



SASSEUR REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 30 October 2017
under the laws of the Republic of Singapore)

SUB-DIVISION AND TRANSFER OF UNDEVELOPED LAND ADJACENT TO KUNMING OUTLETS

1. Sasseur Asset Management Pte. Ltd., in its capacity as manager (the "**Manager**") of Sasseur Real Estate Investment Trust ("**Sasseur REIT**"), would like to announce that the 150,920.57 m² plot of land located at No. 181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province, PRC (the "**Kunming Land**") comprising: (i) the plot of land on which the Sasseur (Kunming) Outlets (砂之船(昆明)奥特莱斯) (the "**Kunming Outlets**") is located (the "**Phase 1 Land**"); and (ii) 116,432 m² of undeveloped land adjacent to the Kunming Outlets (the "**Phase 2 Land**"), which could not be sub-divided prior to the initial public offering ("**IPO**") of Sasseur REIT, has as at the date of this announcement been successfully sub-divided (the "**Sub-division**") and the Phase 2 Land concurrently returned to Sasseur Cayman Holding Limited (the "**Sponsor**") and the Sponsor's group (the "**Transfer**").

As disclosed in the IPO prospectus of Sasseur REIT dated 21 March 2018 (the "**Prospectus**"), when Sasseur REIT acquired the Kunming Outlets and Kunming Land from the Sponsor during the Restructuring (as defined in the Prospectus), Sasseur REIT did not pay the Sponsor for the Phase 2 Land as it did not intend to acquire the Phase 2 Land or to undertake substantial property development risks in respect thereof as it would not be compatible with the investment strategy of Sasseur REIT. As such, no consideration was received by Sasseur REIT for the Transfer.

2. In connection with the Sub-division and Transfer:
 - (i) the Purchase Option (as defined in the Prospectus), as amended and restated to account for the Sub-division, to purchase the completed Kunming Phase 2 Development (as defined in the Prospectus) remains valid and exercisable, subject to the approval of the unitholders of Sasseur REIT by way of ordinary resolution;
 - (ii) the Sponsor has undertaken to ensure that the construction, development and operation of the Phase 2 Land shall not have any adverse effect to the operations of the Kunming Outlets and the Sponsor has agreed to indemnify Sasseur REIT accordingly for all losses and damages incurred or suffered by Sasseur REIT and/or the Kunming Outlets; and
 - (iii) in addition, the Sponsor has agreed to indemnify Sasseur REIT against:
 - (a) all costs and taxes incurred in relation to the Sub-division and Transfer;

- (b) all disputes, claims, losses in relation to the construction, development or operation of the Phase 2 Land and/or in relation to the land use rights of the Phase 2 Land (including the period before the completion of the Sub-division and Transfer);
- (c) all losses and damages incurred or suffered by Sasseur REIT and/or the Manager in relation to the construction, development or operation of the Phase 2 Land; and
- (d) all losses and damages incurred or suffered by the PRC Property Company (as defined below) in relation to the land use rights of the Phase 2 Land.

3. Based on the foregoing, the Manager is of the view that the Sub-division and Transfer do not have any impact (financial or otherwise) on Sasseur REIT, and considers the Sub-division and Transfer beneficial for Sasseur REIT as: (i) Sasseur REIT had never intended to obtain the Phase 2 Land; and (ii) the Sub-division and Transfer mitigates, if not, eliminates the risk of Sasseur REIT being exposed to potential liability arising in connection with the Phase 2 Land which as described in the Prospectus include:

- (i) penalties being imposed by the relevant PRC land administration department for non-compliance with the terms of the Land Use Right Grant Contract (as defined in the Prospectus) in respect of the deadline to complete construction on the Kunming Land as stipulated under the Land Use Right Grant Contract ("**Construction Deadline**");
- (ii) where the Construction Deadline (as may be extended from time to time) is unable to be met, there being no assurance that the PRC Property Company (as defined below) will be able to continue obtaining extensions in respect of the Construction Deadline;
- (iii) notwithstanding that the Sponsor had provided the Sponsor's Indemnity (as defined in the Prospectus) in respect of the undeveloped Phase 2 Land which include, among other things, indemnities against losses suffered for non-compliance with the terms of the Land Use Right Grant Contract (including the Construction Deadline), there being no assurance that the PRC Property Company would be adequately compensated for such losses; and
- (iv) in the event the Sponsor is subject to any winding up, bankruptcy or insolvency petition or order, or encounters any financial difficulties during its development of the Phase 2 Land, Sasseur REIT's recourse to call on the Sponsor's Indemnity for compensation and/or compel the Sponsor to fulfill its obligations under the Sponsor's Indemnity may be limited.

4. Further details of the Sub-division and Transfer are as follows:

- (i) the Kunming Land, which was owned by Kunming Sasseur Commercial Management Co., Ltd. (昆明砂之船商业管理有限公司) (the "**PRC Property Company**"), a wholly-owned entity of Sasseur REIT, has been sub-divided whereby the Phase 2 Land is separated from the Phase 1 Land, with the Phase 2 Land further divided into 3 sub-plots (each, a "**Phase 2 Sub-plot**");
- (ii) in concurrence with the Sub-division, the land title and legal ownership of each Phase 2 Sub-plot has been transferred from the PRC Property Company to each of the following

entities under the Sponsor's group: (a) Kunming Sha'an Economic and Trade Co., Ltd. (昆明砂安经贸有限公司); (b) Kunming Sha Zhou Commercial Management Co., Ltd. (昆明砂舟商业管理有限公司); and (c) Kunming Sasseur Real Estate Development Co., Ltd. (昆明砂之船房地产开发有限公司); and

- (iii) the PRC Property Company retains good title, right of use, and all other rights and benefits currently held, owned, enjoyed by or accruing to it in respect of the Phase 1 Land, and the existing ownership and title in respect of the Phase 1 Land has not been impacted in any way.

By Order of the Board

Sasseur Asset Management Pte. Ltd.

(Company registration no. 201707259N)

(as Manager of Sasseur Real Estate Investment Trust)

Anthony Ang Meng Huat

Chief Executive Officer

16 August 2019

*The value of the units of Sasseur REIT ("**Units**") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, DBS Trustee Limited, as trustee of Sasseur REIT, Sasseur Cayman Holding Limited, as the sponsor of Sasseur REIT 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. Holders of Units (the "**Unitholders**") have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders 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.*

Sponsorship statement:

*DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Sasseur REIT (the "**Offering**"). DBS Bank Ltd. and Bank of China Limited, Singapore Branch were 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. were the joint bookrunners and underwriters to the Offering.*