

The Compelling Singapore REITs Story

Quarterly Update: June 2018



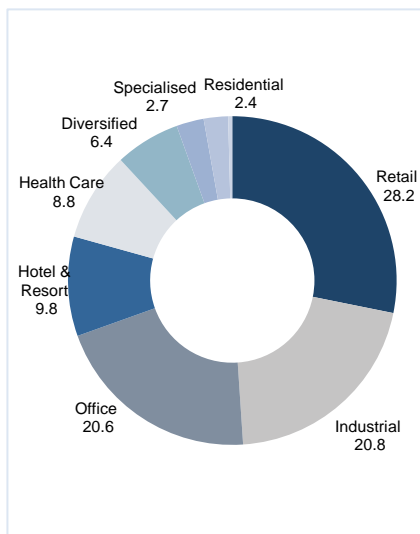
LION-PHILLIP S-REIT ETF

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")
- 28³ Real Estate Investment Trusts (REITs)
- Index gross current dividend yield of 6.0%⁴
- First distribution of S\$0.0168 per unit on ex-date 2 March 2018[^]
- Total AUM of S\$138.4m
- SGX stock code: CLR
- Bloomberg ticker: SREITS SP

Source: Bloomberg, Lion Global Investors, as at 29 June 2018; OCBC Investment Research, as at 2 July 2018. [^] Pay-date of 16 March 2018. Distribution is for the period from inception (30 October 2017) to ex-date, and comprises only distributable income⁵.

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.

REIT in Focus:

CDL Hospitality Trusts*



CDL HOSPITALITY TRUSTS



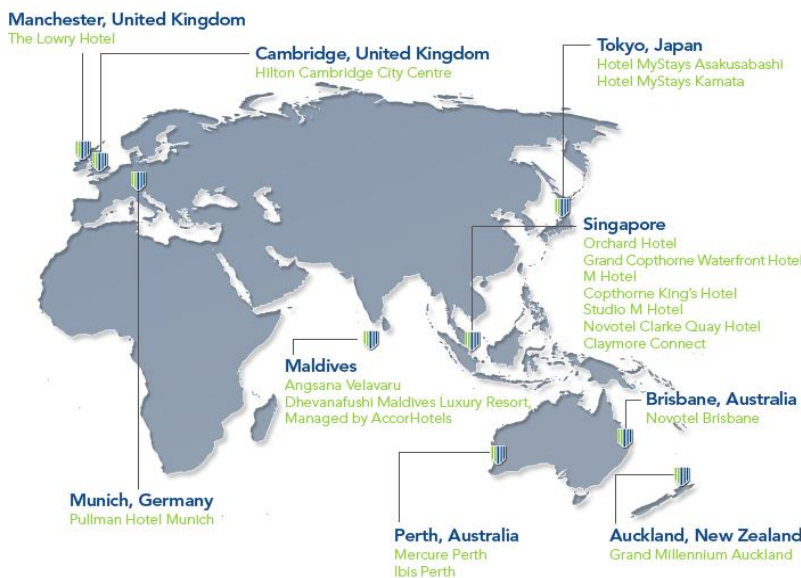
Source: CDL Hospitality Trusts, Bloomberg; as at 29 June 2018.

Going global

Singapore REITs have made headlines in recent months for various overseas acquisitions. For example, CapitaLand Commercial Trust* acquired a Grade A office asset in Germany for over S\$560 million⁶, while Mapletree Logistics Trust* bought a portfolio of China warehouses for over S\$200 million⁷. As the Singapore REIT market matures, it is inevitable that Singapore REITs venture overseas to help boost growth.

CDL Hospitality Trusts (CDREIT), which we are highlighting in this issue, was one of the first REITs in Singapore to expand overseas. CDREIT started out in 2006 with just four mid-tier, business hotels in Singapore, but has since expanded its portfolio and geographical reach with high-quality acquisitions, as shown in the figure below:

Singapore REITs have been acquiring properties overseas to boost growth



Source: CDL Hospitality Trusts, as at 29 June 2018.

Moving up the quality curve

CDREIT has acquired 4- and 5-star hotels over the years, improving its overall asset quality. This strategic move is most apparent in 2017, when it acquired two iconic hotels in Europe:

CDREIT is a prime example, having acquired globally to move up the quality curve

* Lion-Phillip S-REIT ETF has a 1.7% exposure to CDL Hospitality Trusts, a 9.8% exposure to CapitaLand Commercial Trust, and a 2.7% exposure to Mapletree Logistics Trusts, as at 29 June 2018.

1. The Lowry Hotel (Manchester)

In May 2017, CDREIT paid approximately S\$94 million for The Lowry Hotel in Manchester, UK⁸. The 5-star luxury hotel is in close proximity to the heart of the Manchester city centre. The Lowry Hotel enjoys a strong mix of corporate and leisure demand, particularly in sporting and entertainment, where the famous Manchester United Football Club would book the hotel for their players before each home game throughout the football season. In fact, the team's manager, Jose Mourinho, has been a permanent resident in the hotel since 2016. The hotel has also hosted many celebrities and prominent foreign dignitaries.



Photo credit: CDL Hospitality Trusts.

2. Pullman Hotel Munich

Shortly after, CDREIT announced the acquisition of Pullman Hotel Munich, Germany, in June 2017⁹. Like Manchester, Munich is another city that enjoys hospitality demand from diversified sources. Munich is home to multi-national corporations such as Allianz and BMW, and hence attracts strong corporate demand. It also caters to leisure demand coming from events such as Oktoberfest. Incidentally, Munich is home to another global football brand, Bayern Munich, which attracts visitors both domestically and globally.



Photo credit: CDL Hospitality Trusts.

Trend in Focus:

Growing Tourism Sector

Historic meeting in Singapore



Photo credit: The Straits Times.

Singapore made global headlines in June 2018 as it hosted the historic summit between US President Donald Trump, and North Korean leader Kim Jong Un. One of the key reasons Singapore was chosen, is the country's reputation for being safe and secure. We believe that the international attention Singapore received will be a long-term boost for its tourism and hotel sector.

Historic Trump-Kim meeting a boost for Singapore's tourism sector

Tourism as a cornerstone

Since its independence in 1965, Singapore has identified tourism as a cornerstone to its economic growth, and has set up various infrastructures to develop this particular sector:

1970s	1980s	1990s	2000s	2010s
				
The Singapore Zoo and Jurong Bird Park were opened to expose locals and tourists to the nature	Opening of Changi Airport helped to promote Singapore as a major air hub and attract international tourists	To boost offerings in meetings, incentive travel, conventions and exhibitions, the Suntec Singapore Convention & Exhibition Centre and the Singapore EXPO were opened	Singapore Grand Prix, part of the FIA Formula One World Championship, was introduced	The two Integrated Resorts in Sentosa and Marina Bay further enhanced Singapore's tourism appeal

Photo credit: Wildlife Reserves Singapore, The Straits Times, Changi Airport, Singapore Tourism Board.

The hotel sector is a major beneficiary of this tourism boom. Apart from local names, Singapore has also managed to attract international brands to operate here. Over the years, Singapore has proved to be a profitable market for them. This has led to the listing of a number of hospitality REITs here, including CDREIT, Far East Hospitality Trust**, and Ascott Residence Trust**.

Looking ahead

Singapore is not resting on its laurels when it comes to staying competitive in the international tourism market. Changi Airport welcomed its fourth terminal in 2017 to accommodate more arrivals, while the Jewel Changi Airport will be completed in 2019, offering visitors a mix of play attractions, shopping and dining experiences, accommodation, and aviation facilities.



Photo credit: Jewel Changi Airport.

Singapore's focus on continuously developing its tourism sector could provide attractive investment opportunities within hospitality REITs

More events will also be hosted to cater to a wide range of interests. From cultural events in the National Gallery and National Museum, to major sporting events at the Singapore Sports Hub, and activities that bring visitors closer to nature in the Singapore Botanic Gardens and River Safari, Singapore is well-positioned to have something for every visitor. These, we believe, will help to draw more visitors and bring better investment opportunities to the hotel operators here.

** Lion-Phillip S-REIT ETF has a 1.5% exposure to Far East Hospitality Trust, and a 2.4% exposure to Ascott Residence Trust, as at 29 June 2018.

NOTES

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

² Composition chart does not add up to 100%. Cash and cash equivalents as at 29 June 2018 was approximately 0.37%.

³ As at 29 June 2018. The number of S-REITs which constitutes the Index may be changed by Morningstar Research Pte Ltd from time to time.

⁴ Based on weighted average of the 28 underlying constituents' current dividend yield as at 2 July 2018. Past payout yields and payments of the constituents of the Index do not represent future payout yields and payments.

⁵ 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.

⁶ <https://www.capitaland.com/international/en/about-capitaland/newsroom/news-releases/international/2018/may/nr-20180517-cct-makes-first-foray-into-Europe.html>

⁷ http://www.mapletreelogisticstrust.com/~media/MLT/Newsroom/Press%20Releases/2018/MLT_Acquisition_PR_26April2018_final.pdf

⁸ http://investor.cdlht.com/newsroom/20170504_CDHLHT_Press_Release_Acquisition_of_The_Lowry_Hotel_Final.pdf

⁹ http://investor.cdlht.com/newsroom/20170627_181844_J85_4MFDWU3YHD9UD76J.1.pdf

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The units of the ETF are listed and traded on the Singapore Stock Exchange (“SGX”), and may be traded at prices different from its net asset value, suspended from trading, or delisted. Such listing does not guarantee a liquid market for the units. You cannot purchase or redeem units in the ETF directly with the managers of the ETF, but you may, subject to specific conditions, do so on the SGX or through the PDs.

Any dividend distributions, which may be either out of income and/or capital, are not guaranteed and subject to the Manager’s discretion. Any such dividend distributions will reduce the available capital for reinvestment and may result in an immediate decrease in the net asset value of the ETF.

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