NikkoAM-StraitsTrading Asia ex Japan REIT ETF – DIVIDEND DISTRIBUTION

SGX Stock Code: CFA

Bloomberg Ticker: AXJREIT

11 October 2018 – On 17 September 2018, Nikko Asset Management Asia Limited, manager of the NikkoAM-StraitsTrading Asia ex Japan REIT ETF (the "**Fund**"), announced a dividend distribution of S$0.0129 per unit for the period 1 May 2018 to 31 July 2018 registered in the name of each holder of the Fund.

The dividend distribution is subject to the tax transparency treatment for distributions received by the Fund from real estate investment trusts or corporations listed on the Singapore Exchange Securities Trading Limited for the period from 1 July 2018 to 31 July 2018. The table below shows the breakdown of the dividend distribution that is subject to tax transparency treatment.

Subcomponents	Source of distribution	Distribution (SGD per Unit)
(1) Taxable income component[1]	Qualifying S-REIT distribution	0.0038049
(2) Capital component[2]	Capital	0.0037501
(3) Tax exempt income	Tax exempt income	0.0007273^
(4) Other income and gains[3]	Other income and gains from disposal of securities	0.0046177
Total		0.0129

^ This amount of distribution is tax-exempted. Unitholders do not have to declare this distribution in their Singapore tax returns

[1] The beneficial owner of this distribution, other than a "Qualifying Individual", is liable to Singapore Income Tax on the amount of gross income distribution. A "Qualifying Individual" is not subject to tax on this distribution. A "Qualifying Individual" refers to an individual whose receipt of the distribution is not considered as gains or profits from any trade, business or profession carried on by him/her and is not derived from units held through a partnership in Singapore. The beneficial owner, other than a "Qualifying Individual", is required to declare the amount of gross income distribution as taxable income in the Income Tax Return for the Year of Assessment 2020, unless the beneficial owner is exempt from tax because of its own circumstances.

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Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. A qualifying foreign non-individual investor is a non-individual person who is not a resident in Singapore for income tax purposes and: (i) who does not have any permanent establishment in Singapore; or (ii) who carries on any operation in Singapore through a permanent establishment in Singapore, but the funds used to acquire the units in the Fund are not obtained from that operation in Singapore.

All other investors (excluding Qualifying Investors) will receive their distributions after deduction of tax at the rate of 17%. Qualifying Investors are:

(i) individuals;

(ii) companies incorporated and tax resident in Singapore;

(iii) Singapore branches of companies incorporated outside Singapore;

(iv) bodies of persons (excluding companies or partnerships) incorporated or registered in Singapore, including charities registered under the Charities Act (Cap 37) or established by any written law, town councils, statutory boards, co-operative societies registered under the Co-operatives Societies Act (Cap 62) or trade unions registered under the Trade Unions Act (Cap 333); and

(v) International organisations that are exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap 145).

[2] This amount of distribution is treated as a return of capital for Singapore income tax purposes. For unitholders who hold the units as trading or business assets and are liable to Singapore income tax on gains arising from the disposal of units, the amount of capital distributions should be applied to reduce the costs of the units for the purpose of calculating the amount of taxable trading gains when the units are subsequently disposed of. If the amount of capital distributions exceeds the cost of the units, the excess will be subjected to tax as trading income of such unitholders. The sale proceeds of all subsequent sales of remaining units will also be fully taxable.

[3] The Fund will be accorded tax concession under the Designated Unit Trust ("DUT") Scheme. As such, distribution of the above gains/income may be a taxable distribution on certain unitholders. Please refer to the Pro Forma Singapore Tax Voucher issued by the DUT.

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Past performance or any prediction, projection or forecast is not indicative of future performance. The funds may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. Investments in the funds are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus and product highlights sheet obtainable from appointed distributors of Nikko AM Asia or our website (www.nikkoam.com.sg) before investing.

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The performance of the Fund's price on the Singapore Stock Exchange ("SGX") may be different from the net asset value per unit of the Fund. The Fund may also be delisted from the SGX. Transaction in units of the Fund will result in brokerage commissions. Listing of the units does not guarantee a liquid market for the units. Units of the Fund may be bought or sold throughout trading hours of the SGX through any brokerage account. Investors should note that the Fund differs from a typical unit trust and units may only be created or redeemed directly by a participating dealer in large creation or redemption units. Investors may only redeem the units with Nikko AM Asia under certain specified conditions.

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