17GU25YU30B7R.3.pdf

¹⁵<http://www.changiairport.com/corporate/media-centre/newsroom.html#/pressreleases/changi-airport-crosses-65-million-passenger-mark-in-2018-2829095>

¹⁶<https://www.gardensbythebay.com.sg/en/attractions/floral-fantasy.html>

¹⁷<https://www.straitstimes.com/singapore/new-waterfront-lifestyle-area-to-open-in-sentosa-by-end-2019-to-draw-more-visitors-at>

¹⁸<http://www.changiairport.com/corporate/our-expertise/changi-east.html>

¹⁹https://www.cpgcorp.com.sg/cpgc/Project/Project_Details?ProjectID=1118&AwardID=15

²⁰<https://www.cbre.com.sg/research-reports/Singapore-MarketView-Hotels-H2-2018>

²¹http://feht.listedcompany.com/newsroom/20190425_060449_Q5T_JQD4MQAOTPP6ZGGI.3.pdf

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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.

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