

## Sasseur Real Estate Investment Trust and its subsidiaries

(Constituted in the Republic of Singapore pursuant to a trust deed dated 30 October 2017)

Unaudited Condensed Interim Financial Statements  
for the six months and full year ended 31 December 2021

## Sasseur Real Estate Investment Trust and its subsidiaries

### General Information

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**Sasseur Real Estate Investment Trust and its subsidiaries**

**Unaudited Condensed Interim Statements of Financial Position  
As at 31 December 2021**

	Note	Group		Trust	
		31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Investment properties	3	1,801,013	1,651,052	-	-
Interests in subsidiaries		-	-	1,101,028	951,941
		<b>1,801,013</b>	<b>1,651,052</b>	<b>1,101,028</b>	<b>951,941</b>
<b>Current assets</b>					
Prepayments, deposits and other receivables		29,065	51,212	877	144,455
Cash and short-term deposits	4	159,761	155,944	47,852	37,101
		<b>188,826</b>	<b>207,156</b>	<b>48,729</b>	<b>181,556</b>
<b>Total assets</b>		<b>1,989,839</b>	<b>1,858,208</b>	<b>1,149,757</b>	<b>1,133,497</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	5	508,115	501,895	237,151	240,484
Deferred tax liabilities		115,805	85,232	-	-
		<b>623,920</b>	<b>587,127</b>	<b>237,151</b>	<b>240,484</b>
<b>Current liabilities</b>					
Other payables and accruals		123,177	137,047	791	889
Loans and borrowings	5	2,457	2,359	-	-
Derivative financial instruments		93	276	93	276
Tax payables		30,984	25,985	28	11
		<b>156,711</b>	<b>165,667</b>	<b>912</b>	<b>1,176</b>
<b>Total liabilities</b>		<b>780,631</b>	<b>752,794</b>	<b>238,063</b>	<b>241,660</b>
<b>Net assets</b>		<b>1,209,208</b>	<b>1,105,414</b>	<b>911,694</b>	<b>891,837</b>
<b>Represented by:</b>					
Unitholders' funds		<b>1,209,208</b>	<b>1,105,414</b>	<b>911,694</b>	<b>891,837</b>
<b>Units in issue and to be issued ('000)</b>	6	<b>1,222,205</b>	<b>1,209,412</b>	<b>1,222,205</b>	<b>1,209,412</b>
<b>Net asset value per unit (\$)</b>		<b>0.99</b>	<b>0.91</b>	<b>0.75</b>	<b>0.74</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Unaudited Condensed Interim Consolidated Statement of Total Return  
For the six months and full year ended 31 December 2021**

	Note	Group			
		6 months ended		12 months ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		\$'000	\$'000	\$'000	\$'000
EMA rental income <sup>1</sup>	7	68,727	67,296	134,850	125,248
Manager's management fees		(6,546)	(4,494)	(11,083)	(7,910)
Trustee's fees		(173)	(167)	(340)	(328)
Other trust expenses		(261)	(1,218)	(1,217)	(2,187)
Finance income		110	6	162	64
Finance costs	8	(12,171)	(14,918)	(24,109)	(28,476)
Exchange differences		137	3,168	3,354	3,341
Change in fair value of financial derivatives		(29)	(166)	183	(225)
<b>Total return before fair value adjustments to investment properties and tax</b>		<b>49,794</b>	<b>49,507</b>	<b>101,800</b>	<b>89,527</b>
Fair value adjustments to investment properties		65,987	(20,569)	62,355	(25,288)
<b>Total return for the period before tax</b>		<b>115,781</b>	<b>28,938</b>	<b>164,155</b>	<b>64,239</b>
Tax expense	9	(32,983)	(10,325)	(41,298)	(17,216)
<b>Total return for the period attributable to Unitholders</b>		<b>82,798</b>	<b>18,613</b>	<b>122,857</b>	<b>47,023</b>

<sup>1</sup> The Group receives EMA rental income under the Entrusted Management Agreement (EMA), and all the operating expenses of the properties are borne by the Entrusted Manager.

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Unaudited Condensed Interim Consolidated Distribution Statement  
For the six months and full year ended 31 December 2021**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
Income available for distribution to Unitholders at 1 January	7	9
Total return for the period attributable to Unitholders	122,857	47,023
Distribution adjustments (Note A)	(28,952)	31,712
	93,905	78,735
Less: Amount retained for asset enhancement initiatives and working capital	(7,713)	-
Amount available for distribution to Unitholders	86,199	78,744
Distribution to Unitholders:		
Distribution of 1.759 cents per Unit for the period from 1/1/2021 to 31/3/2021	(21,274)	-
Distribution of 1.614 cents per Unit for the period from 1/4/2021 to 30/6/2021	(19,564)	-
Distribution of 1.831 cents per Unit for the period from 1/7/2021 to 30/9/2021	(22,236)	-
Distribution of 1.900 cents per Unit for the period from 1/10/2021 to 31/12/2021	(23,125) <sup>1</sup>	-
Distribution of 1.334 cents per Unit for the period from 1/1/2020 to 31/3/2020	-	(15,990)
Distribution of 1.512 cents per Unit for the period from 1/4/2020 to 30/6/2020	-	(18,165)
Distribution of 1.764 cents per Unit for the period from 1/7/2020 to 30/9/2020	-	(21,235)
Distribution of 1.935 cents per Unit for the period from 1/10/2020 to 31/12/2020	-	(23,347) <sup>2</sup>
Total distribution to Unitholders	(86,199)	(78,737)
Income available for distribution to Unitholders at 31 December	-	7
<b>Distribution per Unit (DPU) (cents)<sup>3</sup>:</b>	<b>7.104</b>	<b>6.545</b>
<b>Note A – Distribution adjustments comprise:</b>		
- Manager's management fees payable in Units	11,083	7,910
- Amortisation of borrowing-related transaction costs	6,367	8,098
- Straight-line adjustments	(7,343)	(9,490)
- Fair value adjustments to investment properties	(62,355)	25,288
- Deferred tax expense	26,259	3,263
- Exchange differences	(2,780)	(3,582)
- Change in fair value of financial derivatives	(183)	225
Distribution adjustments	(28,952)	31,712

<sup>1</sup> Distribution relating to the period from 1 October 2021 to 31 December 2021 will be made subsequent to the reporting date (Note 15).

<sup>2</sup> Distribution relating to the period from 1 October 2020 to 31 December 2020 was made in March 2021.

<sup>3</sup> The DPU relates to the distributions in respect of the relevant financial period.

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Unaudited Condensed Interim Statements of Changes in Unitholders' Funds  
For the six months and full year ended 31 December 2021**

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>At 1 January</b>	1,105,414	1,069,163	891,837	863,464
<b>Operations</b>				
Total return for the period attributable to Unitholders	122,857	47,023	95,195	95,287
<b>Net increase in net assets resulting from operations</b>	122,857	47,023	95,195	95,287
<b>Unitholders' transactions</b>				
Units in issue				
- Manager's management fees paid in Units	6,861	5,539	6,861	5,539
- Distribution to Unitholders	(86,421)	(74,881)	(86,421)	(74,881)
	(79,560)	(69,342)	(79,560)	(69,342)
Units to be issued				
Manager's management fees payable in Units	4,222	2,371	4,222	2,371
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	(75,338)	(66,971)	(75,338)	(66,971)
<b>Foreign currency translation reserve</b>				
Movement in foreign currency translation reserve	56,275	56,142	-	-
<b>Hedging reserve</b>				
Movement in hedging reserve	-	57	-	57
<b>At 31 December</b>	<b>1,209,208</b>	<b>1,105,414</b>	<b>911,694</b>	<b>891,837</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Unaudited Condensed Interim Consolidated Statement of Cash Flows  
For the six months and full year ended 31 December 2021**

	Note	Group 2021 \$'000	Group 2020 \$'000
<b>Cash flows from operating activities</b>			
Total return for the year before tax		164,155	64,239
<u>Adjustments for:</u>			
Manager's management fees payable in units		11,083	7,910
Straight-line adjustments	3	(7,343)	(9,490)
Change in fair value of investment properties	3	(62,355)	25,288
Change in fair value of financial derivatives		(183)	225
Finance costs	8	24,109	28,476
Finance income		(162)	(64)
		<b>129,304</b>	<b>116,584</b>
<b>Cash flows before changes in working capital</b>			
<u>Changes in working capital:</u>			
Prepayments, deposits and other receivables (exclude mid-term deposits)		2,450	1,516
Mid-term deposits		23,251	(22,891)
Other payables and accruals		(23,681)	(5,903)
		<b>131,324</b>	<b>101,112</b>
<b>Cash generated from operations</b>			
Tax paid		(11,370)	(8,082)
Interest received		161	64
		<b>120,115</b>	<b>93,094</b>
<b>Net cash generated from operating activities</b>			
<b>Cash flows from investing activity</b>			
Capital expenditure on investment properties	3	(5,821)	(4,691)
		<b>(5,821)</b>	<b>(4,691)</b>
<b>Net cash used in investing activity</b>			
<b>Cash flows from financing activities</b>			
Proceeds from bank loans		–	248,366
Repayments of bank loans		(12,603)	(238,440)
Payment of borrowing-related transaction costs		–	(7,881)
Distribution to Unitholders		(86,421)	(74,881)
Interest paid		(17,254)	(19,899)
Decrease/(increase) in restricted cash		2,342	(539)
		<b>(113,936)</b>	<b>(93,274)</b>
<b>Net cash used in financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		146,550	146,147
Effect on exchange rate changes on cash and cash equivalents		5,513	5,274
		<b>152,421</b>	<b>146,550</b>
<b>Cash and cash equivalents at end of the year</b>			

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**Sasseur Real Estate Investment Trust and its subsidiaries**

**Unaudited Statement of Portfolio  
As at 31 December 2021**

Description of Property	Location	Tenure of Land	Remaining Term of Lease (Year)	Lease Expiry	Carrying Value as at 31 December 2021 RMB'000	Carrying Value as at 31 December 2021 \$'000	Percentage of Total Net Assets attributable to Unitholders as at 31 December 2021 %
Chongqing Liangjiang Outlets <sup>1</sup>	No. 1 Aotelaisi Road, Beibuxin District, Chongqing	Leasehold	25.4	2047	3,121,000	661,523	54.7
Chongqing Bishan Outlets <sup>2</sup>	No. 9 Baiyang Road, Bishan District, Chongqing	Leasehold	29.8	2051	838,000	177,621	14.7
Hefei Outlets	No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province	Leasehold	31.6	2053	2,883,000	611,077	50.5
Kunming Outlets	No. 181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province	Leasehold	32.3	2054	1,655,000	350,792	29.0
Investment properties, at valuation					8,497,000	1,801,013	148.9
Other assets and liabilities (net)						(591,805)	(48.9)
Net assets attributable to Unitholders						1,209,208	100.0

<sup>1</sup> Formerly known as Chongqing Outlets

<sup>2</sup> Formerly known as Bishan Outlets

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



**Sasseur Real Estate Investment Trust and its subsidiaries**

**Unaudited Statement of Portfolio  
As at 31 December 2021**

Description of Property	Location	Tenure of Land	Remaining Term of Lease (Year)	Lease Expiry	Carrying Value as at 31 December 2020	Carrying Value as at 31 December 2020	Percentage of Total Net Assets attributable to Unitholders as at 31 December 2020
					RMB'000	\$'000	%
Chongqing Liangjiang Outlets <sup>1</sup>	No. 1 Aotelaisi Road, Beibuxin District, Chongqing	Leasehold	26.4	2047	2,982,000	604,696	54.7
Chongqing Bishan Outlets <sup>2</sup>	No. 9 Baiyang Road, Bishan District, Chongqing	Leasehold	30.8	2051	809,000	164,051	14.8
Hefei Outlets	No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province	Leasehold	32.6	2053	2,758,000	559,273	50.6
Kunming Outlets	No. 181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province	Leasehold	33.3	2054	1,593,000	323,032	29.2
Investment properties, at valuation					8,142,000	1,651,052	149.3
Other assets and liabilities (net)						(545,638)	(49.3)
Net assets attributable to Unitholders						1,105,414	100.0

<sup>1</sup> Formerly known as Chongqing Outlets

<sup>2</sup> Formerly known as Bishan Outlets

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## Sasseur Real Estate Investment Trust and its subsidiaries

### Unaudited Notes to the Condensed Interim Financial Statements For the six months and full year ended 31 December 2021

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#### 1. Corporate Information

Sasseur Real Estate Investment Trust (the “Trust”) is a Singapore real estate investment trust constituted pursuant to a trust deed dated 30 October 2017, as supplemented and amended by the First Supplemental Deed dated 19 March 2018 (the “Trust Deed”) made between Sasseur Asset Management Pte. Ltd. (the “Manager”) and DBS Trustee Limited (the “Trustee”). The trust deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the Unitholders of the Trust.

The Trust was constituted as a private trust on 30 October 2017 (“date of constitution”) and admitted to the Official List of Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 28 March 2018 (the “Listing Date”). The Trust was established to acquire an initial portfolio of four retail outlet malls located in People’s Republic of China (“PRC”) comprising Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets (collectively, the “Initial Portfolio” or “Properties”). The Properties were acquired through the following steps.

On 16 November 2017, Sasseur Cayman Holding II Ltd. (the “Cayman Holdco”) and Sasseur Cayman Holding Limited (the “Sponsor”) entered into a sales and purchase agreement where the Cayman Holdco purchased the BVI Holding Companies and in return, the Cayman Holdco issued its shares to the Sponsor as consideration for the BVI Holding Companies. On the same day, the Cayman Holdco then transferred the shares of the BVI Holding Companies to the Trust by entering into sales and purchase agreement where the Trust issued Consideration Units to the Cayman Holdco as purchase consideration for the BVI Holding Companies. The Trust then incorporated a wholly-owned subsidiary, Sasseur Singapore Holdings Pte. Ltd. (“Singapore Holdco”) and Singapore Holdco issued its shares as consideration for the transfer of shares of the BVI Holding Companies. As a result, the Trust owns 100% interest in the Singapore Holdco, which in turn owns 100% of the interest in the BVI Holding Companies, which indirectly owns the Properties.

The registered office of the Manager is located at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632. The principal place of business is located at 7 Temasek Boulevard, #06-05, Suntec Tower One, Singapore 038987.

The principal activity of the Trust is to invest principally, directly or indirectly, in a diversified portfolio of income-producing real estate, primarily comprised retail outlet malls, as well as real estate related assets, with an initial focus in Asia.

#### 2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with FRS 34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore, the recommendations of Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Investment Funds* applicable to interim financial statements issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards (“FRS”).

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

## Sasseur Real Estate Investment Trust and its subsidiaries

### Unaudited Notes to the Financial Statements For the six months and full year ended 31 December 2021

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#### 2. Basis of preparation (continued)

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with FRSs, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Trust's functional currency.

#### 2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The Group and the Trust have adopted the following amendments to FRS, that is effective for the financial periods beginning on 1 January 2021:-

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 Covid-19 Related Rent Concessions	1 June 2020
Amendments to FRS9, FRS1-39, FRS7, FRS4, FRS16: Interest Rate Benchmark Reform – Phase 2	1 January 2021

The adoption of the amendments to FRS did not have any material financial impact on the financial statements of the Group and the Trust for the financial year ended 31 December 2021.

#### 2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period is included in Note 11.

#### 2.3 Seasonal operations

The Group's businesses are not disrupted significantly by seasonal or cyclical factors during the financial year.

## Sasseur Real Estate Investment Trust and its subsidiaries

### Unaudited Notes to the Financial Statements For the six months and full year ended 31 December 2021

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#### 3. Investment properties

	Group	
	31 December 2021	31 December 2020
	\$'000	\$'000
<u>Consolidated Statement of Financial Position</u>		
At 1 January	1,651,052	1,587,197
Adjustments to pre-IPO accrued costs capitalised <sup>1,2</sup>	(1,474)	(2,841)
Capital expenditure incurred	5,821	4,691
Change in fair value of investment properties	69,698	(15,798)
Exchange differences	75,916	77,803
	<hr/>	<hr/>
<b>At 31 December</b>	<b>1,801,013</b>	<b>1,651,052</b>
	<hr/> <hr/>	<hr/> <hr/>
<u>Consolidated Statement of Total Return</u>		
Change in fair value of investment properties	69,698	(15,798)
Net effect of straight-line adjustments <sup>3</sup>	(7,343)	(9,490)
	<hr/>	<hr/>
Fair value adjustments to investment properties recognised in the Consolidated Statement of Total Return	62,355	(25,288)
	<hr/>	<hr/>

<sup>1</sup> Adjustments to pre-IPO accrued costs capitalised in 2021 comprised mainly the adjustment for over-accrued contract costs at IPO whereby final settlement made during the year.

<sup>2</sup> Adjustments to pre-IPO accrued costs capitalised in 2020 comprised mainly the adjustment for over-accrued liabilities for Hefei's initial portfolio at IPO whereby the amount of RMB 13.9 million was waived off by a creditor in July 2020.

<sup>3</sup> Arising from accounting for EMA rental income on a straight-line basis, the difference between revenue recognised and the contractual cash flows is included in the carrying value of the investment properties and subsequently adjusted to the fair value adjustments to investment properties recognised in the Consolidated Statement of Total Return.

Investment properties comprise retail properties which are leased to external tenants.

#### Carrying values of investment properties

Investment properties are stated at fair value based on valuations performed as at 31 December 2021. The valuations were performed by Savills Real Estate Valuation Beijing Limited, an independent valuer with a recognised and relevant professional qualification and with a recent experience in the location and category of the properties being valued.

#### Properties pledged as security

As at 31 December 2021 and 2020, all investment properties are pledged as security to secure bank loans (see Note 5).

## Sasseur Real Estate Investment Trust and its subsidiaries

### Unaudited Notes to the Financial Statements For the six months and full year ended 31 December 2021

#### 4. Cash and short-term deposits

	Group		Trust	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
Cash and short-term deposit	159,761	155,944	47,852	37,101
Less: Restricted cash	(7,340)	(9,394)	(2,509)	(2,502)
	152,421	146,550	45,343	34,599

Restricted cash relates to cash balances which are used to secure bank facilities.

#### 5. Loans and borrowings

	Group		Trust	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
Secured bank loans	518,619	518,510	241,028	247,462
Less: Unamortised transaction costs	(8,047)	(14,256)	(3,877)	(6,978)
	510,572	504,254	237,151	240,484
Non-current	508,115	501,895	237,151	240,484
Current	2,457	2,359	-	-
	510,572	504,254	237,151	240,484

The Group through its subsidiaries, Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd., Sasseur (Chongqing) Business Co., Ltd., Hefei Sasseur Commercial Management Co., Ltd. and Kunming Sasseur Commercial Management Co., Ltd. has put in place an aggregate amount of RMB 1,960 million, 5-year onshore term loans, with repayment of 1% of initial loan principal semi-annually. The onshore term loans have been partially repaid in September 2020 and pared down to RMB 1,337 million. Accordingly, the semi-annual repayments have been reduced to 1% of pared down loan principal.

The Trust has also put in place offshore loans, which after refinancing in September 2020, comprise of term loans of \$214 million and US\$20 million and revolving loan of \$8 million (collectively the "offshore loans").

As at 31 December 2021, the Group has drawn down all these term loans and had unutilised revolving loan of \$8 million (31 December 2020: \$1 million) available to meet its future obligations. The offshore loans were hedged using floating-for-fixed interest rate swaps.

The weighted average cost of borrowings is 4.4% (31 December 2020: 4.9%) per annum.

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Unaudited Notes to the Financial Statements  
For the six months and full year ended 31 December 2021**

**5. Loans and borrowings (continued)**

The Group's secured bank borrowings are generally secured by:

- (a) mortgages on the borrowing subsidiaries' investment properties (see Note 3) and
- (b) assignment of all rights, titles and benefits with respect to the properties mortgaged.

**6. Units in issue and to be issued**

	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>Group and Trust</b>		<b>Group and Trust</b>	
	Number of Units '000	\$'000	Number of Units '000	\$'000
<b>At beginning of the year</b>	1,206,539	762,307	1,196,495	829,699
<b>Issue of Units:</b>				
- Manager's management fees paid in Units	10,580	9,232	10,044	7,489
- Distribution to Unitholders	-	(86,421)	-	(74,881)
Total issued Units at end of the year	1,217,119	685,118	1,206,539	762,307
<b>Units to be issued:</b>				
- Manager's management fees payable in Units	5,086	4,222	2,873	2,371
<b>Total Units issued and to be issued at end of the year</b>	<b>1,222,205</b>	<b>689,340</b>	<b>1,209,412</b>	<b>764,678</b>

**7. EMA rental income**

	<b>6 months ended</b>		<b>12 months ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	\$'000	\$'000	\$'000	\$'000
EMA rental income	68,727	67,296	134,850	125,248

EMA rental income is accounted for on a straight-line basis over the lease term. Excluding net effect of straight-line adjustments, EMA rental income for 6 months and full year ended 31 December 2021 are \$65,016,000 (6 months ended 31 December 2020: \$62,525,000) and \$127,507,000 (31 December 2020: \$115,758,000) respectively (Note 12).

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Unaudited Notes to the Financial Statements  
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**8. Finance costs**

Included in the effective interest expenses on borrowings are the following:

	<b>6 months ended</b>		<b>12 months ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest expenses on loans and borrowings	8,784	9,299	17,444	20,128
Amortisation of borrowing-related transaction costs	3,216	3,055	6,367	5,660
Write-off of borrowing-related transaction costs	–	2,438	–	2,438
Other borrowing costs	171	126	298	250
	<b>12,171</b>	<b>14,918</b>	<b>24,109</b>	<b>28,476</b>

**9. Tax expense**

The major components of tax expense are:

	<b>6 months ended</b>		<b>12 months ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax expense</b>				
Current period	7,828	9,460	14,996	15,279
Under/(over) provision in prior years	207	(1,545)	43	(1,326)
	<b>8,035</b>	<b>7,915</b>	<b>15,039</b>	<b>13,953</b>
<b>Deferred tax expense</b>				
Movement in temporary differences	24,948	2,410	26,259	3,263
	<b>32,983</b>	<b>10,325</b>	<b>41,298</b>	<b>17,216</b>

**10. Earnings per unit**

	<b>Group</b>			
	<b>6 months ended</b>		<b>12 months ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>
Basic and diluted earnings per Unit	6.822	1.547	10.144	3.917

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#### 10. Earnings per unit (continued)

Basic earnings per Unit is calculated by dividing the total return for the period after tax against the weighted average number of Units for the period:

	Group			
	6 months ended		12 months ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
Total return after tax	82,798	18,613	122,857	47,023

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	Group			
	6 months ended		12 months ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Number of Units '000	Number of Units '000	Number of Units '000	Number of Units '000
Weighted average number of Units	1,213,725	1,203,062	1,211,076	1,200,661

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The computation of basic and diluted earnings per Unit is based on the weighted average number of Units in issue for the respective reporting periods.

The diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the year.

#### 11. Fair values of assets and liabilities

##### (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



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11. Fair values of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value

The following table shows the classification of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group 31 December 2021	Fair value		
	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets measured at fair value</b>			
<b>Non-financial assets</b>			
Investment properties			
- <i>Retail outlet malls</i>	–	1,801,013	1,801,013
<b>Total non-financial assets</b>	–	1,801,013	1,801,013
<b>Liabilities measured at fair value</b>			
<b>Financial liabilities</b>			
Derivative financial instruments			
- <i>Interest rate swaps</i>	93	–	93
<b>Total financial liabilities</b>	93	–	93
<b>Group 31 December 2020</b>			
<b>Assets measured at fair value</b>			
<b>Non-financial assets</b>			
Investment properties			
- <i>Retail outlet malls</i>	–	1,651,052	1,651,052
<b>Total non-financial assets</b>	–	1,651,052	1,651,052
<b>Liabilities measured at fair value</b>			
<b>Financial liabilities</b>			
Derivative financial instruments			
- <i>Interest rate swaps</i>	245	–	245
- <i>Cross currency swap</i>	31	–	31
<b>Total financial liabilities</b>	276	–	276

## Sasseur Real Estate Investment Trust and its subsidiaries

### Unaudited Notes to the Financial Statements For the six months and full year ended 31 December 2021

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#### 11. Fair values of assets and liabilities (continued)

##### (c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurements for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

###### *Derivative financial instruments*

The fair values of interest rate swaps and cross currency swap are based on valuations provided by the financial institutions that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates or exchange rates, where applicable, for a similar financial instrument at the measurement date.

##### (d) Level 3 fair value measurements

###### *Information about significant unobservable inputs used in Level 3 fair value measurements*

###### *Investment properties*

Investment properties are stated at fair value based on independent valuations performed by Savills Real Estate Valuation Beijing Limited as at 31 December 2021. The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The valuation reports for 31 December 2021 have highlighted estimation uncertainty arising from the COVID-19 pandemic and a higher degree of caution is to be exercised when relying on the valuations. The valuations were based on information available and market conditions as at 31 December 2021. Values may change subsequently as the impact of COVID-19 is fluid and continues to evolve. The Manager will continue to monitor the situation and seek professional advice on the property values as and when necessary.

The fair values were generally calculated using the Discounted Cash Flow ("DCF") approach. The DCF approach calculates the present values of future cash flows over a specified time period, including the potential proceeds of a deemed disposition, to determine the fair value. The DCF approach converts the earnings of a property into an estimate of value. The final step in the appraisal process involves the reconciliation of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

The valuation techniques used in determining the fair value involve certain estimates including those relating to discount rates and rental rates per square foot, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation techniques and estimates used are reflective of the current market conditions.

The fair value measurement for investment properties has been categorised under Level 3 of the fair value hierarchy based on the inputs to the valuation technique used.

## Sasseur Real Estate Investment Trust and its subsidiaries

### Unaudited Notes to the Financial Statements For the six months and full year ended 31 December 2021

#### 12. Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group, if the Sponsor has the direct and indirect ability to control the parties, jointly control or exercise significant influence over the parties in making financial and operating decisions. Related parties may be individuals or other entities.

In the normal course of its business, the Group carried out transactions with related parties on terms agreed between the parties. During the year, in addition to those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties:

	Group			
	6 months ended		12 months ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
EMA rental income received/receivable from Entrusted Manager (Note 7)	65,016	62,525	127,507	115,758
Manager's management fees paid/payable	6,546	4,494	13,454	9,860
Trustee's fees paid/payable	173	167	340	328

#### 13. Financial ratios

	Group			
	6 months ended		12 months ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	%	%	%	%
Ratio of expenses to weighted average net assets <sup>1</sup>				
Including performance component of the Manager's management fees	1.18	0.53	1.10	0.94
Excluding performance component of the Manager's management fees	0.89	0.53	0.95	0.94
Portfolio turnover rate <sup>2</sup>	–	–	–	–

<sup>1</sup> The ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to expenses of the Group, excluding finance costs, exchange differences and tax expense.

<sup>2</sup> The ratio is computed based on the lower of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

## Sasseur Real Estate Investment Trust and its subsidiaries

### Unaudited Notes to the Financial Statements For the six months and full year ended 31 December 2021

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#### 14. Operating segments

For the purpose of making resource allocation decisions and the assessment of segment performance, the Manager reviews internal management reports of the Group's investment properties. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

The Group's reportable segments are investment properties located in PRC used primarily for retail purposes. The Group has four reportable segments as follows:

- (a) Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd. ("Chongqing Outlets")
- (b) Sasseur (Chongqing) Business Co., Ltd. ("Bishan Outlets")
- (c) Hefei Sasseur Commercial Management Co., Ltd. ("Hefei Outlets")
- (d) Kunming Sasseur Commercial Management Co., Ltd. ("Kunming Outlets")

Segment revenue comprises mainly income generated under the Entrusted Management Agreement ("EMA") and is reported to the Manager for the purpose of assessment of segment performance. In addition, the Manager monitors the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the Manager's management fee, trustee's fees, trust expenses, finance income, finance costs, tax expense, exchange differences and related assets and liabilities.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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**14. Operating segments (continued)**

Information regarding the Group's reportable segments is presented in the tables below:

**Segment results**

<b>1 July 2021 to 31 December 2021 Group</b>	<b>Chongqing Outlets \$'000</b>	<b>Bishan Outlets \$'000</b>	<b>Hefei Outlets \$'000</b>	<b>Kunming Outlets \$'000</b>	<b>Unallocated \$'000</b>	<b>Total \$'000</b>
EMA rental income	31,035	6,123	18,946	12,623	–	68,727
Manager's management fees	–	–	–	–	(6,546)	(6,546)
Trustee's fees	–	–	–	–	(173)	(173)
Other trust expenses						
- Other income	12	13	34	48	–	107
- Other expenses	94	2	11	(1)	(474)	(368)
Finance income	–	–	–	–	110	110
Finance costs	(4,675)	(913)	(1,813)	(1,089)	(3,681)	(12,171)
Exchange differences	–	*	9	(1)	129	137
Change in fair value of financial derivatives	–	–	–	–	(29)	(29)
<b>Total return before fair value adjustments to investment properties and tax</b>	<b>26,466</b>	<b>5,225</b>	<b>17,187</b>	<b>11,580</b>	<b>(10,664)</b>	<b>49,794</b>
Fair value adjustments to investment properties	23,303	5,537	24,056	13,091	–	65,987
Total return for the period before tax	49,769	10,762	41,243	24,671	(10,664)	115,781
Tax expense					(32,983)	(32,983)
Total return for the period					(43,647)	82,798
Segment assets	723,266	191,857	655,545	371,644	47,527	1,989,839
Segment liabilities	254,526	48,779	160,327	79,091	237,908	780,631
<b>Other segment information:</b>						
Capital expenditure	2,679	135	352	11	–	3,177

\* Denote amounts less than \$1,000.

**Sasseur Real Estate Investment Trust and its subsidiaries**

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**14. Operating segments (continued)**

**Segment results (continued)**

<b>1 July 2020 to 31 December 2020 Group</b>	<b>Chongqing Outlets \$'000</b>	<b>Bishan Outlets \$'000</b>	<b>Hefei Outlets \$'000</b>	<b>Kunming Outlets \$'000</b>	<b>Unallocated \$'000</b>	<b>Total \$'000</b>
EMA rental income	30,184	6,308	18,511	12,293	–	67,296
Manager's management fees	–	–	–	–	(4,494)	(4,494)
Trustee's fees	–	–	–	–	(167)	(167)
Other trust expenses						
- Other income	4	(4)	5	(30)	–	(25)
- Other expenses	(86)	(18)	(29)	(47)	(1,013)	(1,193)
Finance income	–	–	–	–	6	6
Finance costs	(312)	(1,277)	(6,028)	(3,280)	(4,021)	(14,918)
Exchange differences	–	–	1	(1)	3,168	3,168
Change in fair value of financial derivatives	–	–	–	–	(166)	(166)
<b>Total return before fair value adjustments to investment properties and tax</b>	<b>29,790</b>	<b>5,009</b>	<b>12,460</b>	<b>8,935</b>	<b>(6,687)</b>	<b>49,507</b>
Fair value adjustments to investment properties	(3,727)	(3,439)	(6,567)	(6,836)	–	(20,569)
Total return for the period before tax	26,063	1,570	5,893	2,099	(6,687)	28,938
Tax expense					(10,325)	(10,325)
Total return for the period					(17,012)	18,613
Segment assets	699,977	174,427	600,833	346,770	36,201	1,858,208
Segment liabilities	251,575	45,280	141,014	73,950	240,975	752,794
<b>Other segment information:</b>						
Capital expenditure	2,695	1	326	509	–	3,531

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**14. Operating segments (continued)**

**Segment results (continued)**

<b>1 January 2021 to 31 December 2021 Group</b>	<b>Chongqing Outlets \$'000</b>	<b>Bishan Outlets \$'000</b>	<b>Hefei Outlets \$'000</b>	<b>Kunming Outlets \$'000</b>	<b>Unallocated \$'000</b>	<b>Total \$'000</b>
EMA rental income	60,465	12,148	37,331	24,906	–	134,850
Manager's management fees	–	–	–	–	(11,083)	(11,083)
Trustee's fees	–	–	–	–	(340)	(340)
Other trust expenses						
- Other income	30	28	68	69	–	195
- Other expenses	–	–	(1)	(19)	(1,392)	(1,412)
Finance income	–	–	–	–	162	162
Finance costs	(9,266)	(1,803)	(3,578)	(2,146)	(7,316)	(24,109)
Exchange differences	–	*	47	(1)	3,308	3,354
Change in fair value of financial derivatives	–	–	–	–	183	183
<b>Total return before fair value adjustments to investment properties and tax</b>	<b>51,229</b>	<b>10,373</b>	<b>33,867</b>	<b>22,809</b>	<b>(16,478)</b>	<b>101,800</b>
Fair value adjustments to investment properties	21,690	5,208	23,025	12,432	–	62,355
Total return for the year before tax	72,919	15,581	56,892	35,241	(16,478)	164,155
Tax expense					(41,298)	(41,298)
Total return for the year					(57,776)	122,857
Segment assets	723,266	191,857	655,545	371,644	47,527	1,989,839
Segment liabilities	254,526	48,779	160,327	79,091	237,908	780,631
<b>Other segment information:</b>						
Capital expenditure	4,504	171	1,081	65	–	5,821

\* Denote amounts less than \$1,000.

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**14. Operating segments (continued)**

**Segment results (continued)**

<b>1 January 2020 to 31 December 2020 Group</b>	<b>Chongqing Outlets \$'000</b>	<b>Bishan Outlets \$'000</b>	<b>Hefei Outlets \$'000</b>	<b>Kunming Outlets \$'000</b>	<b>Unallocated \$'000</b>	<b>Total \$'000</b>
EMA rental income	55,335	11,590	35,163	23,160	–	125,248
Manager's management fees	–	–	–	–	(7,910)	(7,910)
Trustee's fees	–	–	–	–	(328)	(328)
Other trust expenses						
- Other income	45	8	11	29	–	93
- Other expenses	(86)	(21)	(30)	(117)	(2,026)	(2,280)
Finance income	–	–	–	–	64	64
Finance costs	(6,536)	(2,612)	(8,091)	(4,585)	(6,652)	(28,476)
Exchange differences	–	–	244	(1)	3,098	3,341
Change in fair value of financial derivatives	–	–	–	–	(225)	(225)
<b>Total return before fair value adjustments to investment properties and tax</b>	<b>48,758</b>	<b>8,965</b>	<b>27,297</b>	<b>18,486</b>	<b>(13,979)</b>	<b>89,527</b>
Fair value adjustments to investment properties	(5,823)	(3,867)	(7,906)	(7,692)	–	(25,288)
Total return for the year before tax	42,935	5,098	19,391	10,794	(13,979)	64,239
Tax expense					(17,216)	(17,216)
Total return for the year					(31,195)	47,023
Segment assets	699,977	174,427	600,833	346,770	36,201	1,858,208
Segment liabilities	251,575	45,280	141,014	73,950	240,975	752,794
<b>Other segment information:</b>						
Capital expenditure	3,458	39	606	588	–	4,691

**15. Subsequent event**

On 18 February 2022, the Manager declared a distribution of 1.900 cents per Unit for the period from 1 October 2021 to 31 December 2021.