**ANNOUNCEMENT – WAIVERS FROM COMPLIANCE WITH CERTAIN RULES OF THE SGX-ST LISTING MANUAL**

We, Nikko Asset Management Asia Limited (the "**Manager**"), the manager of NikkoAM-StraitsTrading Asia ex Japan REIT ETF (the "**Fund**") wish to announce that pursuant to the application submitted on 20 December 2016 by us as the manager of the Fund to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the SGX-ST has on 24 February 2017 granted to the Fund waivers from compliance with the following listing rules under the SGX-ST's listing manual (the "**Listing Rules**"), and the reasons for seeking the waivers are set out below for investors' information:

(1) **Listing Rule 404(1)(a)**, which requires an investment fund denominated in Singapore Dollars to have a minimum asset size of at least S$20 million.

The Manager understands that the primary reason for having a minimum asset size of S$20 million is perhaps to ensure the liquidity and sustainability of the trading and market making of the Fund on the SGX-ST. The Fund is an open-ended collective investment scheme ("**CIS**") where new units in the Fund (the "**Units**") can be created for the purposes of market making by the designated market maker(s) ("**DMMs**") of the Fund as and when required to meet the demand for the Units on the SGX-ST, unlike a company whose shares are listed on the SGX-ST where the number of shares of that company is generally fixed. In light of the above, the Manager is of the view that sustainability of the trading and market making of the Fund on the SGX-ST should not be an issue even in the case where the Fund has a listing size on the SGX-ST of less than S$20 million.

The Manager intends to appoint at least one DMM for the Fund for so long as the Units are listed and traded on the SGX-ST and is of the view that the DMM would be able to ensure day-to-day liquidity even if the listing size of the Fund is less than S$20 million. As additional Units can be created on a regular basis, the capability of the DMM to provide and ensure liquidity of the Fund will not be affected. Furthermore, the costs to the DMM to have a large but unnecessary inventory (save only for the purpose of complying with the S$20 million requirement) would be rather substantial.

In view of the above, the Manager has requested for a waiver from the requirements of Listing Rule 404(1)(a) in respect of the Fund, and a waiver thereof was granted by the SGX-ST, subject to the appointment of at least one DMM (approved by the Member Supervision function of the Exchange) to make a market in the Units to ensure there will be a ready market for the trading of the Units.

(2) **Listing Rule 404(3)(a)**, which requires an investment fund denominated in Singapore Dollars to limit its investments in companies which are related to the investment fund's substantial shareholders, investment managers or management companies, to a maximum of 10% of gross assets.

The Fund will be open-ended in nature. There is no maximum limit on the number of Units which can be issued to investors and Units may be issued and redeemed on every dealing day of the Fund. As such, it may not be possible to ascertain the identity of any substantial Unitholders of the Fund, as the Fund's total issued Units may be subject to change at any point in time.

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Further, upon listing of the Units on the SGX-ST, the Units will be held in the name of the the Central Depository (Pte) Limited (the "**CDP**") or its nominee for and on behalf of the investors, and the Manager will not have details of the subscribers or beneficial owners of the Units. As such, the Manager may not be able to ascertain the identity of any substantial Unitholder of the Fund.

In view of the above, the Manager has applied to the SGX-ST for a waiver from the requirement of Listing Rule 404(3)(a) for the Fund to limit its investments in companies which are related to the Fund's substantial Unitholders, and a waiver thereof was granted by the SGX-ST, subject to compliance with the relevant requirements under the Code on Collective Investment Schemes (the "**CIS Code**").

(3) **Listing Rule 404(4),** which provides that a newly formed investment fund must not change its investment objectives and policies in the first three years unless approved by a special resolution of the shareholders in a general meeting.

**Listing Rule 617**, which requires (among others), in the case of a newly formed investment fund, a statement in the prospectus that the investment policy will be adhered to for at least three years following the issue of the prospectus, unless otherwise agreed by the shareholders of the investment fund by a special resolution in general meeting.

The Manager does not currently intend to change the investment objective of the Fund during its first three (3) years. However, there may be instances where the investment policy of the Fund may need to change pursuant to the requirement of any regulatory authorities or as a result of a change in the applicable laws and regulations or due to changes in market environment or changes in relation to the FTSE EPRA/NAREIT Asia ex Japan Net Total Return REIT Index (the "**Index**") (e.g. the Index ceases to be compiled or published or if the licence agreement with respect to the Index is terminated for any reason).

Under the CIS Code, the manager of a Singapore authorised CIS is required to inform the Monetary Authority of Singapore (the "**MAS**") and existing participants of the scheme of any significant change to be made to the scheme (including a change of investment focus of the scheme or investment approach of the manager) not later than one month before the change is to take effect.

The Manager had therefore requested that in the circumstances where during the first three years following the issue of the first prospectus of the Fund, a change of the investment policy is required pursuant to the requirement of any regulatory authority in Singapore or elsewhere or pursuant to the change in the laws and regulations in any jurisdiction or if the change of the investment policy is not material, such change of the investment policy would not require the approval of Unitholders by extraordinary resolution in general meeting. To require a special resolution by Unitholders in general meeting to approve any change of investment policy (including non-material changes), would be administratively cumbersome, inefficient, time consuming and costly to the Fund.

In view of the above, the Manager has requested for a waiver from the requirements of Listing Rules 404(4) and 617 in respect of the Fund, and a waiver thereof was granted by the SGX-ST to the extent that Unitholders' approval should be sought unless (i) the change of the investment objective and policy is required pursuant to the requirement of any regulatory

authority in Singapore or elsewhere or pursuant to the change in the laws and regulations in any jurisdiction or (ii) the change of the investment policy is not material.

(4) **Listing Rules 705(1), 705(3)(b) and 705(4)**, which provide (among others) that an issuer must announce the financial statements for the first half and the full financial year immediately after the figures are available, but in any event not later than 45 or 60 days respectively after the relevant financial period.

As provided in the Prospectus and in accordance with the relevant provisions of the CIS Code, when available, Unitholders may obtain electronic copies of (i) the annual accounts of the Fund, reports of the auditors on the annual accounts of the Fund and the annual reports of the Fund for the relevant financial year from the Manager's website and such accounts and reports will be made available on the Manager's website within three (3) months of the financial year-end of the Fund and (ii) the semi-annual report and semi-annual accounts of the Fund from the Manager's website and such accounts and reports will be made available on the Manager's website within two (2) months of the end of the period covered by the relevant report and accounts.

The Manager is of the view that the publication of the financial reports as mentioned above will provide investors with sufficient information on the financial performance of the Fund as required under Rules 705(1) and 705(3).

In view of the above, the Manager has requested for a waiver from the requirements of Listing Rules 705(1), 705(3)(b) and 705(4) in respect of the Fund, and a waiver thereof was granted by the SGX-ST, provided that the Fund must announce via SGXNET its semi-annual and full year financial results within two months and three months after the end of the relevant financial period respectively.

(5) **Listing Rule 723**, which provides that an issuer must ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

As the Fund is open-ended in nature, the Fund's total issued Units may fluctuate from day to day. Further, upon listing of the Units on the SGX-ST, the Units will be held in the name of the CDP or its nominee for and on behalf of the investors, and the Manager will not have details of the investors or beneficial owners of the Units who purchased via the SGX-ST. The Manager may therefore not be able to reasonably ascertain whether at least 10% of the Fund's Units will at all times be held by the public and there is a possibility that public holders of the Fund will fall below the 10% threshold. Notwithstanding this, the Manager believes that not applying Rule 723 in the case of the Fund will not necessarily result in a disorderly market in the Units as it is intended that at least one DMM will be appointed to create liquidity for investors of the Fund. In addition, the Manager notes that Rule 404(9)(a)(xiii) of the Listing Manual already provides that an ETF is not required to comply with Rule 724 (which provides for certain requirements if the percentage of securities held in public hands falls below 10%).

In view of the above, the Manager has requested for a waiver from the requirements of Listing Rule 723 in respect of the Fund, and a waiver thereof was granted by the SGX-ST, subject to the appointment of at least one DMM (approved by the Member Supervision function of the Exchange) to make a market in the Units to ensure there will be a ready market for the trading of the Units.

(6) **Listing Rule 725**, which provides that an issuer must appoint two authorised representatives who must be either directors or a director and the company secretary.

As the Fund will be constituted as a unit trust, it will not have a board of directors or a company secretary.

As such, the Manager has requested for a waiver from the requirements of Listing Rule 725 in respect of the Fund, and a waiver thereof was granted by the SGX-ST, provided that the Exchange will be notified of any proposed change of the Manager's representative, together with the name(s) and relevant particulars of the replacement(s), prior to the change being effective and the Exchange reserves the right to require the Manager to appoint a replacement if any representative is not fulfilling his or her responsibilities.

(7) **Listing Rule 748(1)**, which provides that an investment fund must announce via SGXNET its net tangible assets per share or per unit at the end of each week.

As the Manager will post the net asset value (the "**NAV**") per Unit of the Fund for each dealing day on its website by the next business day after such dealing day, the Manager has requested for a waiver from the requirements of Listing Rule 748(1) in respect of the Fund, and a waiver thereof was granted by the SGX-ST, subject to the Manager providing the NAV per Unit, the sale and redemption price of Units and the dealing days to which the NAV per Unit and the prices relate, at the website of the Manager and an announcement on the NAV per Unit on SGXNET at the end of each week.

(8) **Listing Rule 748(4)**, which provides that an investment fund must seek shareholders' approval for any change of the investment manager.

The trust deed of the Fund (the "**Trust Deed**") provides for the retirement and removal of the manager of the Fund, whereby the manager can be removed following an extraordinary resolution passed by Unitholders. Under the Trust Deed, the manager of the Fund can also be removed by notice in writing given by the trustee of the Fund in any of the events set out therein. In any of such events, the trustee shall appoint another corporation as the new manager of the Fund, in accordance with the provisions of the Trust Deed.

Although the removal of the manager under the abovementioned events will not require Unitholders' approval, the Manager understands that the purpose of the relevant provisions of the Trust Deed is to allow the trustee and the MAS (as the regulator of Singapore authorised CISs) to more effectively safeguard the interests of Unitholders in situations where the manager may no longer discharge their duties to the Fund or where the interests of the manager conflict with that of the Fund.

In addition, under the Trust Deed, upon giving three months' written notice to the trustee, the manager shall have power to retire in favour of some other company eligible to be the manager of the Fund in accordance with the Securities and Futures Act, Chapter 289 of Singapore, and approved by the trustee and the MAS. Similarly, although the retirement of the manager will not require Unitholders' approval, the manager may only retire if a new manager approved by the trustee and the MAS, is appointed to replace the manager.

In view of the above, the Manager has requested for a waiver from the requirement of Listing Rule 748(4) in respect of the Fund, and a waiver thereof was granted by the SGX-ST, subject

to the Manager providing an undertaking that, where Unitholders' approval is not required for any change of the investment manager in the situations provided for in the Trust Deed or pursuant to the CIS Code, prior notification will nonetheless be given to investors via SGXNET and to the MAS.

This notice is for your information only and **no action is required to be taken by you**.

Issued by **Nikko Asset Management Asia Limited (as managers of the Fund)**

**3 March 2017**

**Important:** The SGX-ST takes no responsibility for the accuracy of any of the statements or opinions made in this announcement. This announcement is published for your information only. **If you are in any doubt about this announcement, you should consult your stockbroker, bank manager, solicitor, professional accountant or other independent advisers.**

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