

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus¹.
- It is important to read the Prospectus before deciding whether to purchase units in the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

Phillip Singapore Real Estate Income Fund (the “Fund”)

Product Type	Unit Trust	Launch Date	19 September 2011
Manager	Phillip Capital Management (S) Ltd	Custodians	BNP Paribas Securities Services Singapore Branch
Trustee	BNP Paribas Trust Services Singapore Limited	Dealing Frequency	Every Business Day
Capital Guaranteed	No	Expense Ratio for Financial Year ended 30 September 2016	1.45% (Class A SGD units) 1.45% (Class A USD units) 0.98% (Class I SGD units) 0.98% (Class I USD units)

PRODUCT SUITABILITY

WHO IS THE PRODUCT SUITABLE FOR?

This Fund is only suitable for investors who:

- seek medium to long term capital appreciation.
- also seek regular income through quarterly distributions.
- understand that they may lose some or all of the principal amount invested.
- are comfortable with the volatility and risk of a fund which invests, directly and/or indirectly, mainly in Singapore listed Real Estate Investment Trusts (“REITs”).

Refer to Section 7 on Page 6 and Appendix 1 of the Prospectus for further information on product suitability

KEY PRODUCT FEATURES

WHAT ARE YOU INVESTING IN?

You are investing in a sub-fund of an umbrella fund constituted in Singapore. The Fund aims to invest its assets as stated in the Investment Strategy. The Fund intends to distribute dividends quarterly, payable within three months after the end of March, June, September and December, subject to the sole discretion of the Manager. Any distributions made may reduce the net asset value of the Fund.

The declaration and/or payment of distributions (whether out of income and/or capital) made in respect of the Fund may have the effect of lowering the Net Asset Value of the Fund. Moreover, distributions out of capital may amount to a reduction of an investor’s original investment.

Refer to Section 7 on Page 6, Section 20.3 on Page 23 and Appendix 1 of the Prospectus for further information on product suitability.

Investment Strategy

The Fund will primarily invest, directly and/or indirectly, in REITs listed in Singapore, including warrants, bonds and convertible bonds issued by the REITs. The Fund may also invest up to 10% of its Net Asset Value (“NAV”) into REITs listed outside Singapore.

The Fund will invest in REITs that demonstrate capital appreciation opportunities and sustainable dividend growth potential.

The Manager may only use financial derivative instruments for such purposes as may be permitted under the Code.

The Manager may, from time to time, invest the deposited property of the Fund in other collective investment schemes and exchange-traded funds, including collective investment schemes and exchange-traded funds managed by the Managers (“Underlying Funds”), provided that each such investment is permitted under the Code.

The Fund may invest more than 30% of its deposited property (which percentage may vary from time to time at the Managers’ discretion) into the Lion-Phillip S-REIT ETF. The manager of the

Refer to Section 7 on Page 6, Section 9.2.11 on Page 9 and Appendix 1 of the Prospectus for further information on investment objective, focus and approach of the product.

¹ The Prospectus is available for collection at Phillip Capital Management (S) Ltd (Company Registration No. 199905233W) (250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101) during business hours or from our website at www.phillipfunds.com

Lion-Phillip S-REIT ETF, Lion Global Investors Limited, has appointed the Manager to sub-manage the Lion-Phillip S-REIT ETF.	
Parties Involved	
<ul style="list-style-type: none"> • The Manager is Phillip Capital Management (S) Ltd. • The Trustee and Registrar is BNP Paribas Trust Services Singapore Limited. • The Custodian and Administrator is BNP Paribas Securities Services, operating through its Singapore Branch. 	Refer to Page v, Sections 2 to 4 on Pages 2 to 4 of the Prospectus for further information on the parties involved.
KEY RISKS	
<p>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</p> <p>The value of the product or its dividends may rise or fall. Factors that may cause you to lose some or all of your investment include without limitation, market movements, fluctuations in interest rates and activities in derivative transactions. Some of the key risks associated with the Fund are described below.</p>	Refer to Section 9 on Page 7 of the Prospectus for further information on risks of the product.
Market and Credit Risks	
<ul style="list-style-type: none"> • You are exposed to market risks The prices of the listed REITs may be adversely affected by changes in the economic conditions, interest rates and the market perception of the REITS which in turn affect the price of the Fund. • You are exposed to credit risks Adverse changes in the financial condition of the issuer of the debt securities which the Fund is invested in, or in general economic conditions, or both, or an unanticipated rise in interest rate, may increase the potential for default and investors may suffer a substantial loss as a result. 	Refer to Sections 9.2 and 9.3 on Pages 8 and 13 of the Prospectus for further information on risks relating to the Fund.
Liquidity Risks	
<ul style="list-style-type: none"> • The Fund is not listed and you can redeem only on dealing days. • There is no secondary market for the Fund. All redemption requests should be made to the Manager. • The Manager, with the approval of the Trustee, may suspend the issue, cancellation and realisation of units during certain circumstances specified in the Prospectus and Trust Deed. 	Refer to Sections 12 and 15 on Pages 18 and 21 of the Prospectus for further information on realisation and suspension of dealing in the product.
Product-Specific Risks	
<ul style="list-style-type: none"> • You are exposed to risks of investing in REITs REITs depend generally on their ability to generate cash flows to make distributions to shareholders or unitholders, and may be subject to defaults by borrowers and tenants of properties owned by such REITs. REITs may also be subject to financial covenants and/or borrowing/gearing ratios and their ability to comply with such ratios could be adversely affected if the REITs are unable to obtain funds from investors or loans or re-finance existing debt. Investments in REITs expose the Fund to risks similar to investing directly in real estate. • You are exposed to concentration risk The Fund focuses on REITs listed in Singapore and may be less diversified and the performance may be more adversely affected in negative market conditions compared to a regional equity fund or a fund which invests into REITs listed regionally in various jurisdictions. Investments in REITs and other issuers that invest, deal or otherwise engage in transactions in or hold real estate or interests therein expose the Fund to risks similar to investing directly in real estate. • You are exposed to derivative risks The Manager may use financial derivative instruments for such purposes as may be permitted under the Code. The use of derivatives may negatively impact the value of the Fund and the Fund may suffer greater losses than if the Fund had not used derivatives. • You are exposed to currency risk Investments by the Fund are made in SGD and may be made in a variety of other currencies, whereas the NAV of the Fund will be computed in its SGD base currency. The value of the Fund may be affected favorably or unfavorably by currency exchange rates. The Manager does not intend to hedge such foreign currency exposure. Accordingly, investors will be exposed to exchange rate risk. 	Refer to Sections 9.2 and 9.3 on Pages 8 and 13 of the Prospectus for further information on risks relating to the Fund.

FEES AND CHARGES

WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?

Investors will need to pay the following fees and charges as a percentage of the gross investment sum:

Charges and fees payable by Holder	
Subscription Fee	Currently up to 3%. Maximum 3%
Realisation Fee	Currently nil. Maximum 3%
Switching Fee	Currently nil. Maximum 1%, subject to a minimum of SGD25

The Fund will pay the following fees and charges to the Manager, Trustee and other parties:

Charges and fees payable by the Fund	
Annual management fee	<u>Class A SGD and Class A USD Units</u> Currently 1.20%. Maximum 1.20%
	<u>Class I SGD and Class I USD Units</u> Currently 0.75%. Maximum 0.75%
Annual trustee fee	Currently 0.04%. Maximum 0.12%

Investors should note that subscriptions for units through any Distributor appointed by the Manager may incur additional fees and charges.

Fees and charges payable by the REITs	
Annual management fee	Ranging from 0% to 1.0% of the deposited property value
Annual trustee fee	Ranging from 0% to 0.30% of the deposited property value
Performance fee	Ranging from 0% to 12% of net property income
Acquisition fee	Ranging from 0% to 1% of deposited property value
Divestment fee	Ranging from 0% to 0.5% of deposited property value
Development management fee	Ranging from 0% to 3.0% of total project costs

Fees and charges payable by the REITs to the Property Manager	
Annual Property management fee	Ranging from 0% to 4.0% of gross property revenue for the relevant property
	Ranging from 0% to 2.0% of net property income for the relevant property
Project management fee	Ranging from 0% to 3.0% of construction cost

Fees and charges payable by the Fund directly to the REITs	
Preliminary charge	Not applicable*
Realisation fee	Not applicable*
Switching fee	Not applicable*

* As the REITs are listed and traded on a recognised stock exchange, and the Fund will have no right to request the REIT Manager to redeem its units in the REITs while the REITs are listed, no subscription fee, preliminary charge, realisation fee or switching fee is payable by the Fund in respect of the REITs.

Fees charged by the Lion-Phillip S-REIT ETF

The fees and charges payable by participating dealers in respect of the Lion-Phillip S-REIT ETF are summarised as follows:

<i>Creation of Units:</i>	
Transaction Fee	S\$450 per application (in cash)
	S\$2,500 per application (in-kind)
Application Cancellation Fee [^]	S\$2,500 per application
Extension Fee [^]	S\$2,500 per application

<i>Redemption of Units:</i>	
Transaction Fee	S\$450 per application (in cash)
	S\$2,500 per application (in-kind)
Application Cancellation Fee [^]	S\$2,500 per application
Extension Fee [^]	S\$2,500 per application

[^] These fees only apply if the creation or redemption application is cancelled or settlement is extended (as the case may be).

Refer to paragraph 8 of the Singapore Prospectus for further information on the fees and charges of the product.

The fees and charges payable by investors (including the Fund) dealing in Units in the Lion-Phillip S-REIT ETF on the SGX-ST are summarised as follows:

Subscription/Redemption fee	Nil
Brokerage	Market rates. Investors will have to bear brokerage fees charged by the stockbrokers.
Clearing fee and SGX access fee	Currently the clearing fee and SGX access fee for trading Units on the SGX-ST is at the rate of 0.0325% and 0.0075% of the transaction value [#] and subject to the prevailing goods and services tax (“GST”).

[#] Subject to change at SGX-ST’s discretion.

The fees and charges payable by the Lion-Phillip S-REIT ETF are summarised as follows:

management fee [^]	Currently 0.50% per annum of the Net Asset Value of the Lion-Phillip S-REIT ETF. Maximum 0.50% per annum of the Net Asset Value of the Lion-Phillip S-REIT ETF.
trustee’s fee	Up to 0.04% per annum of the Net Asset Value of the Lion-Phillip S-REIT ETF, subject to a yearly minimum of S\$15,000.
custodian fee	The custodian fee payable is subject to agreement between the manager and the custodian and may exceed 0.10% of the Net Asset Value of the Lion-Phillip S-REIT ETF depending on, amongst others, the size of the Lion-Phillip S-REIT ETF and the number of transactions carried out.
other fees and charges	Other fees and charges include fund administration and valuation fees, legal fees, audit fees, transaction fees, accounting fees, licensing fees, transaction processing and cash processing fees. Such fees and charges are subject to agreement with the relevant parties and may amount to or exceed 0.10% of the Net Asset Value of the Lion-Phillip S-REIT ETF, depending on the proportion each fee or charge bears to the Net Asset Value of the Lion-Phillip S-REIT ETF.

[^] As the Manager is also the sub-manager of the Lion-Phillip S-REIT ETF, the fees earned in its capacity as sub-manager in respect of the Fund’s investment into the said ETF will be rebated to the Fund.

VALUATIONS AND EXITING FROM THIS INVESTMENT

HOW OFTEN ARE VALUATIONS AVAILABLE?

The Fund is valued every Business Day. Pricing may be available on The Business Times, Bloomberg, Reuters and websites of the appointed distributors, or such other sources as the Manager may decide upon.

HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS OF DOING SO?

- You may realise your Units on any Dealing Day subject to any applicable realisation fee.
- If the redemption form is received and accepted by the Manager by 3.30 p.m. Singapore time on a dealing day, your Unit is valued at the net asset value per Unit of such class (Singapore dollar or US dollar) of the Fund as at the close of the Dealing Day less any realisation fee.
- You will normally receive the sale proceeds within 6 business days of receipt and acceptance of the realisation form by the Manager unless the realisation of Units has been suspended in accordance to paragraph 15 of the Prospectus.
- Numerical example of how the amount paid to an investor is calculated based on the sale of 1,000 Units and based on a notional realisation price of SGD1.0000:

$$1000 \text{ Units} \times \text{SGD}1.0000 = \text{SGD}1,000 - \text{SGD} 0 = \text{SGD} 1,000$$

$$\text{Your realisation request} \times \text{realisation price} = \text{Your gross realisation proceeds} - \text{realisation fee} = \text{Your net realisation proceeds}$$

- You may switch your Units of the Fund with units of any other collective investment scheme managed by the Manager.
- You have the right to cancel your initial purchase of Units in the Fund within 7 calendar days from the date of initial subscription or purchase of Units, without incurring the sales charge and fees stated in the FEE AND CHARGES disclosure, by providing notice in writing to the Manager or an authorised agent or distributor.

Refer to Sections 12, 13, 14 and 15 on Pages 18 to 21 of the Prospectus for further information on valuations and exiting from your investment.

Refer to Section 10.6 on Page 17 of the Prospectus and the terms and conditions for cancellation of units attached to the application form for the subscription of units in the Fund.

CONTACT INFORMATION

HOW DO YOU CONTACT US?

You may contact us at the following address:

Phillip Capital Management (S) Ltd

250 North Bridge Road

#06-00 Raffles City Tower

Singapore 179101

Tel: +65 6230 8133

Fax: +65 6538 3066

Email: pcm@phillip.com.sg

APPENDIX: GLOSSARY OF TERMS

“**Business Day**” means a day on which banks in Singapore are normally open for business (except Saturdays, Sundays and gazetted public holidays).

“**Dealing Day**”, in connection with the issuance and realisation of Units of the Fund, means every Business Day or such other Business Day or Business Days or such other day or days at such intervals as the Manager may from time to time determine provided that reasonable notice of any such determination shall be given by the Manager to all Holders at such time and in such manner as the Trustee may approve. If on any day which would otherwise be a Dealing Day in relation to Units of any particular Fund the recognised stock exchange or over the counter market on which investments or other property comprised in, and having in aggregate values amounting to at least 50 per cent. of the net asset value (as at the immediately preceding valuation point) of, the Fund to which Units of that Fund relate are quoted, listed or dealt in is not open for normal trading, the Manager may determine that that day shall not be a Dealing Day in relation to Units of that Fund.