

THE COMPELLING SINGAPORE REITS STORY

A SUSTAINABLE INCOME STREAM FROM HIGH-QUALITY REITS



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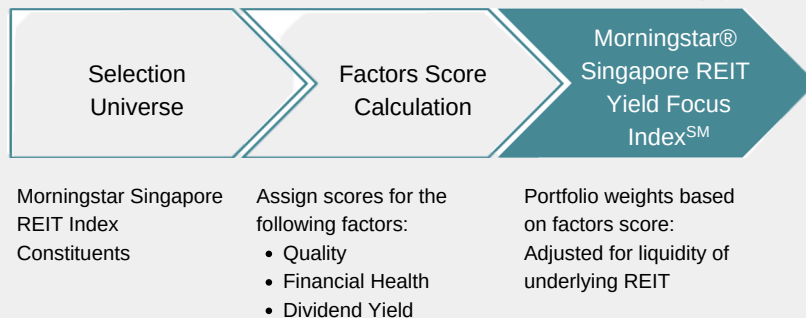
OUTLOOK

Lion-Phillip S-REIT ETF

Low Cost, easy access to Singapore REITs

Lion-Phillip S-REIT ETF is designed to provide investors with a low-cost access to 25 high-quality S-REITs¹ that offers a sustainable income stream. It is passively managed to fully replicate the Morningstar® Singapore REIT Yield Focus IndexSM (Index).

Index Construction Methodology



The Index is designed to screen for high-yielding REITs with superior quality and financial health

KEY FACTS

Full replication of the Morningstar® Singapore REIT Yield Focus IndexSM ("Index")

25³ high quality REITs

Latest distribution of S\$0.0281 per unit on ex-date 30 July 2019^A

Gross current dividend yield of 4.7%⁴

Total AUM: S\$152.1million

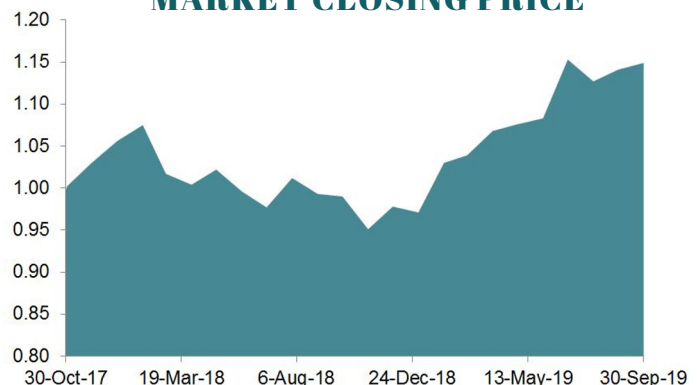
Management fee: 0.50% pa

SGX stock code: CLR

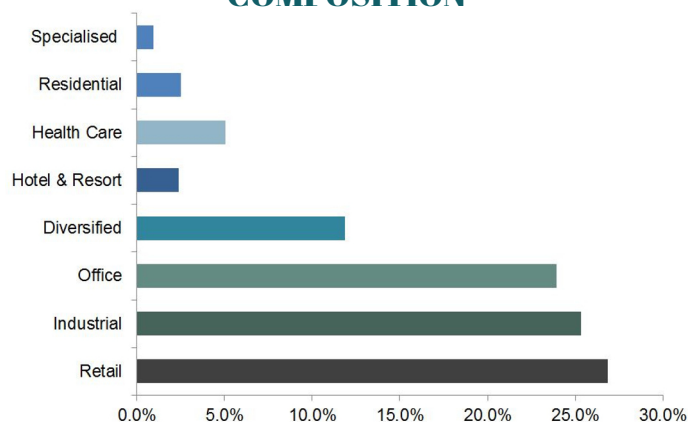
Bloomberg ticker: SREITS SP

SGD

MARKET CLOSING PRICE



COMPOSITION²



Source: Bloomberg, Lion Global Investors, as at 30 September 2019. ^APay-date of 30 August 2019. Distribution is for the period from 1 January 2019 to 30 June 2019, and comprises of 100% distributable income⁵ and 0% 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

Mapletree Commercial Trust*



MCT's crown asset, VivoCity, is a large scale mall at the centre of the Southern Waterfront, and will benefit from the revamp of Greater Southern Waterfront.

In this issue, we highlight **Mapletree Commercial Trust (MCT)**, a Singapore-focused real estate investment trust ("REIT") with the principal investment objective of investing in a diversified portfolio of office and/or retail properties. Resonating with its name 'Commercial', the crown jewel of MCT is VivoCity, a large retail mall that is located along the harbor front precinct of Singapore.

KEY FACTS

Market capitalization of approximately S\$6.2 billion as at 31 August 2019

Holds 5 properties: VivoCity, Mapletree Business City I, PSA Building, Mapletree Anson, Bank of America Merrill Lynch HarbourFront

Overall portfolio committed occupancy at 98.9% as at 30 June 2019.

Recent distribution of 0.0231 cents on ex-date 1 August 2019, with estimated annual dividend yield of 4.27%.

MCT is a constituent of the benchmark Straits Times Index (STI), replaced Hutchison Port Holdings Trust in September 2019⁶.

maple^{tree}
commercial



* Lion-Phillip S-REIT ETF has a 10.0% exposure to Mapletree Commercial Trust as at 30 September 2019

Source: MCT Investor Relations 1QFY19/20; Bloomberg; as at 30 September 2019.

Rejuvenation of Greater Southern Waterfront (GSW) area

In his National Day Rally Speech 2019, Prime Minister Lee Hsien Loong gave details of the planned transformation of GSW (comprises of 30km of coastline from Gardens by the Bay East to Pasir Panjang) into a live-work-play integrated environment for the next generation.



Live – Integrating with Nature and Water



Image credit: The Straits Times: an artist's impression of what the redeveloped Keppel Club site may look like

9,000 public and private housing units can be built on the site of Keppel Club, whose lease will expire in 2021. These new housing will have waterfront promenades, with greenery and open spaces.

New attractions, housing and office spaces to be developed in Greater Southern Waterfront where people can work near where they live and live near where they work

Play – entertainment hub of Asia



Image credit: CNA

Sentosa, along with Pulau Brani, will be reshaped and can become the entertainment hub of Asia, offering an expanded set of themed destinations and experiences.

Besides more theme parks and resorts, GSW also wants to provide an experience of being situated in a lush forest setting. There will be seamless connection to the Southern Ridges, running from Kent Ridge Park to Mount Faber Park, thereby extending the theme of being part of nature to the new district.

Work – a new gateway district



Image credit: Artist impression of the Greater Southern Waterfront, CPG Consultant

With the increase in population from the 9,000 housing, a new office district will be developed along GSW, bringing jobs closer to home. The new offices and business parks will attract corporates to join the likes of Google, Cisco and Unilever who already have offices near Labrador Park in GSW.

Outlook

Year-to-date, Singapore REITs generated a total return of more than 20%. Given the increasing geopolitical tensions, market may continue to be volatile for the rest of the year. Singapore REITs may experience a period of uncertainty alongside the wider stock market. However, things are unlikely to tip over for Singapore REITS. Whilst they probably will not generate the same level of total return as the first half of 2019, we expect dividend yield to be relatively stable.

The current lower for longer interest rates have benefited S-REITs on two key fronts. Firstly, the roughly 5% dividend yield of S-REITs are attractive to the global yield seekers who will be providing some level of price support. Secondly, the lower cost of borrowings makes acquisition more accretive. Just in September alone, three S-REITs announced acquisition plans – Keppel DC REIT to acquire two data centres in Singapore, Mapletree Industrial Trust to acquire data centre in the United States, Manulife US REIT plans to acquire a Class A office building in Sacramento, California. The current low interest rate environment provides an opportunity for S-REITs to grow their asset base and diversify beyond Singapore, which will help to build scale and grow their income.

We are neutral on S-REITs as a whole, but we favour industrial, especially the hi-tech industrial (data centers) and logistics. Hospitality in Singapore may also benefit in the near term given the geopolitical tension in the Hong Kong.

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 30 September 2019 was approximately 1.07%.

3 As at 30 September 2019. The number of S-REITs which constitutes the Index may be changed by Morningstar Research Pte Ltd from time to time.

4 Based on the weighted average 12-month trailing dividend yield of the underlying S-REITs as at 30 September 2019. Past payout yields and payments of the underlying S-REITs 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.businesstimes.com.sg/companies-markets/mapletree-commercial-trust-to-replace-hutchison-port-holdings-trust-on-straits>

Past performance is not necessarily indicative of future performance. References to specific corporations / companies and their trademarks are not intended as recommendations to purchase or sell investments in such corporations / companies nor do they directly or indirectly express or imply any sponsorship, affiliation, certification, association, approval, connection or endorsement between any of these corporations / companies and Lion Global Investors Limited or the products and services of Lion Global Investors Limited. Opinions and estimates constitute our judgment and along with other portfolio data, are subject to change without notice.

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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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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