



**SASSEUR REAL ESTATE INVESTMENT TRUST**  
(a real estate investment trust constituted on 30 October 2017  
under the laws of the Republic of Singapore)

**PRESS RELEASE**

**Sasseur REIT's Inaugural Results Beat Forecast and Register Strong YoY Growth**

- Total Sales for the financial period outperformed forecast by 8.8%, driven by stronger performance in all four of the portfolio Outlet malls properties, especially the newer malls of Kunming and Hefei Outlets. Entrusted Management Agreement (“EMA”) rental income correspondingly increased by 3.0%.
- On year-on-year basis, Total Sales for the financial period surged 40.6% and remains well on track to achieve the forecasted Total Sales targets for 2018.
- Distributable income exceeded forecast by 4.6%, with distribution per unit of 1.587 Singapore cents and annualised distribution yield of 8.4%<sup>1</sup>. Ex-dividend date will be on 20 August 2018.

**Singapore, 6 August 2018** –Sasseur Asset Management Pte. Ltd.(“**Sasseur Asset Management**” or the “**Manager**”, “砂之船资产管理公司”), the manager of Sasseur Real Estate Investment Trust (“**Sasseur REIT**” or the “**REIT**”, “砂之船房地产投资信托”), is pleased to announce its financial results for the period from 28 March 2018 (“**Listing Date**”) to 30 June 2018. This is Sasseur REIT’s maiden results release following its recent listing on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

	<b>28 March to 30 June 2018</b>		
	<b>Actual S\$ '000</b>	<b>Forecast<sup>(1)</sup> S\$ '000</b>	<b>Variance %</b>
Total sales	193,345	177,669	+8.8%
EMA rental income	32,278	31,352	+3.0%
Distributable income to Unitholders	18,743	17,912	+4.6%
Distribution per unit (S\$ cents)	1.587	1.517	+4.6%

Notes:

<sup>(1)</sup> The forecast figures were derived from the seasonal forecast for the period from 28 March 2018 to 30 June 2018, based on the Forecast Period 2018 as disclosed in the prospectus of Sasseur REIT dated 21 March 2018 (the “Prospectus”).

1 Based on closing price of S\$0.73 as at 30 June 2018.



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### Strong Portfolio Performance

For the period under review, EMA rental income (concessionary similar to Net Property Income) was S\$32.3 million, 3.0% higher than the forecasted S\$31.4 million. As shown in the tables below, Total Sales was similarly 8.8% higher than the forecasted S\$177.7 million.

	28 March to 30 June 2018		
<b>Total Sales</b>	<b>Actual S\$'000</b>	<b>Forecast S\$'000</b>	<b>Variance %</b>
Chongqing Outlets	100,551	94,566	+6.3%
Bishan Outlets	16,707	15,442	+8.2%
Hefei Outlets	43,499	40,792	+6.6%
Kunming Outlets	32,588	26,869	+21.3%
<b>Portfolio</b>	<b>193,345</b>	<b>177,669</b>	<b>+8.8%</b>

Total sales of S\$193.3 million was also significantly higher than the Total Sales of S\$137.6 million in the same period of the previous year by 40.6% as shown in the table below. This is mainly attributable to higher outlet sales registered at the four portfolio properties viz the Chongqing, Bishan, Hefei and Kunming Outlet malls. The stronger sales, both on a year-on-year and forecasted basis, ties in well with the high growth story in China's Outlet mall industry, with the sector projected to grow at 24% per annum over the next 3 years and poised to become the largest Outlet industry in the world, ahead of the USA, by 2030.

<b>Total Sales</b>	<b>Actual 28 March to 30 June 2018 S\$'000</b>	<b>Proforma<sup>(1)</sup> 28 March to 30 June 2017 S\$'000</b>	<b>Variance %</b>
Chongqing Outlets	100,551	86,286	+16.5%
Bishan Outlets	16,707	12,205	+36.9%
Hefei Outlets	43,499	25,606	+69.9%
Kunming Outlets	32,588	13,456	>100%
<b>Portfolio</b>	<b>193,345</b>	<b>137,553</b>	<b>+40.6%</b>

<sup>(1)</sup> The Proforma was derived from the seasonal proforma for the period from 28 March 2017 to 30 June 2017, based on the proforma as disclosed in Sasseur REIT Prospectus dated 21 March 2018 (the "Prospectus").

Unlike other conventional retail REITs, which typically focus on rental income growth and rental reversion as measures of operating performance, the sales growth derived from Sasseur REIT's Outlet malls would be a better proxy of its portfolio performance. This is given the unique nature of Sasseur REIT's EMA rental income, which comprises a fixed component that is stepped up annually and a variable component that is pegged to sales



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generated by its tenants at their respective Outlet malls. The fixed component, which increases approximately in line with inflationary expectations at an escalation rate of 3.0% per annum, provides downside protection to Sasseur REIT while the variable component, which grows in tandem with sales performance of the Outlet malls, allows investors to participate in the upside from better sales performance.

Additionally, Sasseur REIT has a relatively short weighted average lease to expiry (“WALE”) of 3.2 years by net lettable area and 1.3 years by total property income. As with the usage of mainly sales-based leases in the Outlet malls, these are deliberate policies adopted by the entrusted manager to capitalise on the strong growth of sales in the Outlet malls. This practice not only provides Sasseur REIT the option to phase out under-performing tenants and bring in newer brands as consumers’ preferences change; it also gives them the opportunity to increase chargeable rent for existing occupants given the sales-based leases and high sales growth in China’s Outlet mall industry.

For the similar time period, distributable income also exceeded forecast by 4.6%, registering a value of S\$18.7 million. Accordingly, distribution per unit (“DPU”) was 1.587 Singapore cents, representing an annualised distribution yield of 8.4% based on Sasseur REIT’s market closing price of S\$0.73 on 30 June 2018.

Commenting on the Group’s performance for this period, Mr. Anthony Ang, Chief Executive Officer of the Manager said, **“Despite the second quarter being typically a seasonally slower quarter for the industry, Sasseur REIT performed very well in sales; putting us on track to achieving our forecasted sales targets for the full fiscal year. The sales at Chongqing Outlet mall continues to out-perform forecast as a more mature mall, while sales at the younger Outlet malls at Bishan, Hefei and Kunming continue to gain traction with strong growth. As a normal pattern of seasonality, Sasseur Outlet malls usually show strong sales performance during the second half of the year, as the sales prices per unit and per customer of fashion items in the autumn and winter seasons would be higher. In addition, there will be more major sales promotion events than the first half of the year, such as the grand anniversary activities in September.”**



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**Solid Growth Prospects**

Sasseur REIT has a strong pipeline of potential properties available for future acquisition, with 2 Right of First Refusal (“ROFR”) properties in Xi’an and Guiyang, and 3 pipeline properties in Nanjing, Hangzhou and Changchun. Though some of these properties are relatively new, their sales performances have been very strong. Assuming all of these properties are acquired in future, that could possibly expand the aggregate Gross Floor Area (“GFA”) of its initial portfolio by more than 3 times.

Additionally, the Sponsor continues to actively expand its portfolio of Outlet malls, with Sasseur (Changsha) Outlets slated to open later this year. The Sponsor has also installed a general-partner-scheme recently to provide the Outlet mall operation management teams with performance bonus in the respective Outlet malls that they operate. The performance bonus will be linked to the results of these Outlet malls' operations. This will align the interests of the mall operation management teams more tightly with the business, and will contribute positively to the superior performance of all the Sasseur Outlet malls.

**Prudent Capital Management**

Sasseur REIT’s debt structure and maturity profile are well balanced with low refinancing risk. As at 30 June 2018, aggregate leverage stood at 33.2% and weighted average all-in cost of borrowing was 5.4%. Total debt is approximately S\$530.1 million, of which RMB-denominated loans comprises 76.4% of the allocation with Singapore dollar-dominated loans taking up the remaining 23.6%. The significantly higher proportion of onshore loans was a deliberate choice by the Manager to mitigate currency risk and ensure stability of its Singapore-dollar denominated distributions.

Going forward, the Manager seeks to diversify its sources of funding, optimise its capital structure and lower its cost of capital so as to further strengthen the REIT’s balance sheet and reduce its interest costs.

**Distribution Policy**

For the period from the Listing Date to 31 December 2019, the Manager shall make distributions of 100.0% of the distributable income to Unitholders. Thereafter, the Manager



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shall continue to distribute at least 90.0% of the REIT's amount available for distribution, subject to regular review to ascertain the best interests of the REIT and its unitholders.

Distribution to Unitholders will be made on a semi-annual basis, with the amount calculated based on the half-yearly results of the REIT. The first distribution after the listing will be for the period from the Listing Date to 30 June 2018 and will be paid by the Manager on or before 30 September 2018.

- End -

**About Sasseur REIT**

Sasseur REIT is the first outlet mall REIT to be listed in Asia. Sasseur REIT offers investors with the unique opportunity to invest in the fast-growing retail outlet mall sector in the People's Republic of China (the "PRC") through its initial portfolio of four quality retail outlet mall assets strategically located in fast growing cities in China such as Chongqing, Kunming and Hefei, with a net lettable area of 304,573.1 sq m.

Sasseur REIT is established with the investment strategy of investing principally, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for retail outlet mall purposes, as well as real estate related assets in relation to the foregoing, with an initial focus on Asia.

For more information on Sasseur REIT, please visit <http://www.sasseurreit.com>.

**About the Manager – SASSEUR ASSET MANAGEMENT PTE. LTD.**

Sasseur REIT is managed by the Manager, an indirect wholly-owned subsidiary of the Sponsor. The Manager's key responsibility is to manage Sasseur REIT's assets and liabilities for the benefit of Unitholders.

As the first outlet mall REIT to be listed in Asia, the Manager intends to utilise Sasseur REIT's first-mover advantage and acquire suitable properties with good investment characteristics in Asia or other parts of the world. The Manager's acquisition growth strategy is to identify and selectively pursue acquisition opportunities in quality income-producing properties used mainly for retail outlet mall purposes initially in the PRC and subsequently in other countries.



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**About the Sponsor – SASSEUR CAYMAN HOLDING LIMITED**

Headquartered in Shanghai, the PRC, the Sponsor Group is one of the leading premium outlet groups in the PRC, focused on the development and operation of retail outlet malls in the PRC. Founded in 1989, the Sponsor Group leverages on its founder, Mr Xu Rongcan's passion for art and culture to develop and design all of its retail outlet malls, offering a unique lifestyle experience for its customers. L Catterton Asia and Ping An Real Estate are strategic shareholders of the Sponsor.

For more information on the Sponsor, please visit <http://www.sasseur.com>.

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**Sponsorship Statement:**

DBS Bank Ltd. is the sole financial adviser and issue manager to the initial public offering of Sasseur REIT (the "Offering"). DBS Bank Ltd. and Bank of China Limited, Singapore Branch are the joint global coordinators to the Offering. DBS Bank Ltd., Bank of China Limited, Singapore Branch, China International Capital Corporation (Singapore) Pte. Limited, Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited, Haitong International Securities (Singapore) Pte. Ltd. and Maybank Kim Eng Securities Pte. Ltd. are the joint bookrunners and underwriters to the Offering.

**IMPORTANT NOTICE**



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The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager, DBS Trustee Limited, as trustee of Sasseur REIT, the Sponsor, or any of their respective affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This press release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of Sasseur REIT. The forecast financial performance of Sasseur REIT is not guaranteed. A potential investor and unitholders are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

This press release is not an offer or sale of the Units in the United States. The Units have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. Any public offering of the Units in the United States would be made by means of a prospectus that would contain detailed information about Sasseur REIT, the Manager and its management, as well as financial statements. This press release is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United States securities laws or the laws of any other.