

# ART COMMERCE



REIT COMPANY OF THE YEAR  
SINGAPORE 2019

BEST RETAIL REIT (PLATINUM)

BEST CEO (PLATINUM)

BEST INVESTOR RELATIONS (GOLD)

SOARING TO NEW HEIGHTS

NEXT LEVEL OF ART COMMERCE

ASIA'S  
FIRST  
OUTLET  
MALL  
REIT

2019  
ANNUAL  
REPORT



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# Vision

The world-class premier outlet mall REIT in Asia

# Mission

To deliver consistent and strong performance for our unitholders by offering unrivalled experiential outlet shopping to our customers

# KEY HIGHLIGHTS

## A SPECTACULAR YEAR IN REVIEW



## AWARDS



### Mar 2019

12th Annual Best Deal & Solution Awards by Alpha Southeast Asia  
**Best REIT Deal in Southeast Asia 2018**

### Sep 2019

International Investor Magazine  
**REIT Company of the Year Singapore 2019**

6th Asia Pacific REITs Awards 2019

**Best Retail REIT (Platinum)**  
**Best CEO (Platinum)**  
**Best Investor Relations (Gold)**

# CORPORATE PROFILE

Sasseur REIT is a real estate investment trust ("REIT") listed on the Mainboard of the Singapore Exchange ("SGX") since 28 March 2018. It is the first listed outlet mall REIT in Asia, with four outlet malls in China under its portfolio. Sponsored by Sasseur Cayman Holding Limited ("Sponsor"), a leading outlet mall operator of 11 malls – including the four outlet malls under Sasseur REIT's portfolio – Sasseur REIT is in an advantageous position to benefit from the fast-growing outlet sector in China, driven by rising consumption from the rapidly expanding Chinese middle class.

As of 31 December 2019, Sasseur REIT's portfolio comprised four outlet malls located in the cities of Chongqing, Bishan, Hefei and Kunming, with a total asset value of RMB 8.2 billion.

**Chongqing Outlets** commenced operations in August 2008 in the north-eastern part of Chongqing, and is the most mature mall in the portfolio. Despite operating for over a decade, it continues to enjoy healthy growth in sales and foot traffic year-on-year. Sasseur REIT is currently reviewing asset enhancement initiatives to reinvigorate its profile as the preferred shopping destination in the city.

**Bishan Outlets** commenced operations in October 2014 in the Bishan District of Chongqing Municipality. Located in the upstream area of the Yangtze River, it attracts commuters travelling from the east and north of the Sichuan and the west of Chongqing.

**Hefei Outlets** commenced operations in 2016. It is located in the fast growing High-Tech Development Zone to the west of the city centre. Hefei Outlets is well-positioned to capture the growing demand from an expanding population in Hefei, in one of the fastest-growing cities in China.

**Kunming Outlets** commenced operations in December 2016 in Taiping New City, a new living and leisure zone developed by the local authorities to strengthen its economic capabilities with a focus in tourism and modern technology industries. Kunming is a fast-growing city with potential to attract migrant population as its economy develops.

# FIRST LISTED

## OUTLET MALL REIT IN ASIA



Bishan Outlets

# SASSEUR DNA

## PASSION FOR ART AND COMMERCE

A	x	(1 + N)	x	DT
<b>Art</b>		<b>Outlets + Lifestyle Experience Spaces</b>		<b>Data Technology</b>
Synergy between art and commerce (artistic expressions in mall design)		Super Sports (sporting activities for families)		VIP memberships (loyalty programme)
Shoppers' emotional resonance with the outlet malls featuring local themes (creating emotional connections)		Super Kids (playgrounds and educational activities for kids)		Online and Offline integration (meeting customers' needs for seamless online and offline retail experiences)
Local culture reminiscence (enjoying cultural history and experiences)		Super Farm (farmers' markets and local/regional food culture)		

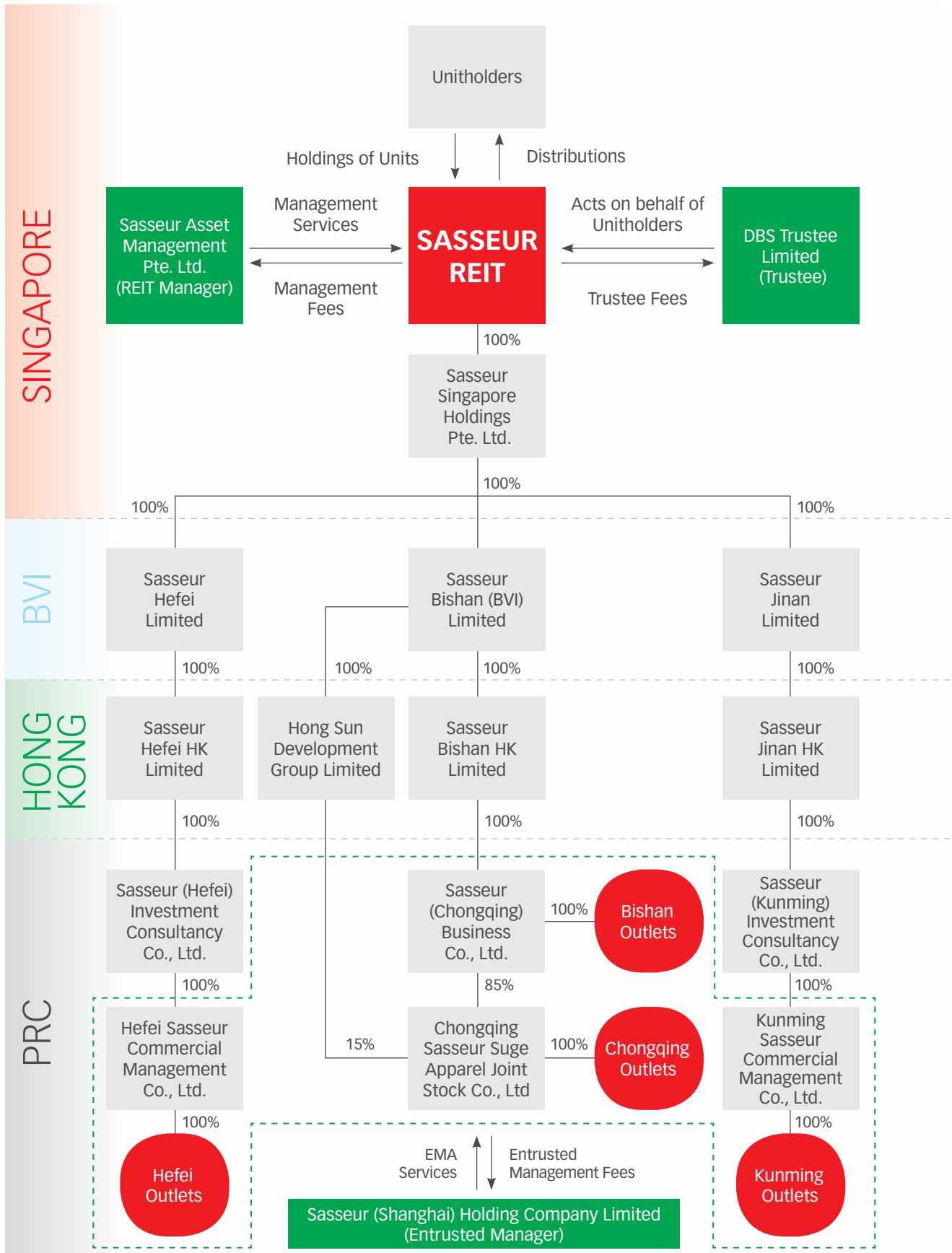
Sasseur REIT's portfolio has a gross floor area ("GFA") of 377,737 square metres, with a total net lettable area ("NLA") of 312,844 square metres. As the first outlet mall REIT in Asia to be publicly listed, Sasseur REIT enjoys first-mover advantage for opportunities to expand through yield-accretive acquisitions of the assets owned or managed by the Sponsor, as well as suitable third-party properties.

Sasseur REIT is managed by Sasseur Asset Management Pte. Ltd. ("SAMPL", the "Manager"), a wholly owned subsidiary of the Sponsor. SAMPL aims to provide Unitholders with attractive return on their investment through consistent quarterly distributions, achieve long term stability and growth of Distribution per Unit ("DPU") and Net Asset Value ("NAV") per Unit.



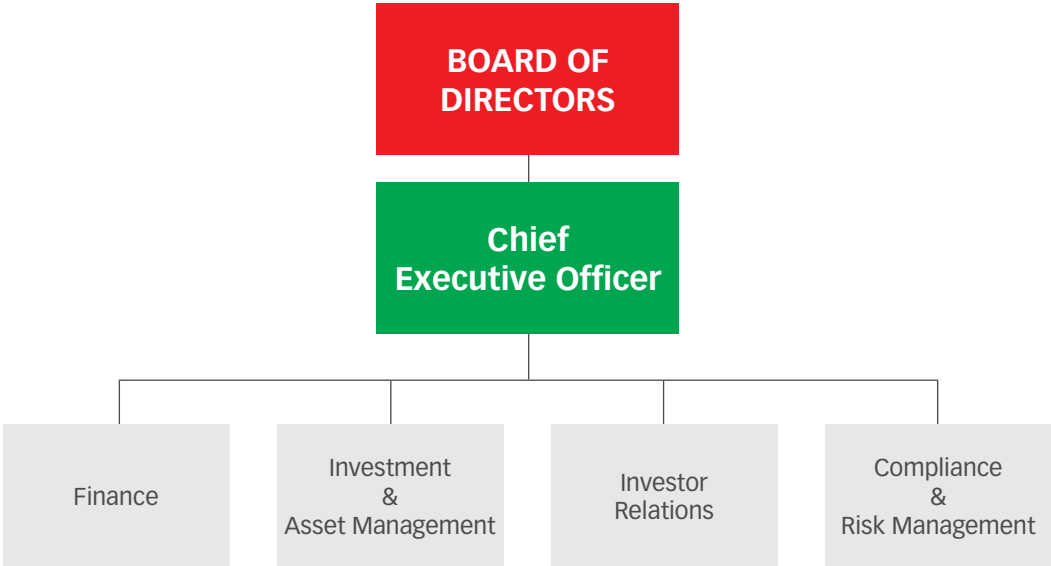
Kunming Outlets

# TRUST STRUCTURE



# ORGANISATION STRUCTURE

## Sasseur Asset Management Pte. Ltd.



# JOINT STATEMENT OF CHAIRMAN & CEO



Mr. Xu Rongcan, Vito  
Founder and Chairman

Mr. Anthony Ang  
Chief Executive Officer

INSIGHTS  
FROM **Asia's  
Leading  
OUTLET  
OPERATOR**



## DEAR UNITHOLDERS,

As we write this message to shareholders, we are deeply conscious of how much the world around us has changed. COVID-19 has impacted almost every facet of the way we live and work, and of the economy at large. Subsequent to the year-end, we announced a temporary closure of the four retail outlets within the Sasseur REIT portfolio. It was a deliberate move on our part as we place the highest priority on the safety and well-being of all staff, tenants and customers. As we will elaborate below, the encouraging response after the malls were reopened underscores the strength of our art-commerce model, and our proactive engagement with our valued customers. These key elements of our operating model and team culture will underpin Sasseur REIT's future as we emerge stronger after this crisis.

But first, let us set in context the significant achievements in the year under review. Two years into listing on the Mainboard of the Singapore Exchange ("SGX"), Sasseur REIT has continued to grow and establish itself as a leading REIT, winning many accolades and making significant achievements in the quest to enhance shareholder value. Sasseur REIT outperformed many of its Singapore REIT peers, ranking amongst the top 5 performers with a total return of 52% for the year of 2019. We also emerged as the top-performing China S-REIT for the financial year ended 31 December 2019 ("FY 2019").

As the first listed outlet mall REIT in Asia, we continue to offer investors the opportunity to participate in the fast-growing outlet mall sector in China through our portfolio of four outlets located in some of the fastest growing cities in the country. In May 2019, we completed the yield-accretive acquisition from third-party vendors of additional shop units with existing tenancies at the annex block of Hefei Outlet Mall. This first acquisition since our IPO was made for a consideration of RMB 98.3 million. The acquisition increases the distributable income and distribution yield of Sasseur REIT, and consolidates our ownership in Hefei Outlets which enables us to generate higher potential income and value uplift with the enlarged base of shop units. Sasseur Group remains one of the largest outlet mall operators in China, managing a total of 11 outlets, including the four in portfolio of Sasseur REIT.

## FINANCIAL PERFORMANCE

Our Entrusted Management Agreement ("EMA") rental income and Distribution per Unit ("DPU") has outperformed IPO projections for three quarters, delivering an outstanding set of results in FY 2019. Total outlet sales for FY 2019 was RMB 4.83 billion, 2.4% higher than projection. Of that, Distributable Income was S\$77.9 million, 4.7% above the projection of S\$74.5 million for the year. DPU for FY 2019 was 6.533 Singapore cents, 4.7% above projection. Annualised distribution yield was 8.2% and 7.4%, based on the IPO listing price of S\$0.80 and closing price as at 31 December 2019 of S\$0.885 respectively, outperforming the projected yield of 7.8% for FY 2019.

**52%**  
**TOTAL  
RETURN**

**TOP-PERFORMING  
CHINA S-REIT IN  
2019**

## AWARDS AND RECOGNITION

In 2019, thanks to our consistent business performance and investor relations efforts, Sasseur REIT received wide coverage from the financial media and securities houses. Among the major accolades, Sasseur REIT:

- Was named REIT Company of the Year by International Investor Magazine in September 2019;
- Won awards for Best Retail REIT (Platinum), Best CEO (Platinum) and Best Investor Relations (Gold) at Asia Pacific REITs Awards 2019 in October 2019;
- Was included in the FTSE EPRA NAREIT Global Emerging Market Index from 23 December 2019; and
- Mr Xu Rongcan, Chairman of Sasseur Group and Chairman of Sasseur Asset Management Pte. Ltd. ("SAMPL") manager of Sasseur REIT, was named Asia's Top Entrepreneur for 2019 by Fortune Times in December 2019.

These accolades are a testament to the hard work and commitment of the Sasseur team, and inspire us to continue to work towards a better performance so as to deliver greater value for our Unitholders.

# FTSE EPRA NAREIT Global Emerging Market Index

## INCLUSION AND MULTIPLE AWARDS RECOGNITION

### GIVING BACK TO SOCIETY

To mark the completion of our first year of listing on the Singapore Exchange, SAMPL donated S\$300,000 in its capacity as Premium Partner of the SGX Bull Charge in April 2019. The amount was the single-largest donation to SGX's charity initiative in recent years. In support of the Charity Run segment of Bull Charge which was held in November 2019, we registered one of the largest contingents of 500 participants.

### GLOBAL COVID-19 OUTBREAK

As mentioned above, to prevent the spread of COVID-19 among staff, tenants, customers and the larger community, Sasseur Group proactively implemented a temporary closure of the 11 outlets it owns or operates in China. These included the four outlets under Sasseur REIT's portfolio which were shut for 44 to 49 days between January and March 2020. Underscoring the emphasis we placed on the well being of staff tenants and customers, we formed a special committee and assembled localised teams to oversee health and safety. These efforts have been successful. We are pleased to note that there have been no infection cases to date among the 40,000 staff in Sasseur Group's 11 outlets. Going forward, we will continue to maintain a high level of health and safety measures to protect our staff, tenants and customers, as well as the larger community.

All four malls within Sasseur REIT that were temporarily closed were reopened as follows:

- Kunming reopened on 11 March 2020, for a total temporary closure period of 44 days;
- Hefei reopened on 13 March 2020, for a total temporary closure period of 46 days;
- Chongqing reopened on 15 March 2020, for a total temporary closure period of 49 days; and
- Bishan reopened on 15 March 2020, for a total temporary closure period of 49 days.

As a result of the promotional events organised and our extensive marketing online and offline, sales recorded on the reopening days and the days following have been extremely encouraging. We are pleased to report that the combined first-day sales were 129% higher than the same period in 2019.

## LOOKING AHEAD

Despite the disruption to businesses worldwide and global economic uncertainty, Sasseur Group has emerged stronger than before. The entire team has been tested by a severe health pandemic and has emerged with a clean scorecard in terms of safety. We took the proactive decision to temporarily shut the malls, and were more than ready when we reopened them, as evinced by the sales recorded.

Our art-commerce model remains intact, and refined by the lessons learned from the health prevention and safety aspects, as well as the online and offline engagement of valued clients. Every crisis offers an opportunity. For Sasseur REIT our status as a retail outlet mall listed on a major bourse such as the Singapore Exchange, along with our strong financial performance, places us in a good position to explore opportunities emerging from the aftermath of the COVID-19 situation.

As proven during the health crisis, our online social media and marketing platforms were crucial in maintaining our engagement and relationship with our loyal customers. These channels have also helped us to collect vital feedback on customer experience and preferences as we prepared for reopening. We will continue to strengthen our efforts to engage with VIP members and other loyal customers online to remain their shopping destination of choice in the future.

The millions of people in the growing Chinese middle class are eager to resume the consumption of lifestyle products and new shopping experiences, both of which we offer in a unique platform via our tried and tested art-commerce model.

The excess inventory of quality merchandise that remains unsold can be channeled to our outlets, expanding the range of branded goods that our outlets have to offer.

Hence, we are confident that Sasseur REIT will emerge stronger after this unprecedented health crisis and in a better position to seize new opportunities.

## APPRECIATION

We would like to take this opportunity to express our gratitude to the Board, the management team as well as our staff for their dedication, loyalty, hard work and sacrifice during these challenging times. To our Unitholders, business partners, tenants and customers, we would like to thank each one of you for your continuous support and faith in us.

With your continued support and dedication, we will persevere through the ongoing situation and chart another year of good performance.

Thank you.

### Mr Xu Rongcan

Chairman of Sasseur Group  
and Sasseur REIT Manager

### Mr Anthony Ang Meng Huat

CEO of Sasseur REIT Manager

**2 ROFR AND  
9 PIPELINE**

**PROPERTIES  
FOR  
POTENTIAL  
INJECTION  
INTO THE REIT**

# 主席与首席执行官致辞



**首先, 让我们回顾年度重大成就。在新加坡证券交易所主板上市两年后, 砂之船房地产投资信托基金不断发展壮大, 并确立了其作为领先房地产投资信托基金的地位, 赢得了许多赞誉, 并在提高股东价值方面取得了重大成就。**

## 尊敬的信托持有人:

当我们向股东写这封信时, 我们深知周围的世界发生了多大的变化。COVID-19新型冠状病毒几乎影响了我们生活和工作的各个方面, 波及了整个经济。春节期间, 我们宣布暂时关闭砂之船房地产投资信托基金下的四座名品奥特莱斯购物中心。这一举动经过我们的慎重考虑, 是将员工、租户和顾客的安全和健康放在首位之后作出的决定。我们将在后文向您详细介绍我们的名品奥特莱斯重新开放后令人鼓舞的业绩, 这不仅是公司的艺术商业模式的实力体现, 也是我们和忠实顾客积极主动沟通的成果。危机过后, 我们更加强大了, 在公司的运营模式和团队文化等要素的支撑下, 砂之船房地产投资信托基金必定会更加稳固地发展。

首先, 让我们回顾年度重大成就。在新加坡证券交易所主板上市两年后, 砂之船房地产投资信托基金不断发展壮大, 并确立了其作为领先房地产投资信托基金的地位, 赢得了许多赞誉, 并在提高股东价值方面取得了重大成就。砂之船房地产投资信托基金表现优于其他许多新加坡房地产投资信托基金同行, 在2019年名列前五名, 总收益率达52%。我们还成为截至2019年12月31日的财政年度在新交所房地产信托基金中表现最佳的中国资产信托。

作为亚洲首个上市的名品奥特莱斯购物中心房地产投资信托基金, 我们继续通过位于中国快速发展的几个城市的四个名品奥莱的投资组合, 为投资者提供参与中国快速增长的奥特莱斯购物中心行业的机会。2019年5月, 我们自首次公开募股以来完成了首次收购, 即从第三方业主那里收购了位于合肥名品奥特莱斯购物中心附楼的已满租的部分商铺。该收购对价为人民币9830万元。此次收购不但增加了砂之船房地产投资信托基金的可分配收入以及收益率, 同时也增加了砂之船房地产投资信托基金对合肥名品奥特莱斯购物中心的所有权, 从而使得我们能够享受到其更大的潜在收益和价值提升。砂之船集团仍然是中国最大的名品奥特莱斯购物中心运营商之一, 总共管理11个名品奥莱, 其中包括砂之船房地产投资信托基金下的投资组合中的四个购物中心。

## 财务绩效

我们的《委托管理协议》的租金收入和单位分配额在三个季度中都超过了首次公开募股的预期金额, 在2019财年取得了出色的业绩。2019财名品奥特莱斯购物中心的总体销售额为人民币48.3亿元, 较预期高出2.4%。其中, 可分配收入为7,790万新元, 比年度预测的7,450万新元高出4.7%。2019财年的单位分配额为6.533新加坡分, 比预期高4.7%。根据IPO上市价格0.80新元和2019年12月31日收盘价0.885新元计算, 年化分配收益率分别为8.2%和7.4%, 优于2019财年的预期收益率7.8%。

## 荣誉和认可

得益于我们一贯的业务表现和对投资者关系的努力, 2019年砂之船房地产投资信托基金获得了金融媒体和证券公司的广泛报道。砂之船房地产投资信托基金获得的主要荣誉如下:

- 2019年9月被《国际投资者》杂志评选为“年度房地产投资信托公司”;
- 2019年10月荣获2019年亚太房地产投资信托最佳零售房地产投资信托基金, 最佳投资者关系和最佳首席执行官奖;
- 2019年12月23日起被纳入FTSE EPRA NAREIT全球新兴市场指数; 以及
- 砂之船集团董事局主席兼砂之船资产管理公司董事长徐荣灿先生, 同时还兼任砂之船房地产投资信托基金董事长于2019年12月被《时代财智》评为“2019年亚洲最佳企业家”。

这些荣誉证明了砂之船团队的辛勤努力和承诺, 并激励我们继续竭力取得更好的业绩, 从而为我们的信托持有人创造更大的价值。

## 回馈社会

为纪念砂之船在新加坡交易所成功上市第一年, 新交所旗下慈善组织牛市义跑(“SGX Bull Charge”)的高级合伙人, 砂之船资产管理公司, 于2019年4月捐赠了30万新元用于慈善事业, 这是近年来对新交所慈善事业的最大一笔捐款。为了支持2019年11月举行的慈善跑步活动, 我公司注册了500名参与者, 成为了慈善跑步最强大的队伍之一。

## 全球冠状病毒爆发

如上所述,为防止COVID-19新型冠状病毒在员工、租户、顾客和广大社区中传播,砂之船集团主动关闭了其在中国拥有或运营的11个名品奥特莱斯购物中心。其中包括砂之船房地产投资信托基金的投资组合中的四个名品奥特莱斯购物中心,这些购物中心在2020年1月至2020年3月期间关闭了44至49天。为了员工、租户和顾客的健康,我们成立了一个特别委员会,组建了本地团队来监督大家的健康和安​​全。这些努力是值得的,因为我们高兴地看到,迄今为止,砂之船集团的15个名品奥特莱斯购物中心的40,000名员工中没有一例感染病例。展望未来,我们将继续保持高水平的健康和安​​全措施,保护我们的员工、租户和顾客以及整个社区的健康安​​全。

截至2020年3月15日,砂之船房地产投资信托基金内所有暂时关闭的四个名品奥特莱斯购物中心重新开放如下:

- 昆明于2020年3月11日重新开放,总临时关闭期为44天;
- 合肥于2020年3月13日重新开放,总临时关闭期为46天;
- 重庆于2020年3月15日重新开放,总临时关闭期为49天;
- 璧山于2020年3月15日重新开放,总临时关闭期为49天。

由于促销活动以及线上和线下全面的营销活动,重新营业日及之后的销售业绩鼓舞人心,我们欣喜的宣布,重新营业后首日总销量比2019年同期增长129%。

## 展望

尽管全球业务中断,国际经济尚不确定,砂之船的实力却比以前更加强大。整个团队经过了威胁健康的流行病的考验,取得了无一人感染的骄人战绩。虽然我们当时主动决定暂时关闭这些购物中心,但我们蓄势待发、积极准备,在重新开放时,创下了优秀的销售业绩。

疫情之下,砂之船艺术商业的生命力依旧旺盛,在防控防疫政策及更严格的安全意识的指引之下,通过线上线下融合贯通的尝试与探索,砂之船艺术商业与消费者之间的沟通和联系更加高效和紧密。危机是“危”与“机”的并存,危机之后也会诞生新的机会。

砂之船房地产投资信托基金,凭着名品奥特莱斯购物中心业务在新交所这个主要交易所上市,借着强劲的财务业绩,定会在COVID-19后的情势中探索到新的机遇。

这次疫情时期证明了,我们的在线社交媒体和营销平台对于维持我们与忠实顾客的互动和关系至关重要。这些渠道还帮助我们在准备重新开业时收集了有关顾客体验和偏好的重要反馈。我们将继续努力,与在线VIP会员和其他忠实顾客互动,以在未来几个月内继续成为他们的首选购物目的地。

中国的中产阶级将继续增长;数以百万计的人们渴望获得品味生活的商品和新体验,我们将通过值得信赖的艺术商业模式在打造独特的平台,以满足这些的渴望与需求。

这次疫情给品牌店带来的挑战意味着全价品牌商品销量的下降。这些无法销售的优质商品库存可放在我们的名品奥特莱斯销售,扩大砂之船奥特莱斯可提供的反季节品牌商品的范围。

因此,我们相信在这次空前的健康危机后,砂之船房地产投资信托基金将变得更加强大,处于更有利的位置,抓住更好的新机遇。

## 感谢

我们想借此机会对董事会、管理团队以及我们的员工表示致谢,感谢你们在这充满挑战的时期所做出的奉献,献出的忠诚、努力与牺牲。对于我们的信托持有人,业务合作伙伴、租户和顾客,我们要感谢你们每一个人对我们的一贯支持和信任。

在您一如既往的支持和奉献下,我们将在当前形势中坚持不懈,创造下一年的良好业绩。

谢谢。

## 徐荣灿先生

砂之船集团董事局主席  
砂之船房地产投资信托基金经理董事长

## 洪明发先生

砂之船房地产投资信托基金经理首席执行官



得益于我们一贯的业务表现和对投资者关系的努力,2019年砂之船房地产投资信托基金获得了金融媒体和证券公司的广泛报道。这些荣誉证明了砂之船团队的辛勤努力和承诺,并激励我们继续竭力取得更好的业绩,从而为我们的信托持有人创造更大的价值。

PERFORMANCE  
REVIEW

# Strong Growth since IPO





# FINANCIAL HIGHLIGHTS



**TOTAL OUTLET SALES** (RMB'million)

Actual

**4,826.0**

Projection

**4,711.3**

**CHONGQING**

Actual

**2,342.5**

**HEFEI**

Actual

**1,140.4**

**KUNMING**

Actual

**884.1**

**BISHAN**

Actual

**459.1**

Projection

**2,206.3**

Projection

**1,175.8**

Projection

**901.5**

Projection

**427.7**





**EMA RENTAL  
INCOME\*** (RMB'million)

Actual

**617.6** 1.0%

Projection

**611.4**

*\*without straight-line adjustment*



**DISTRIBUTABLE  
INCOME** (S\$million)

Actual

**77.9** 4.7%

Projection

**74.5**



**DISTRIBUTION PER  
UNIT** (SG cents)

Actual

**6.533** 4.7%

Projection

**6.241**



**ANNUALISED  
DISTRIBUTION YIELD\***

Actual

**8.2%** 4.7%

Projection

**7.8%**

*\*based on IPO listing price of S\$0.80*



**PORTFOLIO  
VALUATION**

**S\$1.6**  
billion



**NET ASSET VALUE  
PER UNIT**

**SG 89.20**  
cents

# YEAR IN BRIEF

**FEB**

**21 FEB 2019**

Sasseur REIT wins “Best REIT Deal in SEA 2018” at 12th Annual Best Deal & Solution Awards, recognising Sasseur REIT’s S\$396 million IPO as Southeast Asia’s largest REIT IPO in 2018

**MAR**

**14 MAR 2019**

SGX–SPD Bank Corporate Day in Chongqing, China (organised by SGX and SPD Bank)

**28 MAR 2019**

First Anniversary of Listing on SGX Mainboard

**APR**

**17 APR 2019**

Sasseur REIT signs up as Premium Partner of SGX Bull Charge initiative and presents cheque for S\$300,000 to SGX and Community Chest, the single largest donation in recent years

**MAY**

**14 MAY 2019**

Sasseur REIT completed the acquisition of additional shop units with existing tenancies at the annex block of Hefei Outlets with total acquisition costs of S\$20.1 million

**AUG**

**15 AUG 2019**

SGX -MKE Corporate Day in Kuala Lumpur, Malaysia (Organised by SGX and Maybank Kim Eng)

**27 AUG 2019**

SGX–SAC Small/Mid Cap Corporate Access Symposium (organised by SGX and SAC Capital)

**SEP**

**2 SEP 2019**

Non-deal roadshow in Thailand (organised by DBS Vickers)

Sasseur REIT named REIT Company of the Year – Singapore 2019 by International Investor Magazine

**13 SEP 2019**

Sasseur Group kicks off 2019 anniversary sales season and VIP day promotion. Total first-day sales for Sasseur REIT's four outlet malls exceeded RMB 215 million, surpassing previous year's record by almost 9%

**26 SEP 2019**

Sasseur REIT wins Best Retail REIT (Platinum), Best CEO (Platinum) and Best Investor Relations (Gold) at the 6th Annual REITs Asia Pacific Best of the Breeds REITs Awards 2019

**NOV**

**7 NOV 2019**

SGX–NH Corporate Day (organised by SGX and NH Bank Korea)

**8 NOV 2019**

Sasseur REIT supports SGX Bull Charge Charity Run with contingent of 500 participants

**11 NOV 2019**

SGX–JPM Tokyo Corporate Day (organised by SGX and JP Morgan)

**26 NOV 2019**

SIAS Corporate Connect Seminar (organised by SIAS)

**DEC**

**2 DEC 2019**

CLSA Bangkok Non Deal Roadshow (organised by CLSA)

**11 DEC 2019**

Mr. Vito Xu named Asia's Top Entrepreneur 2019 at Fortune Times 2019 Awards

**23 DEC 2019**

Inclusion of Sasseur REIT in FTSE EPRA Nareit Global Emerging Index

# COVID-19 – REOPENING OF SASSEUR OUTLETS

## Reopening of Malls After Temporary Closure Due to COVID-19 Outbreak

The four outlet malls were gradually reopened after 11 March 2020, and recorded encouraging combined first-day sales that were 129% higher than the same period in 2019.

Sasseur Group formed a special committee and assembled localised teams to oversee health and safety before, during and after the temporary closure.

### Health and Safety Measures Implemented Since January 2020



- All customers, tenants and employees are required to wear face masks when they enter the malls
- Temperature screening at all entry points in the malls
- Mall employees have been instructed on emergency responses
- Increased cleaning and sanitising of facilities and public areas
- Movement tracking of employees to enable more efficient contact tracing



### Maintaining Engagement with Shoppers

During the temporary closure period, Sasseur maintained active engagement with VIP members and loyal customers through online platforms such as WeChat and Weibo. By marketing and building the relationship with shoppers during the temporary closure period, Sasseur was able to generate more online sales and interest for the reopening promotional events at each outlet mall.

## Reopening Sales Event



After receiving approval from the local authorities, Sasseur Group prepared for the reopening of each of its outlet malls.

Promotional events and special offers were organised for the reopening days of each outlet mall to welcome back customers with an exciting shopping experience.

### Details on temporary closure period, reopening date and reopening day sales

Outlet Mall	Reopening Date	Temporary Closure Period	First Day Reopening Sales (RMB'million)	Compared to Corresponding Date in 2019
Kunming	11 March 2020	44 days	1.90	+171%
Hefei	13 March 2020	46 days	2.00	+57%
Chongqing	15 March 2020	49 days	5.64	+132%
Bishan	15 March 2020	49 days	1.92	+228%
<b>Total</b>			<b>11.46</b>	<b>+129%</b>

# FINANCIAL REVIEW

## FINANCIAL OVERVIEW

	2019 Actual S\$'000	2019 <sup>1</sup> Projection S\$'000	Variance %	2018 <sup>2</sup> Actual S\$'000
<b>EMA Rental Income<sup>3</sup></b>	<b>122,060</b>	<b>124,011</b>	<b>(1.6)</b>	<b>89,872</b>
Management Fees	(7,793)	(8,181) <sup>4</sup>	4.7	(6,053)
Trust Expenses	(1,550)	(1,712)	9.5	(10,806)
Exchange Differences	(762)	-	N.M.	(448)
Finance Costs (Net)	(27,697)	(26,665)	(3.9)	(21,450)
<b>Total Return before Fair Value Adjustments</b>	<b>84,258</b>	<b>87,453</b>	<b>(3.7)</b>	<b>51,115</b>
Net Change in Fair Value of Financial Derivative	102	-	N.M.	(154)
Fair Value Adjustments to Investment Properties	91,035	-	N.M.	186,335
<b>Total Return after Fair Value Adjustments</b>	<b>175,395</b>	<b>87,453</b>	<b>&gt;100</b>	<b>237,296</b>
Tax Expenses	(49,250)	(22,365)	(>100)	(68,071)
<b>Total Return Attributable to Unitholders</b>	<b>126,145</b>	<b>65,088</b>	<b>93.8</b>	<b>169,225</b>
Distribution Adjustments	(48,219)	9,372	(>100)	(108,695)
<b>Income Available for Distribution to Unitholders</b>	<b>77,926</b>	<b>74,460</b>	<b>4.7</b>	<b>60,530</b>

N.M. – Not Meaningful

1 The projection figures for FY 2019 are based on the Projection Year 2019 as disclosed in the Prospectus. An exchange rate for SGD:RMB of 1: 4.930 was adopted in the projection.

2 The FY 2018 actual figures covers the period from 28 March 2018 (Listing Date) to 31 December 2018 (279 days), whereas FY 2019 is from 1 January 2019 to 31 December 2019 (365 days). Accordingly, since FY 2019 period is 86 days more than FY 2018 period, the reporting periods are not comparable and variance analysis is not meaningful.

3 For a more meaningful comparison, EMA rental income excludes straight-line adjustments of S\$4,045,000 for FY 2019 and S\$(3,653,000) for FY 2018.

4 FY 2019 projected management fees comprise base fee of S\$7,446,000 and performance fee of S\$735,000.

## EMA RENTAL INCOME

Sasseur REIT's EMA rental income (exclude straight-line adjustment) was marginally lower than projection by 1.6% due to a more favourable exchange rate being used in the Prospectus to translate RMB to SGD. In RMB terms, EMA rental income for FY 2019 was RMB 6.2 million or 1.0% better than projection, contributed by higher outlet sales by 2.4% from stronger anniversary sales and promotional events which attracted a good turnout of customers.

## MANAGEMENT FEES

Sasseur REIT adopts the base and performance fee structure based on distributable income (or total return available for distribution to Unitholders) and distribution per unit ("DPU") growth respectively to derive the management fees to the Manager which is aligned with the interests of the Unitholders. The Manager's base fee of S\$7.8 million for FY 2019 is calculated based on 10.0% of the distributable income. Lower management fees than projection was due to projected performance fee of S\$735,000 not realised, offset by higher base fee by S\$347,000.

The Manager has elected to receive 100% of its management fees in the form of units for the period from 28 March 2018 (Listing Date) to 31 December 2019.

## FINANCE COSTS

Finance costs (net) for FY 2019 were 3.9% higher at S\$27.7 million mainly due to higher interest rate on the floating-rate offshore term loan. More information on the borrowings of the Group is available in the Capital Management section.

## FAIR VALUE ADJUSTMENTS TO INVESTMENT PROPERTIES AND NET CHANGE IN FAIR VALUE OF FINANCIAL DERIVATIVE

Net change in fair value of investment properties of S\$91.0 million represents the revaluation gains based on the portfolio valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited as at 31 December 2019 compared to the carrying value of the properties. More information on the revaluation gains is available in the Valuation of Properties section.

Net gain in fair value of financial derivative of S\$0.1 million relates to the mark-to-market valuation of interest rate swap which was entered into to hedge interest rate risk exposure from floating-rate offshore term loan.

These gains do not have an impact on income available for distribution to Unitholders.

## TAX EXPENSES

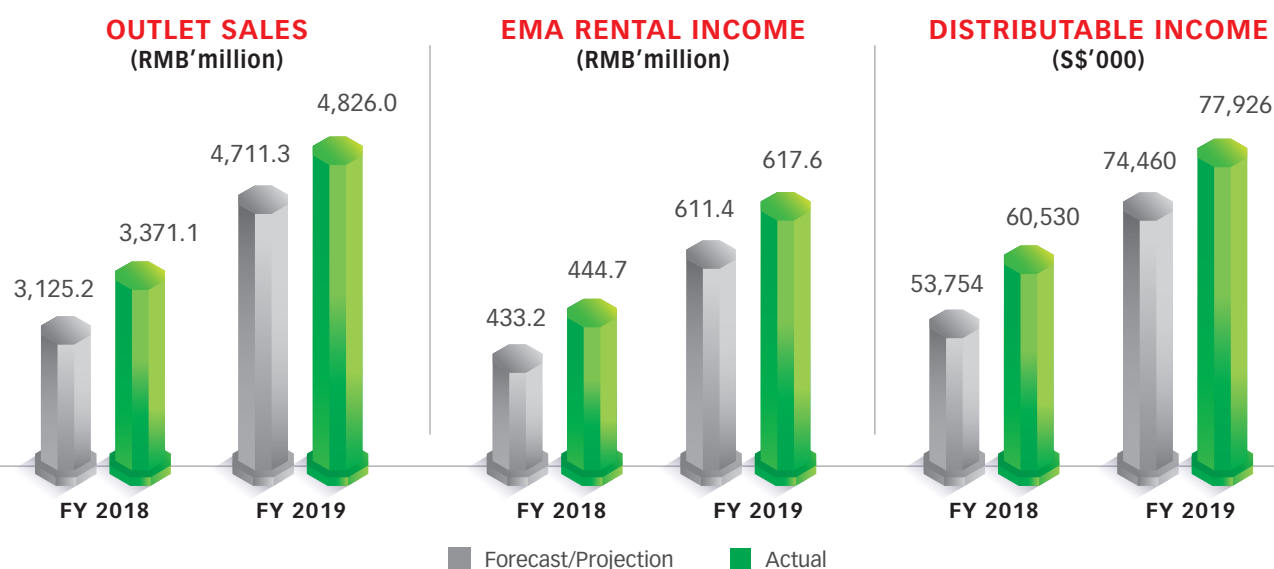
The higher taxation for FY 2019 at S\$49.3 million is attributed to higher current and withholding tax expenses arising from overall better performance of the properties as well as deferred tax expense arising from revaluation gains of the properties not projected.

## DISTRIBUTION ADJUSTMENTS

Distribution adjustments include non-tax deductible expenses relating to the Manager's management fees which are payable in the form of Units, amortisation of upfront debt-related transaction costs, straight-line adjustment on EMA rental income, change in fair value of investment properties, deferred tax expense, net change in fair value of financial derivatives as well as foreign exchange loss.

	2019 Actual S\$'000	2019 <sup>1</sup> Projection S\$'000	Variance %
<b>Distribution adjustments</b>			
Manager's management fees payable in units	7,793	8,181	(4.7)
Amortisation of upfront debt-related transaction costs	5,110	5,109	-
Fair value adjustment to investment properties	(91,035)	-	N.M.
Deferred tax expense	29,172	2,205	<100
Transfer to statutory reserve	-	(6,123)	100
Foreign exchange loss	843	-	N.M.
Net change in fair value of financial derivative	(102)	-	N.M.
<b>Total distribution adjustments</b>	<b>(48,219)</b>	<b>9,372</b>	<b>(&gt;100)</b>

<sup>1</sup> The projection figures for FY 2019 are based on the Projection Year 2019 as disclosed in the Prospectus. An exchange rate for SGD:RMB of 1: 4.930 was adopted in the projection.



#### DISTRIBUTION DURING FY 2019

Distribution Period	Payment Date	2019 Actual DPU cents	2019 <sup>1</sup> Projection DPU cents	Variance %
1 January to 31 March	27 June 2019	1.656	1.515	9.3
1 April to 30 June	26 September 2019	1.608	1.455	10.5
1 July to 30 September	27 December 2019	1.640	1.581	3.7
1 October to 31 December	26 March 2020	1.629	1.690	(3.6)

#### DISTRIBUTABLE INCOME AND DISTRIBUTION PER UNIT

After distribution adjustments, income available for distribution for FY 2019 was S\$77.9 million, 4.7% higher than projected. This translates to DPU of 6.533 cents for FY 2019, 4.7% higher than projected DPU of 6.241 cents.

	28 March 2018 to 31 December 2018			FY 2019		
	Forecast	Actual	Variance	Projection	Actual	Variance
Distribution per unit (cents)	4.554	5.128	12.6%	6.241	6.533	4.7%
Annualised distribution yield						
» Based on IPO listing price of S\$0.800	7.4%	8.4%	12.6%	7.8%	8.2%	4.7%
» Based on 31 December 2019 closing price of S\$0.885	6.7%	7.6%	12.6%	7.1%	7.4%	4.7%

<sup>1</sup> The projection figures for FY 2019 are based on the Projection Year 2019 as disclosed in the Prospectus. An exchange rate for SGD:RMB of 1: 4.930 was adopted in the projection.



Statement of Financial Position Highlights	As at 31 Dec 2019	As at 31 Dec 2018	Variance %
Investment Properties (S\$'000)	1,587,197	1,539,491	3.1
Total Assets (S\$'000)	1,770,426	1,768,678	0.1
Total Borrowings (S\$'000)	478,600	493,277	(3.0)
Total Liabilities (S\$'000)	701,263	694,712	0.9
Net Assets attributable to Unitholders (S\$'000)	1,069,163	1,073,966	(0.4)
Number of Units in Issue and Issuable ('000)	1,198,679	1,188,953	0.8
Net Asset Value per Unit (S\$)	0.89	0.90	(1.3)

### UNITS IN ISSUE

During FY 2019, Sasseur REIT issued 16,214,243 new Units as payment of management fees to the Manager. As a result, the total number of Units in issue increased to 1,196,494,243 as at 31 December 2019 from 1,180,280,000 as at 31 December 2018.

### VALUATION OF PROPERTIES

RMB/S\$ million	Implied Acquisition Price (RMB/S\$)	Valuation as at IPO (RMB/S\$)	Valuation as at 31 Dec 2018 (RMB/S\$)	Valuation as at 31 Dec 2019 (RMB/S\$)	Valuation Discount Rate as at 31 Dec 2019
Chongqing Outlets	RMB 2,452.4 S\$ 501.3	RMB 2,654.0 S\$ 542.5	RMB 2,901.0 S\$ 579.5	RMB 2,973.0 S\$ 574.6	10.0%
Bishan Outlets	RMB 729.1 S\$ 149.0	RMB 789.0 S\$ 161.3	RMB 790.0 S\$ 157.8	RMB 824.0 S\$ 159.3	10.5%
Hefei Outlets	RMB 2,249.6 S\$ 459.8	RMB 2,434.5 S\$ 497.6	RMB 2,521.0 S\$ 503.6	RMB 2,795.0 S\$ 540.2	11.0%
Kunming Outlets	RMB 1,349.6 S\$ 275.9	RMB 1,460.5 S\$ 298.5	RMB 1,495.0 S\$ 298.6	RMB 1,620.0 S\$ 313.1	12.0%
Portfolio	RMB 6,780.7 S\$1,386.0	RMB 7,338.0 S\$1,499.9	RMB 7,707.0 S\$1,539.5	RMB 8,212.0 S\$1,587.2	
Year-on-Year Growth on valuation in S\$				3.1%	

As at 31 December 2019, Sasseur REIT's properties were independently assessed at S\$1,587.2 million (RMB 8,212.0 million) by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, 3.1% higher than S\$1,539.5 million (RMB 7,707.0 million) valued as at 31 December 2018. The increase in value of the properties was mainly due to revaluation gain of S\$91.0 million and acquisition of additional shop units in Hefei outlet of S\$20.1 million, partially offset by translation losses of S\$52.6 million from the four properties using year-end closing rate.

### NET ASSET VALUE

Net Asset Value ("NAV") per Unit as at 31 December 2019 was marginally lower at 89.20 from 90.33 cents as at 31 December 2018, mainly attributed to net translation losses relating to assets and liabilities denominated in RMB, partially offset by the revaluation gain from investment properties.

### ACCOUNTING POLICIES

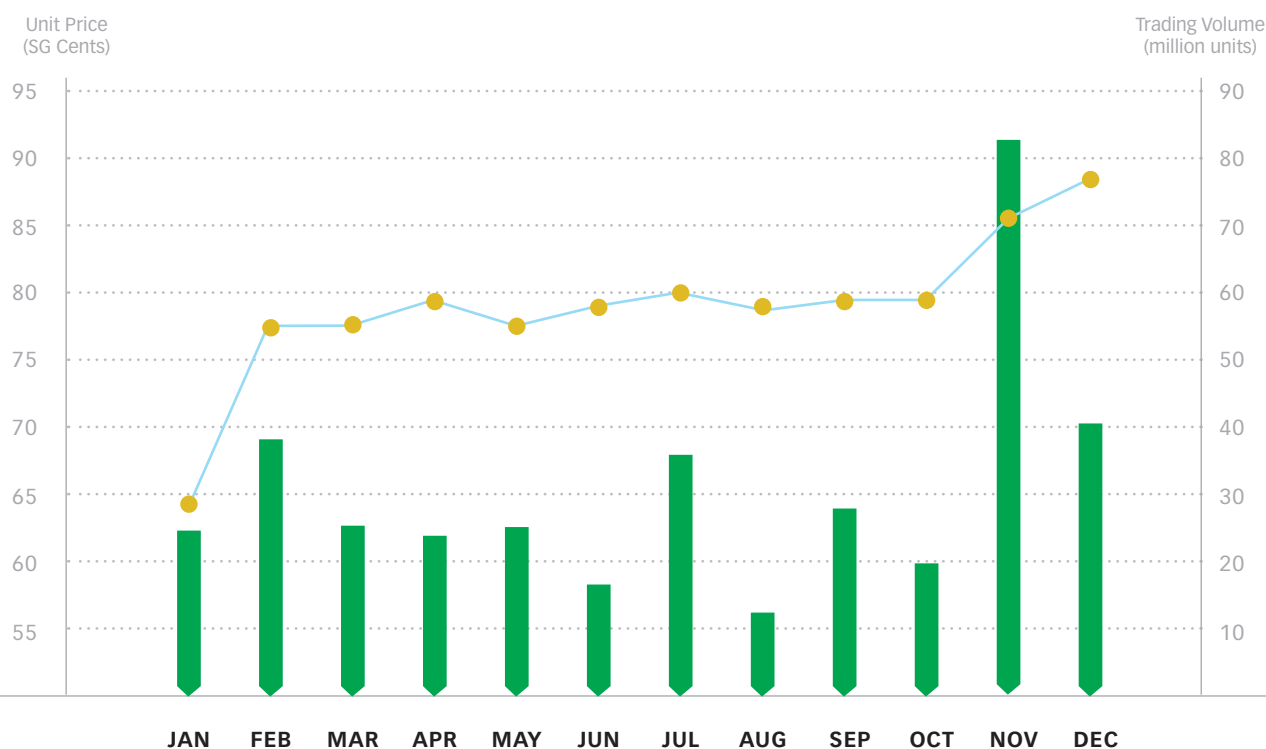
The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of the Trust Deed.

# UNIT PRICE PERFORMANCE

## SASSEUR REIT TRADING DATA IN FY 2019

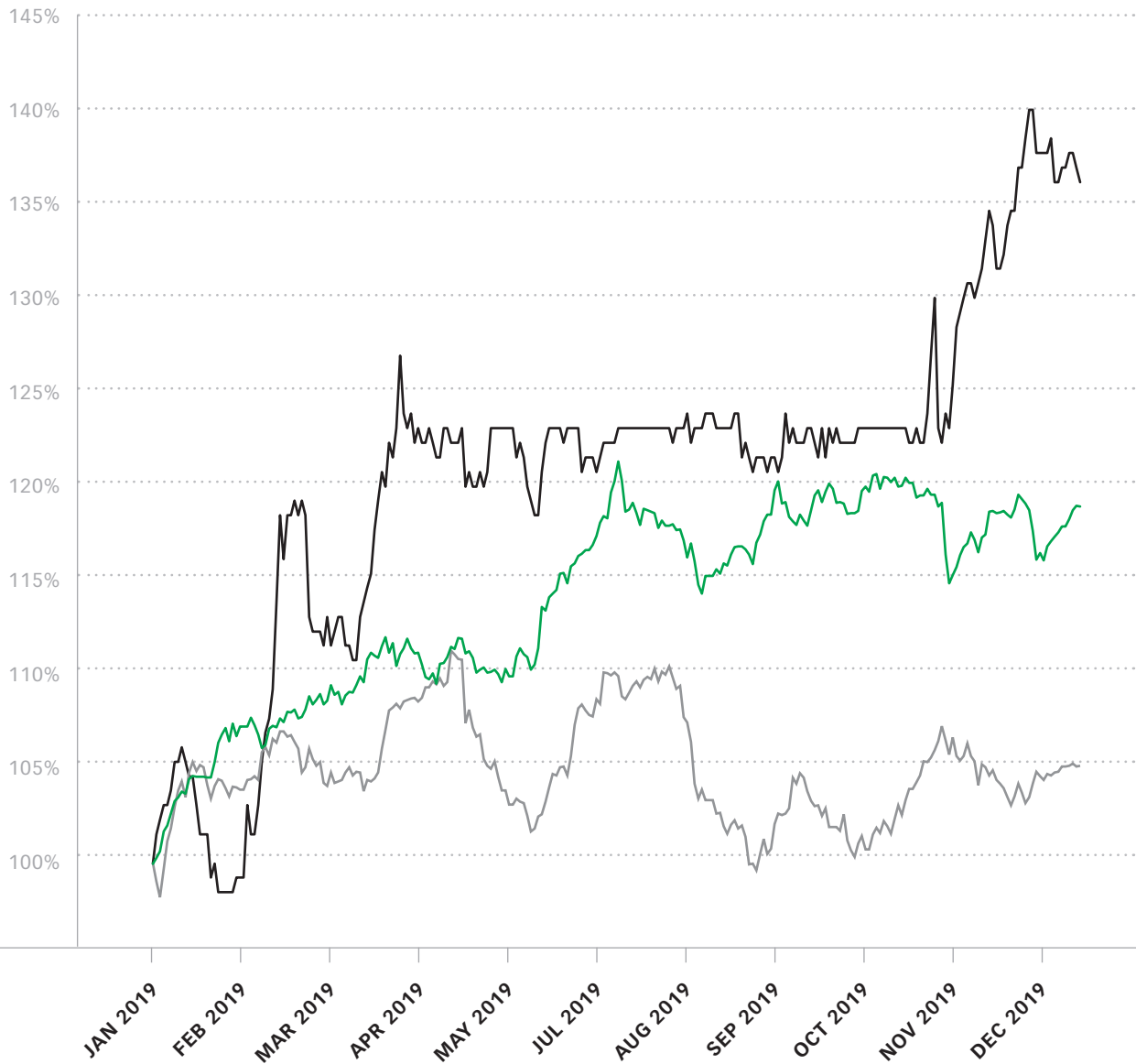
Highest Unit Price (S\$)	0.915
Lowest Unit Price (S\$)	0.635
Closing Unit Price on 31 December 2019	0.885
Total Trading Volume (million units)	373
Average daily trading volume (million units)	1.456

## SASSEUR REIT MONTHLY TRADING PERFORMANCE FROM JAN 2019 TO DEC 2019



- Trading Volume (million units)
- Unit Price (Singapore cents) as at the last trading day of the month

COMPARATIVE TRADING PERFORMANCE VS MAJOR INDICES



- Sasseur REIT
- FTSE Real Estate Investment Trusts Index
- Straits Times Index

MANAGEMENT  
EXPERTISE

# Leading the Industry





# 品牌故事

“这也许就是一种暗示——这个年轻人今后注定会用某种方式，去和艺术做极其精彩的对话。”

## SASSEUR STORY

S I N C E 1 9 8 9

FASHION  
ART  
MUSIC  
EMOTION



## 艺术与商业的对话

1980年代,对于中国内地而言,是一个充满惊奇、梦想和浪漫气息的年代,一个将哲学启蒙、思想自由、艺术探索澎湃地交织在一起的精神黄金时代。那个时代,并不以物质的丰盛见长,却涌现出大量中国当代最杰出的诗人、作家、画家、音乐人,其影响力直到今天,依然巨大。

1985年,重庆北碚,西南师范大学。

二十岁的徐荣灿骑着一辆嘎吱作响的二八零自行车,风吹拂起他的长发,肩上的帆布背包里,装着他的青春激情和艺术梦想——几本教材、一台老相机。对于艺术美学有着敏锐直觉的徐荣灿,彼时选择用镜头去捕捉他所看到的,用胶片来表达他所想到的——外表简单而内心细腻的他,更喜欢选择用黑白胶片来叙述他对世界的感受。庄子说:五色乱目。在他看来,纯粹的黑白与变幻莫测、微妙灵动的灰色一起,更能真实地还原光影交错的丰富的瞬间,更有冻结时间的魔力。在光影的神奇混合中,艺术的基因也被深深地植入到他的血液里。

1988年,成为西南师范大学一名年轻教师的徐荣灿创下了一个奇迹——年轻的生物系老师——不仅在自己的专业上获得全国的奖项,还在全国性的青年摄影家比赛中拿了奖。这也许就是一种暗示——这个年轻人今后注定会用某种方式,去和艺术做极其精彩的对话。

**对于艺术美学有着敏锐直觉的徐荣灿,彼时选择用镜头去捕捉他所看到的,用胶片来表达他所想到的,在光影的神奇混合中,艺术的基因也被深深地植入到他的血液里。**





好的艺术作品就是精神交流的载体，一群怀着梦想的年轻人，一瓶啤酒、一把吉它，就可以在球场边聊一整夜。从文学、艺术，到音乐，人生……不断地有人加入，最初的三两知己的聚会变成了越来越多的一群朋友的狂欢。梦想也在年轻不羁的灵魂碰撞下越来越广阔。作为这群追梦人的领头者，徐荣灿更看重创造过程中的精神愉悦。他东拼西凑了6500元人民币，第一次尝试着把艺术感受放置于活动空间，变成可持续的体验。在他看来，艺术或许不仅仅是有限的平面展示，它可以变成一个立体的体验空间。

1989年，重庆北碚。西南大学的校园一隅。一间小小的咖啡馆悄然开张了。竹篱笆的墙上挂满了老照片，船家的缆绳挂着大红的灯笼，厚实的实木门正好迎着夕阳的方向。就像对自己最心爱的孩子，取个什么名字呢？从开始创作到开门迎宾，已过月余，仍然没有想出合适的名字。那时台湾歌手苏芮的专辑《台北东京》刚刚火到内地。台北、东京，是遥远而陌生的两个地名，却让人联想到多元的生活影像与文化背景。专辑里的一首《砂之船》是大家的最爱，这首歌夜夜吟唱在绿荫深处的小咖啡馆，淡淡的忧伤与青春的迷茫经由苏芮的空灵歌声，婉徊悠扬，很符合文艺青年的心境。但徐荣灿感受到的却是小船终会抵达的梦想和远方。就叫“砂之船”吧，这个名字代表了徐荣灿对艺术现状的思考，也寄托了他对未来的期望。于是门口放一摞的土陶罐，贴着大红的纸，酣畅淋漓地写上了三个书法字——“砂之船”。一旁的一位青年法语老师脱口而出“Sasseur”，这是一个法文单词，意指经由自然动力推动的风车，是营造自然与人类和谐关系的产物，浪漫优雅。从此，“砂之船”代表着自然、自由、乐观、理想的这个名字被叫响了。

就是这间代表着啤酒、音乐、艺术、情感……名为“砂之船”的小咖啡馆，很快成了校园艺术菁英们的据点——诗人，画家，乐队，每天都排满了地下摇滚表演、美术批评沙龙……在那个精神浪漫的年代，这里俨然就是他们走出坚硬的制度化文化困境的美妙乌托邦。

咖啡馆不赚钱，但咖啡馆的沙龙氛围，让徐荣灿开始思考——获得视觉与体验快感是人类的本能，而现代人对艺术的本能渴望，已经在转化为对美好生活品质的追求。艺术源于生活，它的终极目标不是远离生活的独立存在，只有更贴近人们的现实生活，艺术才能更有活力，让生命的存在更有意义、更富于美感。

“我喜欢的东西，一定有人喜欢！”1991年，徐荣灿在离职申请上签下了自己的大名，结束了让普通人羡慕的大学老师的生涯，只带走了“砂之船”这一个名字。在去欧洲短期游学之后，位于重庆解放碑临江支路的砂之船时装屋开张了。这是他第一次真正地将艺术理念与商业相融合。小店空间不大，砖墙、岩石，原木一如既往地粗犷，装备了专业级的音响，涂鸦的墙上挂满了从沿海淘来的牛仔裤、棉卫衣。代表西方年轻人的生活方式、别具一格的店面让“砂之船”在这个传统商业中心里一炮而红。很快，从一家小店，发展出两家、三家……客人越来越多，店面越开越大，货品也越来越丰富。市场的热烈反应让他看到了艺术与商业碰撞的火花。

90年代中期，中国复苏的市场开始呈现出繁荣的景象，一些国际品牌开始在中国寻找商业机会。徐荣灿，这个艺术气质与商业头脑兼具的人很容易就吸引到他们的关注。而徐荣灿也深深认识到在真正的奢侈品里面蕴含了丰富的历史、人文、技术，它们不仅是物质消费品，更是一种文化和艺术精神的消费。这样的认知与国际品牌长期发展的愿景高度一致，基于相互的了解与认可，双方很快建立了良好的合作关系。





1997年，由李嘉诚投建的，代表当时重庆最高消费水准的大都会购物广场开业，整个一楼的名品区，砂之船代理的国际品牌专卖店就占据了半壁江山。

1999年，为了更深入了解奢侈品背后的文化逻辑，徐荣灿选择再次游学欧洲。东方与西方、历史与未来的文化的碰撞再次深深震撼了他。他开始渴望能拥有一个自己的品牌，来释放他对艺术、服装和时尚的理解。2001年，游学归来的他成立了自己的女装品牌，品牌延用了他最心爱的名字“Sasseur”。与此同时，他在重庆璧山郊外的森林里设计修建了自己的品牌总部，与之前的空间设计不同，这一次，是全新的创作，再次沉醉于创作的激情里，每一栋建筑都由他亲自规划与设计，依山而建的红砖建筑群最终以他梦想的方式高低错落呈现在三十多亩的青山绿水之间，除了满足Sasseur品牌设计、生产、展示的功能，小型酒店、网球场、游泳池……使得这里不仅仅是Sasseur的品牌总部，更是一座远离尘俗的意式的时尚庄园。

自创品牌是一段神奇的体验——一边代理国际名品，一边打造自己的服装品牌——从国际品牌里学习经验，从中国市场里吸取养分，同时充分表达自己对于时尚的认知。这个定位于中高端市场的女装一经推出就得到了市场的认可，短短两年时间，“Sasseur”就在中国二十几个城市开设了专卖店。随着市场的拓展，原材料采购和生产周期的限制，让商品与市场的需求总是存在不可调和的矛盾。良好的业绩背后，日益增大的库存让徐荣灿发现了服装产业持续经营的危机。怎样在保证业绩增长的前提下降低库存，让资金高效流动，这不仅仅是砂之船女装的痛点，也是所有品牌服装的痛点。2005年，砂之船再次在重庆机场路旁拿地七十亩，开始规划筹建自己的品牌管理基地，为未来的集团化管理做准备。徐荣灿经常一边彻夜画着品牌基地的建筑草图，一边思考着如何打开这个服装产业链中的死结。

与生俱来的艺术天份与时尚触角，让徐荣灿的内心在意大利这个古老的国度感受到深深的共鸣，痴迷于意式生活方式的他经常会往来于意大利采风，在此期间，怀着对服装产业链的思考，徐荣灿发现了奥特莱斯这个新奇的事物。奥特莱斯的原意是“出口、出路”，这种专供品牌销售过季下架商品的营销形态，一方面让所有品牌商可以合理消化库存且不影响品牌形象，另一方面“名品、低价”的高性价比实质能让更多的消费者受益。这个关于“消费人性本质”的发现让徐荣灿欣喜不已，经过深思熟虑，他做了一个大胆的规划——停止代理合作，关闭女装品牌，把原本的品牌生产基地规划为奥特莱斯商场，在品牌的库存压力与消费者的性价比需求之间搭建一个链接平台。这个规划一经提出，就受到来自各方的反对与质疑——是的，已经走过最艰难的创业期，眼看着事业的大路越走越宽阔，在这样的关键时候押上集团所有成熟的业务去开辟一条前途未卜的险径，让一切回归为零，这确实是让大多数人不能理解。得不到团队支持的徐荣灿，也不由得对自己的想法产生了深深的犹疑。



**这个定位于中高端市场的女装一经推出就得到了市场的认可，短短两年时间，“Sasseur”就在中国二十几个城市开设了专卖店。**



2004年的夏末秋初，三位朋友相约前来参观璧山的砂之船品牌总部，充满意式风情和艺术氛围的庄园式园区让他们深感震撼，参观完毕，围坐在徐荣灿办公室的露台，远近都是极好的风景，话题从对园区建筑设计规划的赞叹自然就切换到了徐荣灿那个深藏于心的梦想。从产业的痛点，到闭环的形成，再到消费者、品牌方、经营者的利益分析，再到接下来需要解决的问题：没有商业地产的经验、没有甲方运营的经验、没有商业团队、没有项目所在地的区位优势……类似这样的讨论已经有很多次了，每次的探讨的结果都会让他对自己的决策多一份犹豫。而这一次，因为一个女子的加入，现场俨然变成了一次支持与反对的灵感撞击的头脑风暴。坚定的站在徐荣灿一方的就是杨雪，时年二十一岁的她，内心纯净，聪慧伶俐，有勇善谋。讨论最后，干脆利落几个字落地有声：“为什么不干！所有问题都有解决的办法，这么好的想法，不去实施，你永远也不会知道行不行。”看似淡定的坚毅，瞬间让徐荣灿恢复时在离职申请上签字的豪迈自信。这是很长一段时间以来，徐荣灿所得到的最肯定和直接的支持。复杂的问题变得简单，也让他胸中郁藏的所有藩篱顿消。他记住了她的名字——杨雪。他的才情与情怀感染了她，她的灵动与聪慧也打动了他，因为这一句话，从此，一个人的梦想，成为两个人的江湖。

砂之船下决心全面转航，成为中国第三家投入奥特莱斯行业中的企业。要将原有的品牌基地规划调整为奥特莱斯，要完成的不仅仅是项目调规的行政手续，还有与之配合的周边交通动线改造，涉及到交通、园林，市政，路管……多个行政主管部门，“所有问题都有解决的办法”——为了从封闭的机场高速开一个下道口直达项目，杨雪抱着规划图一个部门一个部门的跑，硬是把不可能变为可能。机场高速的匝道开口，无疑从根本上改变了砂之船集团首个奥特莱斯项目的交通属性，打通了项目未来成功的主动脉。全面转航的砂之船面临的重大问题还是招商，集团的各部门都在摸索当中完成了部门组建与分工，唯有国际品牌的招商工作一直搁浅，同样没有经验的杨雪又再次担当，带着一群新人从零开始，梳理出意向合作国际品牌，按着商品吊牌上的地址一个个一轮轮拜访，也硬是让最初理想设定中的卖场品牌规划从图纸变成了现实……并没有太多工作经验的杨雪，凭着与徐荣灿同样的时尚敏感度，凭着对这一份梦想执着而坚定的热爱，以她特有的冷静与勇气快速地在各类工作中完成角色切换。徐荣灿所有天马行空的创意，总能经过她变成可以落地实现的好点子。而正是这种相互的肯定与认可，又激发出相互更多的潜力。向着梦想飞奔的脚步越来越充满激情——激情是不可思议的力量，激情带来创造力，也带来勇气与斗志，所有的困难都变成充满乐趣的挑战：于是，原本只满足品牌开发生产需求的现代化厂房变成了布局合理的商城，原本拦在机场路外需要绕行的砂之船奥特莱斯有了一条从机场路直达的宽阔匝道，原本空白的招商团队在经历过实战中的学习之后，快速成长为业内最具活力的生力军……徐荣灿与杨雪之间无缝衔接的默契，无疑是砂之船成功转型的加速剂。

能引发人们共鸣共情的艺术作品的才是好作品，商业也如是——能深知各方需求才能成为成功的商业体。此时的砂之船，经历了服装产业链中的所有角色：设计、生产、销售，也经历了商业中的所有角色：消费者、代理商、制造商、品牌商，恰恰是这些优于同行业的经验，让砂之船能够快速地完成角色转换，也给未来砂之船在奥特莱斯行业中的持续稳定的运营奠定了坚实的基础。

2008年8月8日，重庆砂之船奥特莱斯开业迎宾，全城轰动。充满艺术魅力的商业空间环境，来自全球的时尚品牌，从消费到体验，无不刷新了一座城市的观感。商业成功与否，业绩是硬指标。开业首年，砂之船重庆奥特莱斯年业绩4.5亿，跃居中国奥特莱斯前三甲；开业第四年，5.5万平方米的营业面积实现销售12亿元，年坪效达2.2万，位居全国行业之首。同时，砂之船奥特莱斯项目对城市区域的价值影响力首次得以凸显——原本是一片荒地的区域，因为一个砂之船奥特莱斯的成功，竟然在短短数年内发展为一个城市级特色商圈，不仅极大地促进了区域土地价值，还使该区域产生出强大的经济内生力，不仅改变了区域的城市风貌建设，更是在客流、社零总额、城市活力、城市就业与税收上迅速提升了一个区域的发展城市水准。这种影响力，将伴随着砂之船的每一次城市拓展，而被不断的演绎下去。



重庆砂之船奥莱的成功，由此引起了政商各界的热切关注。2010年，杭州市政府向砂之船发出邀请。砂之船，这个诞生于中国西部的年轻商业品牌，从此开始首次走出重庆，接下来，南京、合肥、昆明、长春、西安、贵阳、长沙……到2018年，砂之船奥莱已经在中国布局十店，兰州、扬州、深圳三个城市也完成签约即将落地。砂之船奥莱的旋风，伴随着徐荣灿的艺术商业理想，愈演愈烈。

与此同时，砂之船的成功也持续吸引着国际资本市场的关注。2011年，砂之船集团与全球领先的美国华平投资集团完成战略重组。2015年全球奢侈品零售巨头LVMH旗下全球最大的消费品投资公司 L Catterton Asia 成为砂之船集团的重要战略股东，给企业发展带来了强大的资源优势。2016年，“砂之船超级奥莱全球发布会”在重庆盛大举行。平安不动产成为砂之船重要战略股东，同时，全球最大消费品投资公司 L Catterton Asia 增持砂之船股份。

深入骨髓的艺术思维也给徐荣灿的商业实践带来深远的影响。让艺术改变生活的初衷一直影响着他。如果说最初的精品小店让他感受到服装之美，接下来的国际品牌代理的经历则让他触摸到品牌文化之美，品牌制造商让他体会到技术之美，砂之船的艺术商业环境打造让他深入建筑之美。建筑是艺术，但艺术不仅仅是建筑，艺术是种子，是对自然的敬畏，对历史的尊重，对人性的歌颂。中国很大，每一个城市的个性、历史、文化都不同。他把每一个项目都当成自己的艺术作品——从建筑设计，环境设计，到商业氛围营造，同时力图在地域文化中抓取设计要素，建立商业、艺术与体验者之间的和谐共融联系。也正是在这种思维的影响下，强调整体感的砂之船奥莱更具温度与识别度。他希望砂之船奥莱不仅能满足人们消费的需求，同时也是源于自然，发于心灵的艺术作品，从而成为当地的文化地标。

用艺术家的情怀去打造商业环境，用企业家的思维去开拓市场的空间，用不忘初心的坚持去滋养梦想。当砂之船旗下四个项目在2018年成功在新加坡联交所完成REIT上市时，面对一个崭新的发展格局和充满广阔空间的未来，砂之船品牌文化里最基本价值观——“追求美、发现美，创造美、传播美”，却永远不会改变。这句话不仅铭刻着徐荣灿投身商业的初心，也闪烁着砂之船品牌的“艺术基因”光芒，标示着砂之船集团未来发展的愿景：“用艺术商业，做超级奥莱”。

从1989年那间开在大学校园深处的砂之船咖啡馆开始，砂之船(Sasseur)这个美丽的名字无疑已成为徐荣灿的生命无法剥离的部份，是他用最柔软的心呵护的孩子，是他用最美的梦想装点的女神，也是他所有激情的来源，是所有创新的动力。从2004年夏末秋初与杨雪的相遇开始，他心里种下了一个秘密——“他的梦想与她，是不可分割的一体”。2009年的12月31号，当砂之船重庆奥莱首创的跨年营销活动再次刷新业绩纪录时，他郑重将Sasseur这个名字送给了杨雪，为了感谢她与他一路经历过的所有，正因为这所有的经历，让他更为笃定，眼前这个女子，就是让他仗剑天涯的Sasseur。同时也是砂之船集团“四品四美”企业文化最完美的代言人。

“男人要做对三件事，爱情与婚姻结合，爱好与事业结合，选对合作伙伴。我是一个很幸运的人，到今天，这三件事我都做对了。”徐荣灿曾在25周年庆的感言里如是感慨。而他与杨雪，因为对爱情和事业共同的信仰，已经完美的将爱情与事业相融合了。

“激情、创造力、美”是深植于砂之船集团的艺术商业DNA，情感思维是砂之船集团发展的核心力量。三十年过去了，那种很美、很浪漫、很有诗意、富有情感的原创艺术商业思想，一直是砂之船商业的永恒主题。



**三十年过去了，那种很美、很浪漫、很有诗意、富有情感的原创艺术商业思想，一直是砂之船商业的永恒主题。**

# THE SASSEUR STORY

## DIALOGUE BETWEEN

# ART & COMMERCE



The 1980s was a time of wonder, dreams and romance for mainland China, a golden age of spiritual and philosophical enlightenment, freedom of thought and artistic expression. During those days of transition, life was hard and material goods were scarce. That was when a large number of China's most outstanding post-modern poets, novelists, painters and musicians emerged and whose influence continues to this day.

## ART COMMERCE

Xu Rongcan's affinity with artistry in the practice of business (what he termed "Art Commerce") had its roots in Southwest China Normal University located at Beibei, a scenic town in the outskirts of Chongqing. As a young man of 20, on a creaking old bicycle, with wind caressing his hippie styled hair, rucksack on his shoulder, his most valuable possessions were his youthful passion, dreams of artistry and an old camera. Xu, with his keen sense of art aesthetics, captured what he saw with his lens and expressed what he felt with films. He loved using black and white films to describe his feelings about the world. From literature, art, to music and life, Xu was surrounded by other young people who shared his dreams; they would often meet over beer while enjoying guitar music through the night together. To Xu, art was not two dimensional. He believed art could be experiential. In 1989, he invested RMB 6,500 and started his first brick and mortar business based on his unique art commerce concept.

“We want our malls to have a soul that creates affinity with shoppers.”

**Mr Vito Xu**  
Founder and Chairman



Xu, with his keen sense of art aesthetics, captured what he saw with his lens and expressed what he felt with films. He loved using black and white films to describe his feelings about the world.



It was a small bar called “Ship of Sand” that was named after a popular song by a then well-known singer, Su Rui. “Sasseur” was the French name given to the establishment by a young French language teacher whom Xu knew. A year later, the Sasseur Bar had yet to return a profit, but it had become the favoured gathering place for artistic elites in the university campus, including poets, art critics, painters, music bands and underground rock performers.

## LEADING MERCHANDISER OF INTERNATIONAL DESIGNER FASHION PRODUCTS

“If I like it, others will too!” Xu left the university in 1991 and toured Europe. After this tour, Xu opened the Sasseur fashion house in Chongqing’s Jiefangbei district, which was later to become the top shopping destination in Western China. The store was outfitted with brick walls, rocks and logs giving it a rustic charm. Its graffiti wall was covered with jeans and cotton-padded hoodies procured from the coastal cities in China. Sasseur’s unique store décor – symbolic of iconic and youthful Western lifestyles – was a big hit. China’s economic reforms during the boom of the mid-nineties attracted many international fashion labels to set up stores in China to cater to the consumer class. Sasseur’s iconic apparel store caught the eyes of these fashion labels. Xu himself understood international brands: an apparel label can only attain luxury brand status by virtue of its rich history, culture, as well as consistent and superior technical quality. It cannot exist simply as just another good consumer product. Sasseur successfully obtained distribution rights for many international brands. Sasseur was so successful that it occupied half the floor for international designer merchandise at the Li Kashing-owned Metropolitan Plaza in Chongqing, which was the most glamorous shopping destination in Western China at that time.





The Sasseur women's fashion brand was targeted at the mid-to-high end market, and was quickly recognised soon after its launch. In just two years, Sasseur had opened stores in over 20 cities across China.

In 1999, Xu visited Europe again to gain a better understanding of the culture behind luxury goods. The clash between the cultures of the East and West of the time came as a shock to him. Xu longed for his own fashion brand that would embody his own values and beliefs about art, clothing and fashion. When he returned in 2001, Xu established his own brand of women's clothing, under the name of "Sasseur". At the same time, he began designing and building a headquarters in the forested area outside Bishan, Chongqing. The building was an indulgence of Xu's personal passions, and materialised as a beautiful red brick building that stood out among the green mountains and water. In addition to office functions, the building featured small hotels, tennis courts and swimming pools, likening itself to an Italian-style manor hidden away from the hustle and bustle of the city.

Creating his own fashion brand was a surreal experience for Xu, and it allowed him to express his passion for fashion in a way that was not available to him before. The Sasseur women's fashion brand was targeted at the mid-to-high end market, and was quickly recognised soon after its launch. In just two years, "Sasseur" had opened stores in over 20 cities across China.

### **OUTLET FOR STOCK INVENTORY**

As the consumer market expanded, restrictions on imports of raw materials led to a disconnect between supply and demand. This issue posed a challenge to every brand in the clothing industry, and taught Xu how to manage his inventory while ensuring that the business continued to grow at a steady pace. In 2005, Sasseur acquired another 70 acres of land by Chongqing Airport Road to develop its own brand management base. Xu often sketched ideas for the layout of the base through the night, while pondering the solution to unlock the supply chain in the clothing industry.

Xu's inherent artistic and fashion spirit resonated deeply with the ancient country of Italy. He was obsessed with the Italian lifestyle and often traveled there to get ideas for fashion styles. Xu soon discovered outlet shops which were still a novelty back then. The business strategy of exclusively selling off-season merchandise allowed fashion brands to comfortably offload inventory without affecting their image and status. The high quality goods at lower prices were extremely attractive to consumers. Xu picked up on this, and made the bold decision to reimagine the Sasseur base into an outlet mall. This outlet mall would be the vital link between fashion brands looking to offload their inventory, and consumers looking for more affordable branded goods.

This decision was met with a lot of opposition. The business had gone through many challenges over the years to reach the success it had now; wiping the slate clean and starting from scratch to pursue an unproven concept was a huge risk. Xu himself could not help but have his own doubts and fears.

Guided by the Sasseur emotional thinking philosophy, with a deep respect towards the local culture and history, Sasseur introduced to Chinese customers the unique Super Outlets characterized by regional culture features.

**Ms Yang Xue**  
Co-Founder



In 2004, three friends visited the Sasseur headquarters in Bishan, and were pleasantly surprised by the beautiful Italian architecture and artistic atmosphere. Their conversation with Xu naturally shifted from admiring of the headquarters' design and architecture towards his latest plans. The overhaul of Sasseur's identity would pose many new challenges; it would need to develop new supply chains and fulfil the needs of consumers and brands. Sasseur also lacked expertise in commercial real estate, and the location of the headquarters provided no geographical advantage for the operation.

Xu continued to question his own decision, until the appearance of a woman who would provide the support needed to bolster his own resolve. At 21 years of age, Yang Xue was a spirited and clever individual who firmly supported Xu in the pursuit of his dream: "Why not do it? Every problem has a solution, and if you don't give it a shot you will never know if it works."

These calms and assuring words gave Xu the confidence he needed to finally make the decision to leave the business and chase his own dream. Her unwavering support helped Xu overcome personal barriers that were holding him back. Xu and Yang Xue's unique personalities could not help but be attracted to each other, and from that point a single man's dream had become a dream for two.

Sasseur had resolved to become the third company to invest in the outlet industry in China. The transformation of the headquarters into an outlet mall required a complete overhaul of the surrounding infrastructure, including public transportation and road design. Every problem has a solution: to connect Sasseur to the closed-off airport expressway, Yang Xue followed through and worked with each and every municipal department, succeeding in what was supposed to be an impossible task.



The ramp connecting the airport expressway to Sasseur undoubtedly opened up many opportunities for the outlet mall. While Sasseur had completed its physical transformation, it still lacked investors from the fashion industry. Yang Xue led the group as it sought out and fostered relationships with many international fashion brands, catering to their individual needs and finding a place for them in Sasseur. Yang Xue shared the same passion for fashion as Xu, and her persistent love for his dream spurred her on to take on different roles. It was she that would turn Xu's incredible ideas into reality. The melding of the two spirited individuals generated even more creativity and passion, and turned daunting difficulties into challenges waiting to be solved. The duo was undoubtedly the catalyst that catapulted Sasseur through its transformation into the success it is today.

As with art, a successful business is one that meets the unspoken needs and desires of the individual. Over time, Sasseur had become proficient in all aspects of the clothing industry: design, production and sales, as well as all roles in the business: consumers, agents, manufacturers and brand owners. This experience laid the foundation for Sasseur's transformation and its growing business in the outlet industry.

On 8 August 2008, Chongqing Outlet opened to the public. With its tailored commercial space full of artistic charm and flushed with international fashion brand offerings, it became an instant sensation. Its business performance was a clear indicator of its success. Chongqing Outlet brought in RMB 450 million in its first year, ranking among the top three of outlets in China. In its fourth year, it achieved RMB 1.2 billion, clinching first place within the industry. At the same time, the outlet mall brought about a transformation of the surrounding landscape. Originally a wasteland, the area was quickly developed into a bustling city within a few years, raising the development standard of the city to compete with the rest of China.

The success of Chongqing Outlet garnered attention from political and business circles. In 2010, the Hangzhou Municipal Government invited Sasseur to set up an establishment in its city. This would be Sasseur's first expansion outside of Chongqing. This was followed by Nanjing, Hefei, Kunming, Changchun, Xi'an, Guiyang and Changsha. By 2018, Sasseur had 10 outlets across China. Development in Lanzhou, Yangzhou and Shenzhen would soon follow.



## SUCCESSFULLY ATTRACT INTERNATIONAL INVESTORS

In 2011, Warburg Pincus, a world leader in private equity investments from the U.S. restructured and invested in the Sasseur Group. Warburg Pincus sold its stake to L Catterton Asia, the world's largest consumer goods investment company owned by global luxury retail giant LVMH in 2015, and L Catterton became an important strategic shareholder. L Catterton's strategic stake in the company brought important resources and advantages to the development of the company. In 2016, Sasseur held its Global Outlet Conference in Chongqing. Ping An Real Estate became another strategic stakeholder, while L Catterton Asia increased its stake in Sasseur.

Xu's artistic inclinations have always had a profound impact on his business practices. While a boutique shop allowed him to experience the beauty of clothing, the partnerships with international fashion brands allowed him to experience the beauty of brand business and culture. Xu further delved into art in his business through the architecture of Sasseur Outlets. Beyond just architecture, art was a platform to explore and promote a respect for the environment and love for human nature and history.

Each city in China is unique, with its own personality, history and culture. Likewise, Xu imbued each new project with elements from its location, creating a harmonious connection between art, commerce and the human experience. This gave Sasseur Outlets a unique image that made each building a landmark in its own right.

When Sasseur listed its four malls in Chongqing, Bishan, Hefei and Kunming as a REIT on the Singapore Exchange in 2018, it faced new challenges. Xu stayed true to his original values: "Pursuing, discovering, creating and spreading beauty." His vision of the art-commerce soul of Sasseur pushed the business further to become a premium outlet operator.

The name Sasseur had become an integral part of Xu's life, from its first incarnation as a bar. The dream it represented was the source of his passion and the driving force of innovation within the business. From his first meeting with Yang Xue in 2004, Xu had resolved in his heart that his love for Yang Xue and his dream for Sasseur would be forever intertwined. On 31 December 2009, following a successful run of Chongqing Outlet's New Year Eve promotional events, Xu solemnly bestowed the name of Sasseur to Yang Xue to thank her for her unwavering support throughout the years. Yang Xue was a perfect embodiment of the "beauty" culture of Sasseur.

Xu expressed this feeling in his speech at the 25th anniversary of Sasseur: "In life a man must pursue success in three aspects, love in marriage, love of work, and finding the right partner. I am lucky to have found all three." The common beliefs of love and career have forged an unbreakable bond between Xu and Yang Xue over the years. The virtues of passion, creativity and beauty are deeply ingrained into the DNA of Sasseur's business. Thirty years on, they continue to drive Sasseur as it reaches new heights.



The virtues of passion, creativity and beauty are deeply ingrained into the DNA of Sasseur's business. Thirty years on, they continue to drive Sasseur as it reaches new heights.

## SASSEUR GROUP IN 2019

# In 2019, Sasseur Group and its Super Outlets won numerous industry awards.



At the “2019 Outlets New Consumption Summit Forum and Outlet Night Awards Ceremony” (“2019奥特莱斯新消费高峰论坛暨奥莱之夜颁奖典礼”) held in January, Sasseur Group won multiple awards including the “2018 China TOP 10 Outlets Sales Award” and “2018 China Outlets Industry Most Innovative Award”.



In the same period, the group also won the “Most Commercially Valuable Outlet Operator of 2018” award at the 8th Luxury in China Awards Dinner.



At the 2019 China Merchants Network Conference and the 2019 China Retail Business Awards Ceremony held in Hangzhou, Sasseur Group won the title of “2018 China Retail Service Benchmark Enterprise”, and Sasseur (Changsha) Outlet won the “2018 China Influential Commercial Project Award”.



At the 2019 Outlet Leadership Summit, Sasseur outlets were awarded multiple awards including the “2018 Top 10 China Outlets Sales” and “2018 Top 10 China Outlets by Growth”.



In June, at the “CCFA Golden Lily Awards Ceremony” as known as the Oscar of Chinese Shopping Centres, Sasseur (Xi’an) Outlet won the “Shopping Center with Highest Growth Potential” award.

## UPGRADE OF VIP MEMBERSHIP CARD



In 2019, the Sasseur Outlet VIP membership system was fully upgraded to facilitate easier sign up and provide enhanced points system and customer service. The upgraded membership card is divided into three tiers: general, gold and platinum. The new tiers improve the reward system and allows one card to be used across all Sasseur outlets, providing a more convenient shopping experience for all Sasseur members.

## SASSEUR OUTLETS SUCCESSFULLY OBTAINED DEPARTURE TAX REFUND LICENSE

In July 2019, Sasseur (Xi'an) Outlet "Departure Tax Refund" was officially unveiled, becoming the first outlet in Shaanxi province and the first mall in Xi'an Chanba district to obtain a Departure Tax Refund License.

In September 2019, Sasseur (Chongqing) Outlet became the first outlet mall in Chongqing to obtain the Departure Tax Refund License.

It also signifies another step up for the shopping experience provided by Sasseur outlet malls, for both Chinese and international customers.





## **SUPER OUTLETS ANNIVERSARY SALES**

Sasseur held its long-anticipated anniversary sales in September. Each Sasseur outlet ran a carnival theme that had special offers and activities for the whole family. Total shopper traffic during the 2019 anniversary sales period reached 4.26 million, and total sales exceed RMB 1.5 billion.



## **SASSEUR GROUP WINS TOP 500 SERVICE INDUSTRY AWARD IN CHINA & TOP 100 COMPANY AWARDS IN CHONGQING**

The 2019 China Top 500 Enterprises Summit was held in Jinan, Shandong, in September. Sasseur Group's ranking in the China's Top 500 Service Industry Award rose by 154 places to 313th place. The award was jointly organised by China Enterprise Confederation and China Entrepreneurs Association.

In the same period, Sasseur Group was included in the Top 100 Chongqing Companies and Top 100 Chongqing Service Companies published by the Chongqing Entrepreneurs Federation.

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**Sasseur outlet anniversary sales has  
become a retail phenomenon in the  
city that it operates in.**



## COMMERCIAL ENTERPRISE CREDIT RATING AAA

In December, Sasseur Group was awarded the highest Enterprise Credit Rating of AAA at the National Commercial Credit Conference.

As one of the leading outlet operators, Sasseur Group is highly committed to promoting the healthy and active development of China's outlet industry, and has been highly recognised by the industry and widely trusted by consumers.



## GRAND OPENING OF SASSEUR (LANZHOU) OUTLETS

On the grand opening day, Lanzhou Outlets held a 36-hour non-stop shopping event which attracted a huge turnout of 220,000 shoppers and garnered sales of RMB 30 million.



# Maintaining Our Competitive Edge



# BOARD OF DIRECTORS FOR REIT MANAGER



## **MR. XU RONGCAN, VITO**

*Non-Executive and Non-Independent Chairman  
Date of first Appointment: 11 April 2017*

Mr. Xu founded the Sponsor Group in 1989, and is currently an Executive Director of the Sponsor, as well as several entities within the Sponsor Group. He is responsible for overall management of the Sponsor Group, including determination of the Sponsor Group's development plans, operating principles and investment programs. Under the guidance of Mr. Xu, the Sponsor Group has developed since 1989 to become a leading premium outlet group in the PRC. Prior to setting up the Sponsor Group, Mr. Xu was employed in the Southwest Normal University from July 1985 to December 1989, where he was responsible for office management and advertising.

Mr. Xu is the recipient of numerous awards, including the "2009 Chongqing Top 10 Fashion Icon" awarded by the Chongqing Morning News and New Female Newspaper in 2009 and the "Chongqing Top 10 Retailer" awarded by the Chongqing Morning News and Chongqing City Chamber of Commerce in 2013. In 2019, he was named Asia's Top Entrepreneur by Fortune Times. Mr. Xu graduated with a specialisation in Agronomy from Chongqing Yongchuan Agricultural School, the PRC in July 1985.



## **MS. YANG XUE**

*Non-Executive and Non-Independent Director  
Date of first Appointment: 16 November 2017*

Ms. Yang co-founded Sasseur (Shanghai) Holding Company Limited, a property development and construction company which provides enterprise management to nine malls in eight municipalities and provincial capitals in the PRC, in December 2005. She has also been the Executive Director of Sasseur (Shanghai) Holding Company Limited, where she presides over the day-to-day business activities of the company. She is also currently an Executive Director of the Sponsor as well as several entities within the Sponsor Group, where she is responsible for the external affairs of the Sponsor Group, as well as for its growth and development.

Prior to her position in the Sponsor Group, Ms. Yang was a sales executive for Emporio Armani from July 2003 to December 2005, where she was primarily responsible for shop operations and sales. Ms. Yang graduated with a specialisation in Garment Marketing from Chongqing Material Technical School in March 2000.





**DR. WANG JUN**

*Non-Executive and Non-Independent Director*  
*Date of First Appointment: 16 November 2017*

Dr. Wang is currently the Managing Director of L Catterton Singapore Pte. Ltd., where he is responsible for deal sourcing, term sheet negotiations, deal executions and post deal portfolio management. Dr. Wang joined L Catterton in June 2010.

From October 2008 to April 2010, he was a Senior Associate with McKinsey & Company, Shanghai, where he was primarily responsible for providing support to his private equity clients, including in their takeover of other companies.

From March 2003 to June 2006, Dr Wang was the Manager of the Global Strategic Alliance Department at Procter & Gamble, United Kingdom, where he led the marketing, research & development and patent departments to form multi- company alliance marketing strategies.



**DR. ZHOU YIMIN**

*Non-Executive and Non-Independent Director*  
*Date of first Appointment: 16 November 2017*

Dr. Zhou is the chairman and chief executive officer of Ping An Real Estate Company Limited. Dr. Zhou joined Ping An Insurance (Group) Company of China, Ltd. in early 2010 after spending more than 12 years in Sun Hung Kai Properties Limited, one of the largest global real estate developers headquartered in Hong Kong. During his time at Sun Hung Kai Properties Limited, Dr. Zhou was the chairman of Sun Hung Kai Real Estate (Shanghai) Limited, overseeing its real estate business in the China market and the significant growth in its land bank and investment portfolio. Prior to his term at Sun Hung Kai Properties Limited, Dr. Zhou was the vice chairman of Chu Kong Shipping Enterprises (Group) Co., Ltd. (formerly known as 'Chu Kong Shipping Development Co., Ltd'), which was successfully listed on the Stock Exchange in 1997. Dr. Zhou is also currently a Non-Executive Director of Landsea Green Properties Co. Ltd., a company listed on the Stock Exchange of Hong Kong Limited. Dr. Zhou graduated from Fudan University with a doctorate degree.

## BOARD OF DIRECTORS FOR REIT MANAGER



### **DR. GU QINGYANG**

*Lead Independent Director*

*Date of first Appointment: 16 November 2017*

Dr. Gu has been an Associate Professor of the Lee Kuan Yew School of Public Policy of the National University of Singapore since August 2009, where he conducts lectures on the Chinese economy, economics of the public sector and urban development.

He has been an economic adviser to the Fuzhou New Zone in the PRC since April 2017. As economic adviser, he provides advice to the Chinese government for economic development of new zones, experiments on the PRC's new type of urban cluster. He was an Assistant Professor at the Nanyang Technological University of Singapore from July 2001 to July 2009, where he taught mathematical economics, microeconomics and macroeconomics and cost-benefit analysis and undertook research work relating to the Chinese economy, econometric modelling, reform of state-owned enterprises and international trade and finance. He carried out research on the Chinese economy, Singapore public policy and urban development from June 1997 to July 2001 as a research officer in the East Asian Institute of the National University of Singapore.

He has been an Independent Director of China Life Insurance (Singapore) Pte. Ltd. since June 2015.



### **MR. MARIO BOSELLI**

*Independent Director*

*Date of first Appointment: 16 November 2017*

Mr. Boselli began his career in 1959 in his family's silk mill which was established in 1586 in Garbagnate Monastero, taking over the reins from his father, Carlo Boselli. For four decades from the 1970s till the 2000s, Mr. Boselli developed the company's textile supply chain and grew the business both at home and abroad. He left the family business in 2005 to pursue new goals for his career.

Mr. Boselli's distinguished career includes his time as President of the Italian Fashion Chamber, Federtessile, Fiera Internazionale di Milano, Pitti Immagine, International Silk Association (Lyon), Italian-Slovak Chamber of Commerce (Bratislava), and Italy-Hong Kong Association. For his accomplishments, Mr. Boselli was appointed the Cavaliere del Lavoro (1990), the Commandeur de l'Ordre National de la Legion d'Honneur (France 2002) and the Cavaliere di Gran Croce Ordine al Merito della Repubblica Italiana (2007).

Mr. Boselli was born in Como, Italy in 1941, and is married with three children. He is President of Banca5 (Intesa Sanpaolo Group), Italy China Foundation and Italy China Institute, and sits on the boards of several listed and unlisted companies.



**MR. CHENG HENG TAN**

*Independent Director*

*Date of first Appointment: 16 November 2017*

Mr. Cheng brings to the Group his extensive experience with Ernst & Young LLP (then known as Turquand, Youngs & Co) from April 1977 to June 2010. During his 33 years with Ernst & Young LLP, he amassed experience in financial audit, bank audit and training and administration. He was an audit partner of Ernst & Young LLP from July 1990 to June 2010, when he was responsible for financial audit, group administration as well as audit work in relation to initial public offerings.

In July 2010, he stepped down from his role in Ernst & Young LLP and is currently a self-employed restaurant operator. Mr. Cheng was an Independent Director of Singapore-listed Chip Eng Seng Corporation Ltd. from July 2011 to April 2017, where he chaired the Nominating Committee and was a member of its Audit and Remuneration Committees.

He was a journalist with two Chinese language daily newspapers in Singapore from December 1970 to July 1975.



**MR. WU GENG**

*Independent Director*

*Date of first Appointment: 16 November 2017*

Mr. Wu has practiced with Drew & Napier LLC since April 2008, and has been a Director at Drew & Napier LLC since May 2016. His areas of practice include corporate finance, capital markets, and general corporate legal advisory work.

He was with Hoh Law Corporation (formerly known as Hoh & Partners) as a legal executive from November 2003 to April 2008, Hoh & Partners as a Chinese law adviser from January 2002 to June 2003, and Colin Ng & Partners as a foreign counsel from June 2003 to October 2003, and with Pan-Commercial Pte. Ltd. as a legal adviser and foreign trade assistant from July 1999 to December 1999 where he assisted with the company's trading business and investments in the PRC. He started his career as a Judicial Clerk with the Supreme People's Court of the PRC (July 1995 to June 1998), where he was mainly responsible for reviewing legal cases, conducting legal research and drafting legal documents.

Mr. Wu has been an Independent Director of Shengli Oil & Gas Pipe Holdings Limited (listed on the mainboard of the Hong Kong Stock Exchange) since March 2015, where he chairs the Remuneration Committee and is a member of the Audit Committee and the Nominating Committee.

# REIT MANAGEMENT TEAM



## **MR. ANTHONY ANG**

*Chief Executive Officer*

Mr. Ang brings to the Group his extensive and diverse experience over 35 years, in the management of REITs, real estate funds as well as other investment asset classes while working with the ARA Group ("ARA"), GIC Real Estate Pte Ltd ("GICRE"), Vertex Management ("Vertex"), Armstrong Industrial Group and the Singapore Economic Development Board ("EDB").

Before joining Sasseur, Mr. Ang was the CEO and Executive Director of ARA Asset Management (Fortune) Pte. Ltd., the manager of Fortune REIT. Prior to that, he served as the CEO of ARA's flagship US\$1.13 billion ARA Asia Dragon Fund.

Mr. Ang was with GIC Real Estate, serving as the EVP of Administration and Corporate Affairs for their global real estate investment operations. He also served as SVP in Vertex, managing venture capital investment, and Group GM and Executive Director of Armstrong Industrial Corporation Limited, overseeing its manufacturing business. Mr. Ang started his career at the EDB from 1979 and rose up the ranks to become the Regional Director of EDB's North America operation.

Mr. Ang is currently Singapore's Non-Resident Ambassador to the Republic of Tunisia. Mr. Ang holds a Bachelor of Science degree (Mechanical Engineering) with First Class Honours from Imperial College London, and an MBA from the European Institution of Business Administration ("INSEAD") in 1982 on a scholarship from the Singapore and French governments. He also completed an International Directorship Programme at INSEAD in 2019.



## **MR. CHEW HIAN CHIN (KEN)**

*Chief Operating Officer*

Mr. Chew is in charge of operational matters in Sasseur REIT, including investment and asset management for Sasseur REIT. He has many years of experience in real estate investment, fund and asset management for various assets classes, ranging from retail malls, offices, hotels, to warehouses and industrial parks.

Mr. Chew was previously Fosun Group's Chief Representative in Singapore. He was responsible for investment and group-related matters and was also Fosun Property's Managing Director in charge of all property-related investments and asset management for Southeast Asia. He was previously a Vice President in CapitaMalls Asia and based in China. Before that, he worked as Mapletree Logistics' Representative in South Korea and Mapletree Group's Deputy General Manager in Japan. Prior to that, he worked in Tokyo at the Itochu Corporation on secondment from the Mapletree group, and was responsible for Itochu's investment and asset management in the Asia Pacific region. His first job was with the Singapore Economic Development Board where he was Assistant Head for Biomedical Sciences, and the Japan and India markets for investment promotion.

Mr. Chew holds a Master of Information Science and Technology (Computer Science) and a Bachelor of Science Degree from the University of Tokyo and was awarded the joint Singapore Public Service Commission - Japan Monbusho scholarship. He is fluent in English, Chinese, Japanese and Korean.



### **MS. LEONG MEI KUAN (JASLYN)**

*Head of Finance*

Ms. Leong is in charge of finance functions of Sasseur REIT including financial reporting, treasury, taxation and capital management.

Ms. Leong has over 20 years of experience in audit, corporate finance, real estate fund accounting and treasury. Prior to joining the Manager, Ms. Leong was an Assistant Vice President at Mediacorp Pte Ltd, overseeing all finance management functions and strategic planning of the data center business. Prior to that, Ms. Leong was the Group Senior Finance Manager of Tuan Sing Holdings Limited, handling SGX reporting and corporate finance. Previously, she worked in CapitaMalls Asia Limited as a Senior Finance Manager, handling China real estate funds on financial reporting, corporate finance, treasury, acquisitions and divestments as well as strategic planning. Ms. Leong started her early years of career as an external auditor with Ernst & Young and held several finance positions in the electronics group of ST Engineering Limited.

Ms. Leong holds a Bachelor of Business Degree from Nanyang Technological University and a professional qualification from the Association of Chartered Certified Accountants (ACCA). She is a Fellow Chartered Accountant (Singapore) with the Institute of Singapore Chartered Accountants.



### **MS. WONG SIEW LU**

*Head of Investor Relations and Corporate Affairs*

Ms. Wong is in charge of Investor Relations and Corporate Affairs functions of Sasseur REIT. She has over a decade of experience in investor relations, capital markets (buy-side), corporate banking, and has been actively involved in capital raising, M&A transactions, and corporate strategy and development.

As the liaison between SAMPL, Sasseur REIT and the investment community, Ms. Wong nurtures relationships with institutional and retail investors, research analysts and the media. She is also the main point of contact with investors and stakeholders as part of Sasseur REIT's investor relations efforts.

Ms. Wong had extensive international exposure to various industries and roles, having worked and lived in 6 different countries over the course of her career. She spent over 5 years in investor relations role with Falcon Energy Group Limited, an SGX Mainboard-listed oil and gas company. Prior to that, Ms. Wong held corporate banking position at National Australia Bank as well as investment analyst positions at asset management firms.

Ms. Wong holds a Bachelor of Applied Science degree (Computational Finance) from National University of Singapore. She is a Chartered Financial Analyst (CFA) Charterholder and a Chartered Accountant of Singapore, and is a member of the Institute of Singapore Chartered Accountants.

## REIT MANAGEMENT TEAM



**1 Cheng Hsing Yuen**  
*Director,  
Asset Management*

**2 Emily Soh**  
*Senior Manager,  
Finance*

**3 Sarah Lei Xixi**  
*Senior Manager,  
Investment and Asset  
Management*

**4 Floren Chay**  
*Senior Manager,  
Admin and HR*

**5 Tay Hui Yan**  
*Finance Manager*

**6 Zhao Na**  
*Finance Manager*

**7 Vera Tan**  
*Risk and Compliance  
Manager*

**8 Soh Xiang Ting**  
*Assistant Finance  
Manager*

**9 Fang He**  
*Executive, Investor  
Relations and  
Corporate Affairs*

**10 Yak Shu Fen**  
*Executive,  
Admin and HR*

# SPONSOR TEAM



## **MR. XU JUN (JIM)**

*CEO of Sasseur Group*

Xu Jun is responsible for the daily management of Sasseur Group. He is a real estate veteran, having participated in the planning, development and operation of dozens of commercial real estate projects in China over more than 2 decades. He formerly served in the senior management teams of Peugeot, Nike, Esquel Hong Kong.

He joined Sasseur Group in 2011, and successively served as its General Manager, Deputy CEO, and CEO.



## **MS. WANG FUQIN**

*COO of Sasseur Group*

Wang Fuqin is responsible for business resource development, project operation management, information system and property management. With more than 20 years of experience in retail industry, she was vice president and executive director of Shenzhen Maoye International Holdings Co. Ltd., responsible for integrating post-merger business of listed companies such as Chengshang Group, Bohai Logistics and Shenyang Commercial City. She is also the former COO of Intime Commercial Group Co. Ltd., responsible for overall management of store operations in China. She holds an Executive MBA from China Europe International Business School.



## **MR. YANG DONG SHENG**

*CFO of Sasseur Group*

Yang Dong Sheng heads Sasseur Group's Finance Department and is in charge of financial management, financing, and capital management. He has extensive working experience in listed companies in China and has completed various domestic and foreign merger and acquisitions, issuances and corporate restructurings. Prior to joining Sasseur Group, he was the deputy CEO of Chongqing Dongyin Industrial group; deputy CEO, Board Secretary, and CFO of Dima Co Ltd; CFO of Jiangsu Jianghuai Engine Co., Ltd. Power Co Ltd. Mr Yang holds a Bachelor's Degree in Economic Management from Shanghai University of Finance and Economics. He is also a Certified Public Accountant of China.



## **MR. LONG JIAN**

*CTO of Sasseur Group*

Long Jian is the Head of Group's Human Resources Administration Center and is responsible for the company's planning operations, organization and talent development, legal compliance and comprehensive management. He served as vice president of human resources operations of Dongfang Xinyuan Holdings Co., Ltd., deputy general manager of human resources department of Chongqing Branch of China Unicom, general manager of Fengjie branch, and director of human resources department of Chongqing University of Technology. He has presided over cooperation projects with IBM, Accenture and Peking University, and has won honours such as Chongqing Excellent Teacher and National Personnel Research Achievement Award. Mr Long holds a Master's Degree in Enterprise Management from Chongqing University and was also an Associate Professor of Economics at Chongqing University of Technology.

STAKEHOLDER  
ENGAGEMENT

# Making New Connections







# INVESTOR RELATIONS

We are committed to provide investment communities and media communities with clear, timely, and unbiased information on Sasseur REIT's business and performance. We place great emphasis in ensuring high standards of disclosure and corporate transparency.

All material information such as announcements, press releases, financial results, presentation slides and annual reports are regularly and promptly issued through SGXNet and our corporate website at [www.sasseurreit.com](http://www.sasseurreit.com) to ensure timely dissemination of information to the public. Investors and the public can sign up for email alert on our corporate website to receive updates on Sasseur REIT's latest announcement and press release.

We proactively engage retail and institutional investors, analysts and the media to communicate our business model and address their concerns via announcements, postresults briefings, face-to-face meetings, teleconferences, investor conferences, roadshows and site visits.

In 2019, we participated in several events and roadshows in Singapore, Kuala Lumpur, Bangkok, Hong Kong, Beijing, Chongqing and Tokyo to introduce the REIT. We also held our post-results briefings in May, August, November 2019 and February 2020, providing updates to the investors and analysts on Sasseur's REIT quarterly financial results and operational performance.

In addition, we arranged site visits to our outlets in March and September 2019 for investors, analysts and the media. These visits offered them first-hand experience and better understanding of Sasseur Outlets as well as the growth potential of outlet industry in China, which is driven by increasing middle-class consumption spending.

Sasseur REIT is currently covered by four research houses and is a component stock of GPR/APREA Composite Index, GPR/APREA Composite REIT Index and FTSE EPRA Nareit Global Emerging Index.

As a recognition of Sasseur REIT's good investor relations practices, it was awarded Best Investor Relations (Gold) at the 6th Asia Pacific REITs Awards 2019.

## INVESTOR & MEDIA RELATIONS CALENDAR 2019

	Event	Location
<b>First Quarter</b>	Site Visit	China
	SGX-SPD Bank Corporate Day	Chongqing
	Bangkok Non-Deal Roadshow	Bangkok
	Hong Kong/Macau Non-Deal Roadshow	Hong Kong & Macau
	Share Investment Conference	Singapore
<b>Second Quarter</b>	CGS CIMB Non-Deal Roadshow	Singapore
	KGI Brokerage Lunch Presentation	Singapore
	CGS CIMB Non-Deal Roadshow	Hong Kong
	Maybank Kim Eng Brokerage Lunch	Singapore
	Money FM radio station Interview with Mr. Anthony Ang, CEO of SAMPL	Singapore
	The Edge Interview on Sasseur REIT with Mr. Anthony Ang, CEO of SAMPL	Singapore
<b>Third Quarter</b>	UOB Kay Hian Brokerage Lunch	Singapore
	Panel sharing session - China REIT Forum	Singapore
	KL SGX Corporate Day	Kuala Lumpur
	SGX-SAC Small/Mid Cap Corporate Access Symposium	Singapore
	Bangkok Non-Deal Roadshow	Bangkok
	Site Visit	China
	APREA Asia Pacific Property Leaders Summit 2019	Shanghai
	ICSC RECON APAC	Singapore
<b>Fourth Quarter</b>	Lim & Tan Securities - Brokerage Lunch Presentation	Singapore
	NH / SGX Presentation	Singapore
	JP Morgan SGX Tokyo Corporate Day	Tokyo
	SIAS Corporate Connect Seminar	Singapore
	CLSA Bangkok Non-Deal Roadshow	Bangkok

**FINANCIAL AND DISTRIBUTION CALENDAR**

First quarter results announcement	13 May 2019
First quarter distribution to Unitholders	27 Jun 2019
Second quarter results announcement	06 Aug 2019
Second quarter distribution to Unitholders	26 Sep 2019
Third quarter results announcement	14 Nov 2019
Third quarter distribution to Unitholders	27 Dec 2019
Full year results announcement	20 Feb 2020
Fourth quarter distribution to Unitholders	26 Mar 2020
Annual General Meeting	17 Jun 2020



**ANALYST COVERAGE**

(As at 31 December 2019)

- CGS-CIMB
- DBS Group Research
- Maybank Kim Eng
- UOB Kay Hian

**UNITHOLDER AND  
MEDIA ENQUIRIES**

If you have any enquiries or would like to find out more about Sasseur REIT, please contact:

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Tel : +65 6536 5355  
Fax : +65 6536 1360  
Website : www.boardroomlimited.com

For depository-related matters such as change of details pertaining to Unitholders' investment records, please contact:

**The Central Depository (Pte) Limited**

9 North Buona Vista Drive  
#01-19/20 The Metropolis  
Singapore 138588

Tel : +65 6535 7511  
Email : asksgx@sgx.com  
Website : www.sgx.com/cdp

PROPERTY  
PORTFOLIO

Providing  
an Exciting  
Shopping  
Experience

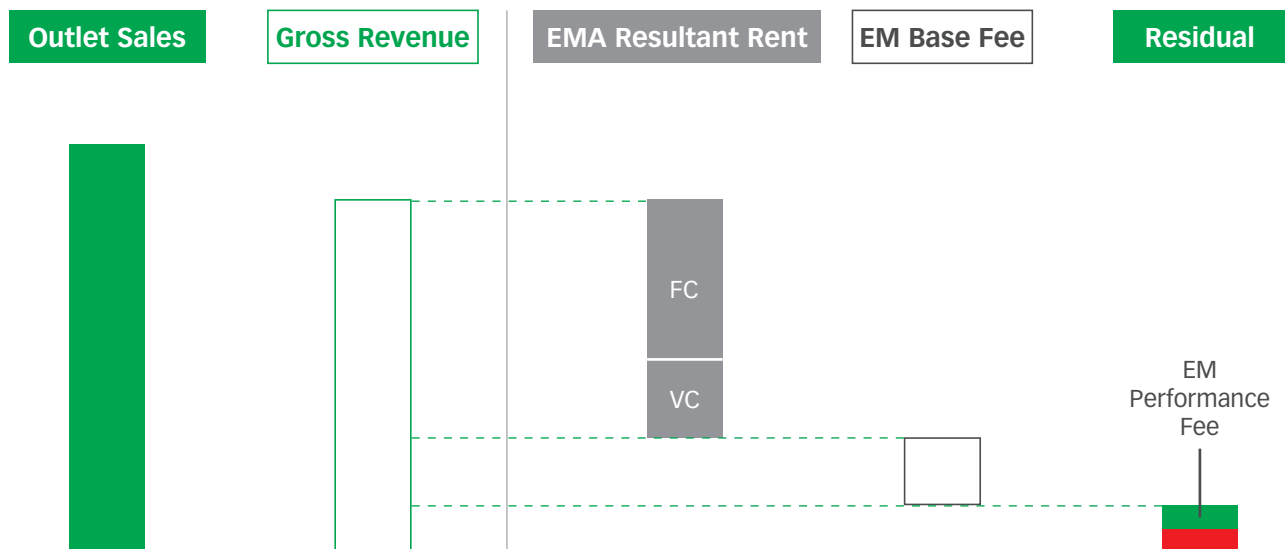




# ENTRUSTED MANAGEMENT AGREEMENT (“EMA”) MODEL

## Business Model

## Sasseur REIT Income Model



- GR = Total rental receivable + Income from permissible investments

- EMA Resultant Rent (“RR”) comprises Fixed Component (“FC”) and Variable Component (“VC”)
- EMA RR payable to REIT
- VC is pegged to outlet sales

- EM Base Fee payable to Entrusted Manager: Up to 30% of GR

- EM Performance Fee:  $60\% \times (GR - RR - EM \text{ Base Fee})$
- Payment to REIT:  $40\% \times (GR - RR - EM \text{ Base Fee})$

EM = Entrusted Manager  
 FC = Fixed Component  
 VC = Variable Component  
 GR = Gross Revenue  
 RR = EMA Resultant Rent

**The EMA model aligns the interests of the Entrusted Manager with the REIT.**

The EMA Rental Income received or receivable from the Entrusted Manager is stipulated under the Entrusted Management Agreements and is derived from the rental income from tenants (see “Financial Statements – Notes to Financial Statements – 1. General – Entrusted Management Agreement” page 140 to 143 for further details).

The EMA Rental Income consists of (i) EMA Resultant Rent, which is the sum of fixed component and variable component, subject to a Minimum Rent arrangement on the portfolio level, and (ii) performance sharing as described below.

As disclosed in the Prospectus dated 21 March 2018, the Minimum Rents for Forecast Period 2018 and Projection Year 2019 amount to RMB 472.9 million and RMB 611.4 million respectively. Pursuant to the terms of the Entrusted Management Agreements, in the event that the Properties’ EMA Resultant Rent falls below the Minimum Rent, Sasseur REIT shall be entitled to receive the shortfall. The Minimum Rent requirement will fall away if the Initial Portfolio achieves the Minimum Rent for two consecutive years commencing from FY 2018.

The EMA Rental Income for the financial periods ending 31 December 2018 and 31 December 2019 are shown in the table below.

	28 March 2018 to 31 December 2018			FY 2019		
	Actual	Forecast <sup>1</sup>	Variance	Actual	Projection <sup>2</sup>	Variance
Fixed Component (RMB'million)	291.2	291.2	-	396.3	396.3	-
Variable Component (RMB'million)	153.5	142.0	+8.1%	221.3	218.4	+1.4%
EMA Rental Income (RMB'million)	444.7	433.2	+2.6%	617.6	614.7	+0.5

For the financial periods ending 31 December 2018 and 31 December 2019, Sasseur recorded EMA Rental Income of RMB 444.7 million and RMB 617.6 million respectively, which exceeded the Minimum Rent requirement. As a result, the Minimum Rent requirement will fall away from the financial year starting 1 January 2020 onwards.

In the absence of the EMA, the distribution per unit and the annualised distribution yield (based on IPO listing price of S\$0.80) would be 4.821 Singapore cents and 6.0% for FY 2019.

#### EMA RENTAL INCOME COMPRISES:

##### **(i) EMA Resultant Rent**

EMA Resultant Rent is the sum of fixed component and variable component.

- **Fixed Component**

The Fixed Component is subject to an annual step-up of 3% over the term of the Entrusted Management Agreements.

- **Variable Component**

The Variable Component for each property will be pegged to a percentage of their respective total sales in accordance with the following percentages:

Property	Variable Component
Chongqing Outlets	4.0% of total sales
Bishan Outlets	4.5% of total sales
Hefei Outlets	5.5% of total sales
Kunming Outlets	5.0% of total sales

##### **(ii) Performance Sharing**

Performance sharing is based on the differential between the Gross Revenue and EMA Resultant Rent and after deducting the EM Base Fee.

#### PERFORMANCE RESERVE

Under the Master Entrusted Management Agreement, the Sponsor will provide a performance reserve of RMB 100.0 million to Sasseur REIT in the form of bank guarantees (which will be placed with an independent financial institution of good financial standing, that is, at least investment grade) or cash which the Trustee can call or draw upon without requiring the approval of the Sponsor (i) as security for performance by the Sponsor and the Entrusted Manager, as the case may be, of all their respective obligations under the Entrusted Management Agreements; and (ii) to secure or indemnify the Trustee as well as any of the subsidiaries of Sasseur REIT against (a) any losses, damages, liability or expenses incurred or sustained arising out of any default by the Sponsor and the Entrusted Manager, as the case may be, under the Entrusted Management Agreements and (b) any claims, losses, damages, liabilities or other obligations by the Trustee or any of the subsidiaries of Sasseur REIT at any time against the Entrusted Manager in relation to any matter arising out of or in connection with the Properties.

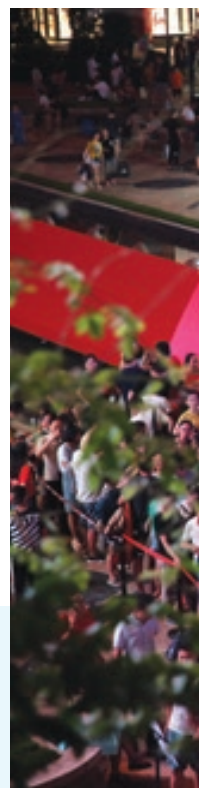
The Sponsor has provided a bank guarantee issued by China Citic Bank International pursuant to the Performance Reserve requirement. Fitch Ratings affirmed China Citic Bank International's long-term credit rating "BBB+" with stable outlook.

<sup>1</sup> Pro-rated to 28 March 2018 to 31 December 2018

<sup>2</sup> Includes additional Hefei shop units acquired in 2019

# MARKETING AND PROMOTION

## Year-round activities to draw shoppers and drive sales





## MARKETING AND PROMOTION

Before the start of the calendar year, our Outlets' marketing and promotional team will spend much time and effort to develop the promotional programs for the coming year. The objectives are two-pronged:

- **Attract more shoppers**
- **Drive sales**

The programs are classified into three key categories A, B and C. Category A are major events like spring festival, anniversary and year-end sales. Category B are special events like Mother's Day and China's National Day. Last but not least, Category C are product-focused events like ladies summer wear, men's accessories or children's wear etc.

We will continue to invest resources for the organisation of these events as they are critical to the success of our outlets.



# PROPERTY PORTFOLIO



## PORTFOLIO

### SALES

**4.83** billion

### VALUATION

**8.212** billion

### SHOPPER TRAFFIC

**10.9** million

### NET LETTABLE AREA

**312,844** sqm

### VIP MEMBERS

**1.585** million

### OCCUPANCY

**96%**





## CHONGQING

Commencement of Operations	August 2008
Net Lettable Area	50,885 sqm
No. of Tenants	427
Occupancy	100%
Implied Acquisition Value	2,452 million
Independent Valuation	2,973 million
Shopper Traffic	4.7 million
VIP Members	514.2 thousand
Top Brands	FILA, Adidas, +39 Space, Coach



## BISHAN

Commencement of Operations	October 2014
Net Lettable Area	47,308 sqm
No. of Tenants	207
Occupancy	92.5%
Implied Acquisition Value	729 million
Independent Valuation	824 million
Shopper Traffic	1.1 million
VIP Members	256.3 thousand
Top Brands	Adidas, Nike, +39 Space, Polo Sports, Obeg



## HEFEI

Commencement of Operations	May 2016
Net Lettable Area	144,583 sqm
No. of Tenants	330
Occupancy	96.3%
Implied Acquisition Value	2,250 million
Independent Valuation	2,795 million
Shopper Traffic	2.3 million
VIP Members	440.4 thousand
Top Brands	Adidas, Coach, Nike, Lucky Bird Fitness



## KUNMING

Commencement of Operations	December 2016
Net Lettable Area	70,067 sqm
No. of Tenants	259
Occupancy	94.9%
Implied Acquisition Value	1,350 million
Independent Valuation	1,620 million
Shopper Traffic	2.8 million
VIP Members	374.1 thousand
Top Brands	Nike, Adidas, FILA, +39 Space, Chow Tai Fook

# 重庆 Chong Qing Outlets

Chongqing Outlets is located at No. 1 Aotelaisi Road in Liangjiangxin District, in the northeast of Chongqing. It is approximately 7 km away from the central commercial hub (approximately 15 minute drive), and about 10 km away from Chongqing Jiangbei International Airport (approximately 15 minute drive), making it easily accessible. The public transportation facilities near Chongqing Outlets are also well developed. The Jinyu transit station along line 3 is within walking distance to the Chongqing Outlets. This transit line brings consumers from the southern and main urban areas to Chongqing Outlets. The nearest station along the Chongqing Rail Transit Line 10 is approximately 500 metres from Chongqing Outlets.





Chongqing Outlets is a retail outlet mall that targets middle and upper-class consumers with higher disposable incomes. Chongqing Outlets was designed and built to reflect an Italian architectural style, distinguishing itself through an experiential shopping concept. Chongqing Outlets houses a cinema, children recreational facilities as well as an array of restaurants. It houses more than 400 stores spread over 7 retail levels (including a basement). Chongqing Outlets features international brands and sports retailers including Tommy Hilfiger, Hugo Boss, Nike, Adidas, Puma and The North Face. We are also embarking on major asset enhancement initiative for Chongqing Outlets, which will undergo repositioning with focus on aesthetic enhancement and landscaping to create a “Chongqing Memory” theme that invokes a sense of nostalgia of Chongqing in the late 1980s.

OCCUPANCY

**100** %

SHOPPER TRAFFIC

**4.7** million

VIP MEMBERS

**514,200**

# 璧山

# Bishan Outlets

Bishan Outlets is located in the Bishan District of Chongqing which is situated in the upstream area of the Yangtze River, west of Chongqing's nine main districts. Commuters traveling from the east and north of Sichuan and the west of Chongqing travel through Bishan to enter into Chongqing city. Bishan is famous for its attractive natural landscapes in the area, such as the Qinglong Lake National Forest Park, Yunwu Mountain National Wetland Park and Jinjian Mountain Tourism and Leisure Area. These tourism spots attract large number of visitors to Bishan each year and provides a large potential customer pool for Bishan Outlets. It is also the closest district to the downtown area of Chongqing and is easily accessible by a one-hour drive (approximately 37 km).

Bishan Outlets offers a diverse shopping and dining experience catering to the needs of the population. It was designed to be a one-stop shopping destination in the Bishan and West Chongqing areas, combining retail shopping with entertainment, food, education and leisure.





Bishan Outlets features a “Super Children’s Centre” and “Super Sports Hall”. The “Super Children’s Centre” includes retail stores offering a selection of infant and children’s clothing labels, early childhood education centre, enrichment centre, children’s playground, photography centre and theatre. The “Super Sports Hall” features a fitness centre and houses sports brands such as Nike, Adidas and Puma. In addition, there are several pubs and bars in Bishan Outlets and it is a popular meeting point for the young. Families can also enjoy the beautiful landscape and open areas in this uniquely designed Outlets.

OCCUPANCY

**92.5** %

SHOPPER TRAFFIC

**1.1** million

VIP MEMBERS

**256,300**

合  
肥

# Hefei Outlets

Hefei Outlets is situated near four main urban roadways, including Changjiang West Road, Wangjiang West Road, Xiyou Road, and Chuangxin Avenue. Hefei Outlets is located 24 km from Hefei railway station and 23 km from Hefei Xinqiao International Airport and is served by public buses. Metro Line 2 has commenced operations on 26 December 2017. There is a Metro Line 2 station, which is approximately 1.2 km from Hefei Outlets. There will also be two additional metro lines (namely Metro Line 4 and Metro Line 7) in the future, connecting Hefei Outlets with the city centre, thereby improving the accessibility of Hefei Outlets and broadening the consumer base. Hefei Outlets is located in the High-Tech Industrial Development Zone, which is one of the top PRC's national high-tech industrial development zones.

Hefei Outlets caters to middle class consumers by offering a wide range of entertainment choices as well as luxury brand stores. With more than 400 stores spread over 5 retail levels (including a basement), it offers shoppers a one-stop shopping, dining and entertainment destination. Hefei Outlets also features one of the largest cinemas in east China and the first five-star cinema in Hefei under the UME cinema chain, with 17 cinemas equipped with state-of-the-art audio and visual systems and more than 2,500 seats. Recent attractions include an indoor zoo and children's edutainment centre, spanning over two levels. Since these two tenants opened for business in 2019, it had consistently attracted large crowds and groups from schools and companies. For asset enhancement initiatives in the coming year, we will see some tenant reorganisation to create a sports theme in Block B as well as completion of a pedestrian walkway to improve shopper traffic between Block A and B.







On 14 May 2019, Sasseur REIT completed the acquisition of additional shop units in Hefei Outlets with existing tenancies at the annex block of its Hefei site for total acquisition cost of S\$20.1 million. The shop units comprise gross floor area ("GFA") of 6,133.84 sqm. The acquisition has increased Sasseur REIT's ownership of the Hefei outlet mall from 77.8% to 81.2% by GFA.

OCCUPANCY

**96.3** %

SHOPPER TRAFFIC

**2.3** million

VIP MEMBERS

**440,400**

昆明

# Kunming Outlets

Kunming Outlets is located to the southwest of Kunming's city centre, which is one of the fast-growing cities in China. Specifically, Kunming Outlets is located in Taiping New City, a new living and leisure area which the local government has strongly supported under its industrial development plans, that includes retail, tourism and modern technology industries. It is within a 5 minutes' drive from the highway exit and is connected to the Kun'an Highway, Anjin Highway, Gaohai Highway, and Northwest Highway, as well as Chengkun Railway and China National Highway G320 Shangrui Expressway, which cross through the city. The established land transportation network across these regions is expected to provide an impetus to the growth of regional economies, and support the business at the Kunming Outlets.





Kunming Outlets offers an exciting array of retail options including outlet mall shopping, restaurants, service offerings, children entertainment and hotel facilities, thereby providing its shoppers with a comprehensive lifestyle and entertainment experience intended to promote retail spending and enhance customer loyalty. The outlets has more than 200 stores spread over 4 retail levels and two basements, overseeing a man-made lake with surrounding lush and green landscaping. Kunming Outlets is positioned to cater to the growing middle-class consumers, satisfying their preference for luxury brands such as Michael Kors, Ports and Fila. Kunming Outlets also carries popular domestic brands to cater to a wider customer base.

OCCUPANCY

**94.9** %

SHOPPER TRAFFIC

**2.8** million

VIP MEMBERS

**374,100**

# PARTNER BRANDS

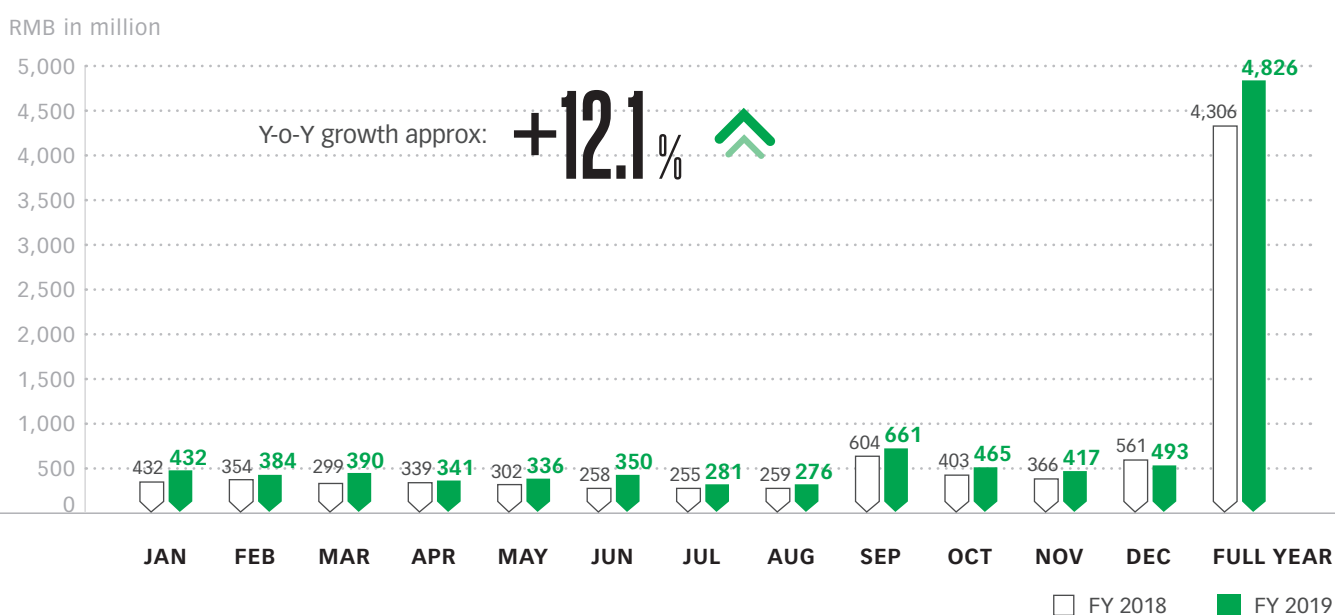


# OPERATIONS REVIEW

## PORTFOLIO SALES PERFORMANCE

Sasseur REIT's portfolio consists of 4 quality assets located in 4 cities across China with an aggregate GFA of approximately 377,737 sqm. As at 31 December 2019, the portfolio had a committed occupancy of 96.0% and a WALE of 3.0 years by Net Lettable Area (NLA) and 1.1 years by Gross Revenue (GR).

Total outlet sales for FY2019 was RMB 4,826 million, 12.1% higher than 2018<sup>1</sup> of RMB 4,306 million. The growth in overall outlets' sales was driven mainly by the strong performance in all the outlets, some registering double-digit percentage growth through the year. Other factors contributing to sales exceeding forecast were successful year-round marketing and promotions programs attracting strong turnout and higher purchases.



## UNIQUE & ACTIVE ASSET MANAGEMENT

Our active asset management approach has continued to add strength and resilience to Sasseur REIT's portfolio. Outlets are an important channel for popular international and domestic brands to sell their inventories at attractive discounts. This is very powerful as it is a 'win-win' for both retailers and consumers. Retailers use this channel to reduce their inventories and consumers to derive the most value for their purchases.

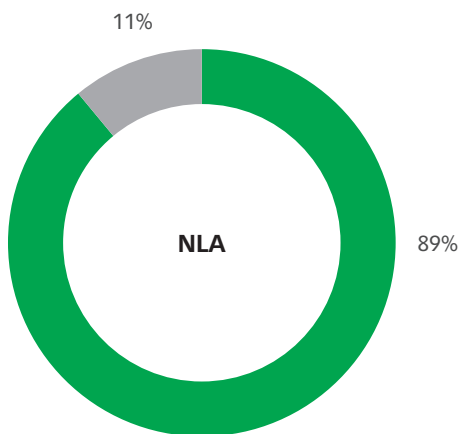
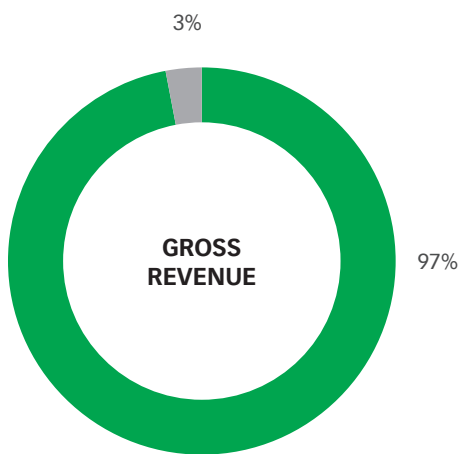
The Entrusted Manager has also consistently adopted a proactive leasing strategy with an emphasis on preserving a positive and growing cashflow. It also forges close working relationship with major brands and offers products at attractive pricing, a key factor to attract shoppers to our outlets.

The sponsor's unique 1+N business model has served us well in face of the current volatile and challenging retail market. The number '1' represents 'value-for-money' outlet shopping, and 'N' represents various lifestyle activities. This combination offers bargain and experiential shopping and positions us as a double-destination for our customers.

<sup>1</sup> Full year from Jan – Dec 2018. Listed on 28<sup>th</sup> March 2018

## OPERATIONS REVIEW

SASSEUR REIT's lease structure provides Unitholders with a stable and growing Gross Revenue cashflow. Approximately 97% and 89% of the leases (in terms of Gross Revenue and NLA respectively) contain turnover rent provisions, which allow SASSEUR REIT to capture the upside through commissions on sales and participate in the growth of high performing tenants. For anchor tenants, the lease structures are on a fixed rents basis, with a built-in annual step-up component. In addition, tenants' sales data can be tracked accurately and quickly as all tenants' point-of-sale systems are integrated to the Entrusted Manager's system.



- Fixed Rent
- Turnover Rent

## ACQUISITION

The IPO portfolio consist of 4 outlets located in Chongqing, Bishan, Hefei and Kunming. In May 2019, we made our first acquisition of retail shop units in Hefei Outlets, increasing our ownership from circa 77.8% to 81.2% of total gross floor area. It was a strategic and attractive opportunity for Sasseur REIT to increase our holdings and consolidate ownership.

## ASSET ENHANCEMENT INITIATIVES

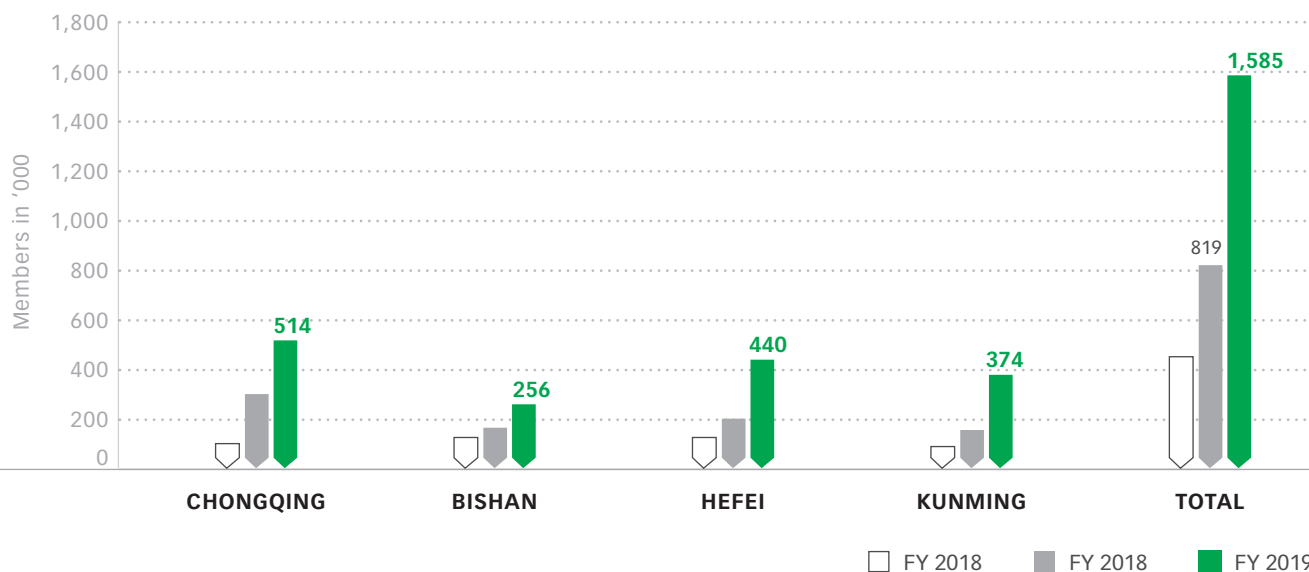
We are also embarking on major asset enhancement initiatives for Chongqing and Hefei outlets. Chongqing outlet will undergo repositioning with focus on aesthetic enhancement and landscaping initiatives to create the "Chongqing Memory" theme that invokes a sense of nostalgia of Chongqing in the late 1980s. Hefei outlet will see some tenancy re-organization to create a sports theme in Block B as well as building a pedestrian walkway to enhance shoppers' flow between Block A and B.



### STRONG GROWTH IN VIP MEMBERSHIP

VIP membership plays a very important role to achieving our retail sales target. Therefore, at the start of the financial year, all outlets are given VIP membership targets to achieve on a monthly basis. Monthly average sales derived from VIP members accounts for around 50% of total sales. Total VIP Members as at 31 Dec 2019 was 1.585 million. This is an increase of 93% from Year 2018.

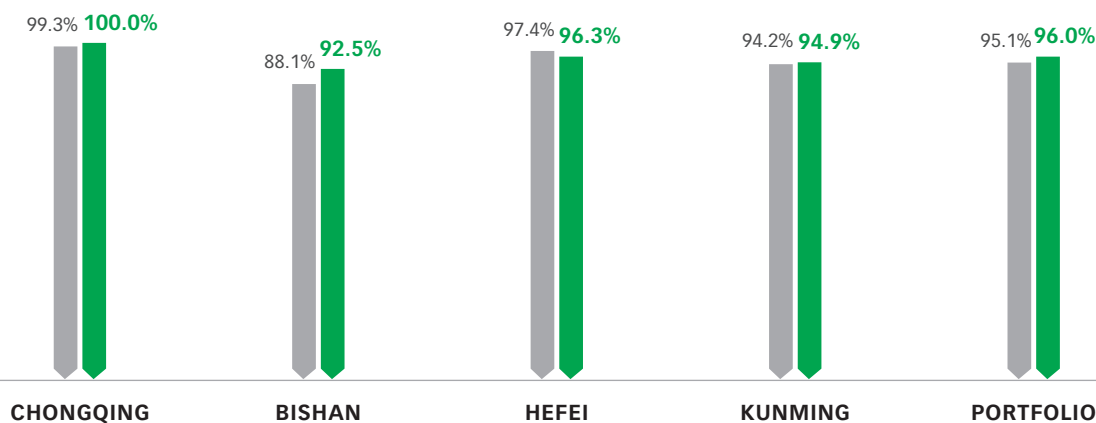
#### VIP Members' Growth by Outlets



### PORTFOLIO OCCUPANCY

The average portfolio occupancy rate stood at 96.0%<sup>2</sup> as at 4th Quarter 2019, which is 0.9% higher than the same period in 2018. The improvement in portfolio occupancy is attributed to the entrusted manager's proactive leasing strategy adopted across all the four outlets. The entrusted manager builds and maintains a strong and close relationship with all the tenants, adopting a 'win-win' strategy for all stakeholders, with full alignment of interests with our tenants through the collection of rental income from commissions on sales.

#### 4 Outlets Malls enjoy high stable occupancy



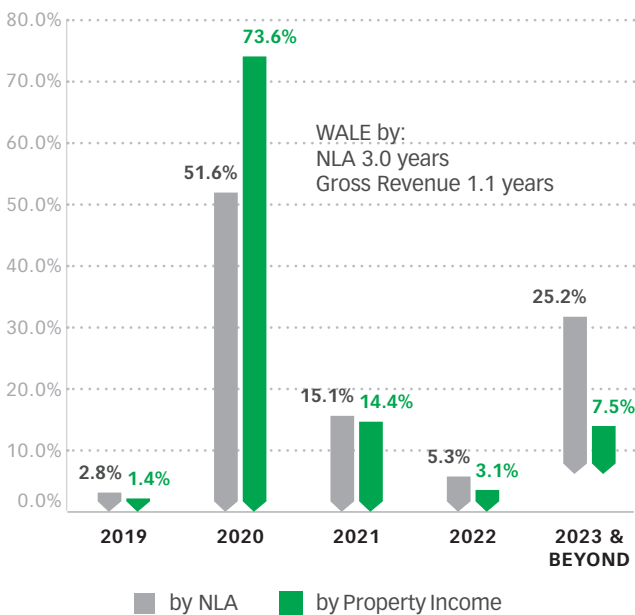
<sup>2</sup> Based on net lettable area available for leasing

■ 4Q 2018 ■ 4Q 2019

# OPERATIONS REVIEW

## PORTFOLIO LEASE EXPIRY PROFILE

As at 31 Dec 2019, the lease expiry profile for Sasseur REIT remained well balanced with a portfolio weighted average lease expiry (“WALE”) of 1.1 years by gross revenue and 3 years by net lettable area. The typical lease terms are 5 to 10 years for anchor tenants and 1 to 3 years for other tenants. Unlike conventional retail malls, Sasseur REIT has intentionally opted for a shorter lease. This is to allow us to cease leases to under-performing brands more easily, and replace them with brands that are better suited to changing consumers’ trends, and also renew leases more frequently at higher commission rates for brands that perform well. With the majority of our rental income pegged to tenants’ sale, our interest is well aligned with the tenants. For the FY 2019, there were 690 renewals and 380 of new leases signed.



## PORTFOLIO TENANTS’ PROFILE & TOP 10 TENANTS

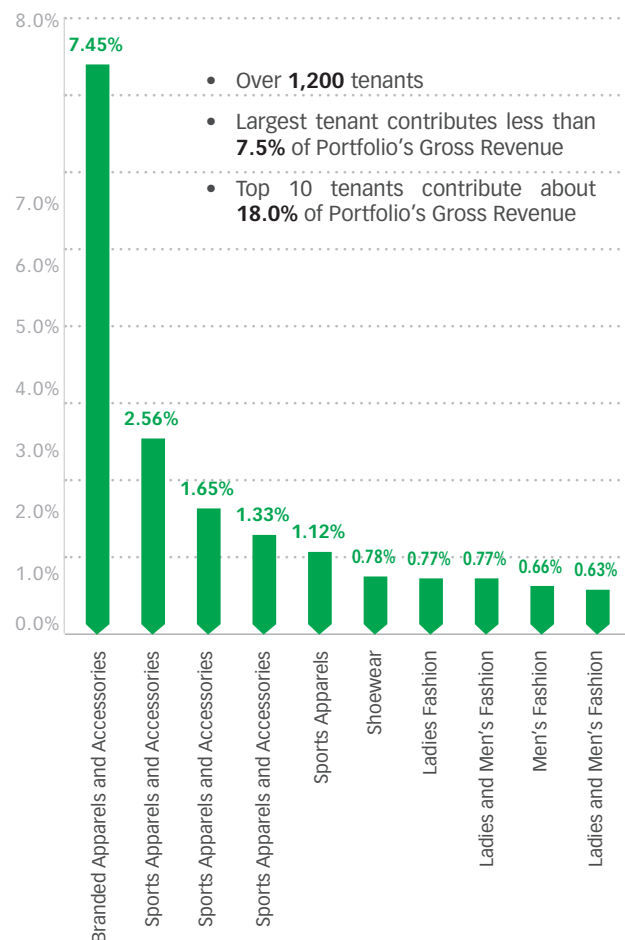
Sasseur REIT has more than 1,200 leases, no single tenant contributed more than 7.5% of Gross Revenue as at 31 Dec 2019. Sasseur REIT’s tenants come from a wide variety of trade-sectors providing good diversification. Based on Gross Revenue, fashion and international brands constitute about 60.7% of the tenants’ profile, which comprises both international and domestic brands.

## BREAKDOWN OF TENANTS IN PORTFOLIO (as at 31 December 2019)

Outlets	No. of Tenants
Chongqing	427
Bishan	207
Hefei	330
Kunming	259
<b>Portfolio</b>	<b>1,223</b>

The 10 largest tenants accounted for about 18.0% of total gross revenue. The tenant diversification across trade sectors and low dependence on any particular tenant enabled Sasseur REIT to mitigate its concentration risk and enhance its portfolio resilience.

## TOP 10 TENANTS BY GROSS REVENUE (as at 31 December 2019)



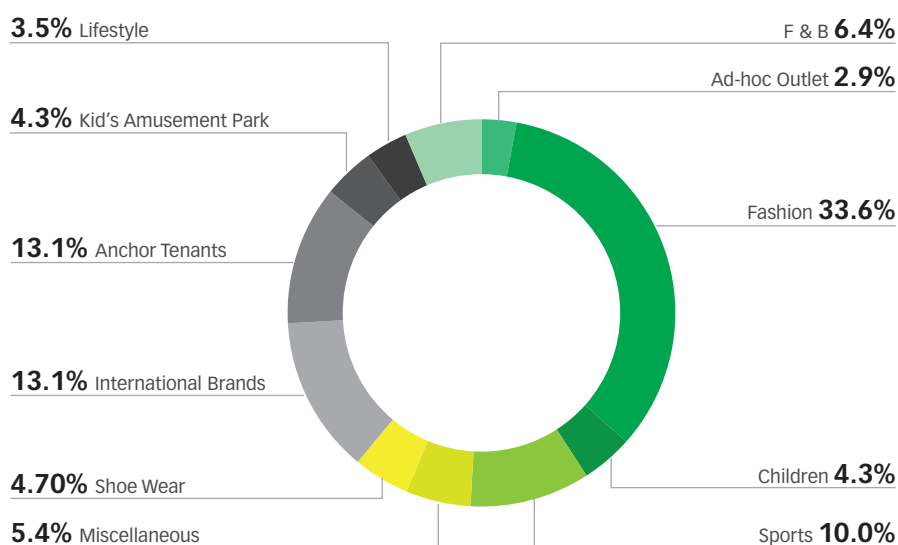


### TRADE SECTORS' ANALYSIS

Sasseur REIT's boasts a well-diversified portfolio from 11 different trade sectors. Fashion wear continues to be the largest sector accounting for 40.0% of Sasseur REIT's Gross Revenue. The top three largest trade sectors of fashion, sports and international brands contributed close to 76.5% of total GR. As part of our continued effort to improve the trade mix to better cater to the ever-changing consumers' preferences, we have introduced new lifestyle activities like an indoor zoo and more kids-centric offerings in our outlets.

### WELL DIVERSIFIED PORTFOLIO TENANTS' MIX

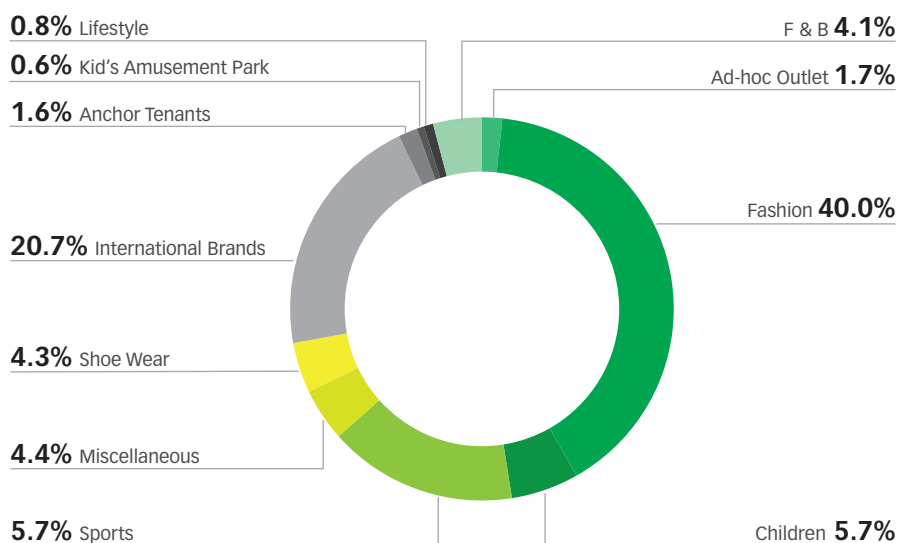
#### Breakdown of NLA<sup>1</sup> by Trade Sector



**56.7%**

**Fashion, Sports and International Brands**

#### Breakdown of Revenue<sup>2</sup> by Trade Sector



**76.5%**

**Fashion, Sports and International Brands**

<sup>1</sup> As percentage of the portfolio's net lettable areas as at 31 December 2019

<sup>2</sup> As percentage of the portfolio's gross revenue as at 31 December 2019

# SUSTAINABILITY

## ABOUT SASSEUR REIT

Sasseur Real Estate Investment Trust ("Sasseur REIT") is the first outlet mall REIT listed in Asia. As of 31 December 2019, Sasseur REIT has a portfolio of four retail outlet malls located in Chongqing, Bishan, Hefei and Kunming. Sasseur REIT is managed by Sasseur Asset Management Pte. Ltd. (the "Manager") and Sasseur (Shanghai) Holding Company Limited (the "Entrusted Manager"). The Manager's main responsibility is to manage Sasseur REIT's assets and liabilities for the benefit of Unitholders. Under the Entrusted Management Agreements, the Entrusted Manager manages the end-to-end operations of the Properties for and on behalf of the PRC Property Companies. Striving for constant improvement and exceptional performance, the Manager and Entrusted Manager work closely together through regular meetings and share information via various digital platforms to communicate on a real time basis on leasing activities, business plans and consumer trends.

The Manager is an indirect wholly-owned subsidiary of Sasseur Cayman Holding Limited (the "Sponsor"), a part of the Sasseur group (the "Sponsor Group") which is one of the leading premium outlet groups in the People's Republic of China ("PRC"), ranked within the top 500 service companies in the PRC. With about 30 years of experience in art-commerce, the Sponsor Group is recognised in Asia as a leading outlet operator which adopts a strategic approach of integrating emotion, aesthetics, scenario planning and prudent capital management, based on its "A x (1+N) x DT" Super Outlet business model. Through its business model, the Sponsor Group provides multidimensional social ecosystems within its outlet malls by merging art, outlets shopping, social spaces and the use of data technology.

## BOARD STATEMENT

The Board of Directors (the "Board") is pleased to present Sasseur REIT's inaugural Sustainability Report for the financial year ended 31 December 2019 ("FY 2019"). This report discloses Sasseur REIT's environmental, social and governance ("ESG") impacts and the REIT's progress towards the goal of sustainable management of its real estate portfolio.

Sasseur REIT is focused on its mission to become the world's top Outlet Brand, providing high-quality premium products at low prices for consumers. While growing income, we also honour social commitments such as increasing the value of art malls, promoting the improvement of product and service quality, lifestyle, and advancing the process of urbanisation.

Working towards achieving this mission, the Board is determined to align sustainability initiatives with our business objectives. We consider sustainability issues part of our strategic formulation of our business plans, setting direction and goals in ensuring strong corporate governance, fair employment practices and efficient consumption of resources, on top of delivering robust financial results.

The Board has approved the material ESG factors presented in this report to be relevant for the current year and will provide oversight to ensure that these ESG matters are monitored and managed. The Manager will remain vigilant in upholding Sasseur REIT's commitments towards sustainability practices while creating value for its stakeholders.

We thank everyone who has been a part of our sustainability journey and look forward to updating our sustainability progress next year.

## ABOUT THIS REPORT

### REPORTING FRAMEWORK

This report is aligned with the Sustainability Reporting Guide as set out in the SGX-ST Mainboard Listing Rule 711(B) of the Listing Manual of the SGX-ST. The report has also been prepared with reference to the Global Reporting Initiative (“GRI”) Standards. The GRI Standards were selected as it is an internationally recognised reporting framework. It covers a comprehensive range of sustainability disclosures that is suited to Sasseur REIT’s industry and business model. The report references the following GRI Standards and topic-specific disclosures:

- Disclosure 302-1 and 302-3 from GRI 302: Energy 2016
- Disclosure 303-3 from GRI 303: Water and Effluents 2018
- Disclosure 307-1 from GRI 307: Environmental Compliance 2016
- Disclosure 401-1 from GRI 401: Employment 2016
- Disclosure 404-2(a) and 404-3 from GRI 404: Training and Education 2016
- Disclosure 405-1 from GRI 405: Diversity and Equal Opportunity 2016
- Disclosure 419-1 from GRI 419: Socioeconomic Compliance 2016

### REPORTING PERIOD AND SCOPE

The reporting period covered in this report is from 1 January to 31 December 2019.

Unless otherwise stated, this report covers the performance of Sasseur REIT’s portfolio of properties in Chongqing, Bishan, Hefei and Kunming. For socioeconomic and governance performance, the report covers the employees of the Manager and Entrusted Manger.

No external assurance was sought for this report. External assurance by independent professional bodies will be considered as our reporting matures over time.







### FEEDBACK

The Manager values and welcomes all feedback from stakeholders as they are integral to the continuous improvements of our sustainability practices and reporting. Please send all comments and suggestions to [ir@sasseurreit.com](mailto:ir@sasseurreit.com).

## MANAGING SUSTAINABILITY

### STAKEHOLDER ENGAGEMENT

We value open dialogue and regular engagement with stakeholders to understand their concerns and expectations. Frequent stakeholder engagements are undertaken to facilitate the continuous improvement of the operations. The table below details our engagement activities with our key stakeholders.

Key stakeholder groups	Key engagement modes	Key interests of stakeholders
 <p><b>Investors and Unitholders</b></p>	<ul style="list-style-type: none"> <li>- Quarterly financial reporting</li> <li>- Annual General Meeting</li> <li>- Bilateral communications via emails, calls and meetings</li> <li>- Corporate website</li> <li>- Investor Conferences</li> <li>- Non-deal roadshows</li> </ul>	<ul style="list-style-type: none"> <li>- Financial and operational performance</li> <li>- Business strategy and outlook</li> <li>- Capital and risk management</li> <li>- Corporate governance</li> </ul>
 <p><b>Tenants</b></p>	<ul style="list-style-type: none"> <li>- Knowledge sharing sessions</li> <li>- Meetings and discussions</li> </ul>	<ul style="list-style-type: none"> <li>- Good property maintenance</li> <li>- Mall publicity</li> <li>- Shoppers' traffic</li> <li>- Strategic partnership</li> </ul>
 <p><b>Retail shoppers</b></p>	<ul style="list-style-type: none"> <li>- Enquiries and feedback through Customer Service Centre</li> <li>- Marketing and promotional events</li> <li>- REIT website</li> <li>- Social media</li> <li>- Loyalty programme</li> </ul>	<ul style="list-style-type: none"> <li>- Quality products</li> <li>- Availability to promotion campaigns</li> <li>- Diversity of retail mix</li> <li>- Safety</li> <li>- Family-friendliness</li> <li>- Membership benefits</li> </ul>
 <p><b>Government and authorities</b></p>	<ul style="list-style-type: none"> <li>- Communication and consultations with government and authorities</li> <li>- Co-organise community engagement projects</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance with regulatory requirements</li> <li>- Contributions to industry/community</li> <li>- Good corporate governance</li> <li>- Environmental impact</li> </ul>
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>- Orientation programmes for new joiners</li> <li>- Employee appraisals</li> <li>- Employee townhall and 360-degree feedback sessions</li> <li>- Training and career development programmes</li> <li>- Team cohesion activities</li> <li>- Internal staff communication and newsletters</li> </ul>	<ul style="list-style-type: none"> <li>- Fair employment practices</li> <li>- Good corporate governance</li> <li>- Skills development and career progression</li> <li>- Employee welfare management</li> </ul>
 <p><b>Local Communities</b></p>	<ul style="list-style-type: none"> <li>- Employee voluntarism</li> <li>- Social entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>- Contributions to community</li> </ul>

**DELIVERING EXCEPTIONAL VALUE**

In 2019, the REIT has received multiple accolades and awards in recognition of our achievements.

Some examples are listed below:



Figure 1: Award Ceremony at the Outlets Leader Summit for the year 2018

• Chongqing Outlets

- 2018 China Outlet Sales Top 10 Award and Sales Per Unit Area Top 10 Award by China Outlet Chamber of Commerce Outlet Division
- 2018 China Outlets Leader Summit: China Outlets Sales Top 10 Award, Sales Per Unit Area Top 10 Award and Innovation Sales Award by China Outlet Association
- 2018 Flagship Commercial Property in Southeast China Award by Chinese Commercial Real Estate Golden Awards

• Bishan Outlets

- 2018 Most Influential Company Award by Chongqing Daily and Chongqing Retail Association
- 2018 China Outlets Leader Summit: China Outlets Sales Top 10 Award, Sales Per Unit Area Top 10 Award and Innovation Sales Award by China Outlet Association
- 2018 Chinese Commercial Real Estate Golden Awards: Flagship Commercial Property in Southeast China Award

• Hefei Outlets

- 2018 China Outlet Emerging Player Award by China Outlet Chamber of Commerce Outlet Division
- Listed as Exemplary Company by Trustworthy Consumer Market in Anhui

• Kunming Outlets

- 2018 China Most Beautiful Outlet Award by China Outlet Chamber of Commerce Outlet Division
- 2018 China Outlets Leader Summit: China Outlets Growth Award by China Outlet Association
- 2018 Outstanding Tax Contribution Award by Anning City Municipal Government

**MATERIALITY ASSESSMENT**

The Manager, together with the Entrusted Manager, defines material sustainability matters as issues with significant ESG impact on Sasseur REIT and its stakeholders. The materiality assessment process follows three steps, as described below (see Table 1).

In FY 2019, the material sustainability matters identified (see Table 2) were reviewed and deemed to be relevant in the current year by the Manager, approved by the Board.

Table 1:



Table 2:

Focus areas	Material Sustainability Matters
<b>Governance</b>	Regulatory Compliance
<b>Environment</b>	Energy consumption
	Water management
<b>Focusing on People</b>	Talent Retention and Training
	Community Service (Additional Factor)

In addition, we have disclosed our efforts on managing the COVID-19 disease ("COVID-19")<sup>1</sup> outbreak which was first detected in November 2019. We are committed to combating the disease as the pandemic affects the health and safety of our employees, our customers and our tenants.

<sup>1</sup> This is an additional disclosure, not a material factor due to the temporary nature of a disease outbreak.

## GOVERNANCE

### REGULATORY COMPLIANCE

We believe that an ethical business conduct and regulatory compliance are fundamental in building trust among our stakeholders. Sasseur REIT upholds high standards of corporate governance through actively managing our compliance risks.

The Manager and Entrusted Manager recognise that effective corporate governance culture is critical to its performance. Thus, a team led by the Chief Executive Officer (“CEO”), with senior representatives from the finance, property management, and compliance functions, was established. The team plays a leading role in enhancing Sasseur REIT’s sustainability performance, driving responsible business practices and reporting to the Board regularly on sustainability policies and practices. The table below presents a summary of the key governance policies which Sasseur has implemented.

Sasseur’s Policies	
<p><b>Policy on anti-bribery, corruption and fraud</b></p>	<p>Employees are required to abide by the Employee Code of Conduct, which provides guidance on issues including the prohibition of bribery, management of conflicts of interest and anti-corruption. There is also an established Whistle Blowing Policy which allows employees and external parties to report possible improprieties directly to the Board in confidence.</p> <p><b>Performance achieved:</b> There were no material instances of bribery, corruption and fraud reported during the year.</p> <p><b>Target:</b> We have zero tolerance towards any acts of bribery, corruption and fraud, and will comply with applicable Anti Money Laundering (“AML”), Combating the Financing of Terrorism (“CFT”) and unilateral and domestic sanctions laws and regulations.</p>
<p><b>Policy on compliance with laws and regulations</b></p>	<p>The management keeps abreast of changing regulatory requirements and actively manages our compliance risks.</p> <p>Regular trainings are conducted for relevant personnel to ensure that they understand and abide by laws and regulations. For example, the licenced Capital Markets Services representatives from the Manager attend yearly compliance training for regulatory updates. Within the Entrusted Manager, a Compliance Department is set up to conduct internal trainings and compliance inspections. Any non-compliance matters raised will be investigated and reported to the Entrusted Manager and Manager for timely reviews and resolutions, strengthening our Enterprise Risk Management (“ERM”) framework.</p> <p><b>Performance achieved:</b> There were no material instances of non-compliance with laws and regulations during the year.</p> <p><b>Target:</b> In the coming year, we aim to maintain our record of zero non-compliance. Moreover, we aim to provide key management personnel with at least one training related to occupational crime and one training related to ERM. We also intend to add post-training feedback questionnaires to improve our content and delivery of compliance trainings in the future.</p>

### Sasseur's Policies

#### Policy on responsible business practices

Customers are naturally concerned about their experiences and value received when shopping with us.

We are committed to fair dealing outcomes for our customers and have taken the following proactive steps, which includes:

- Performing regular inspections on items sold in our outlets with rigorous due diligence processes.
- Ensuring our employees are properly trained with high service standards in handling complaints to ensure that customer feedback and concerns are investigated and resolved in a timely, effective and fair manner.
- Setting exceptional return and refund policies that provide assurance and helps build trust in our malls. This includes instituting safeguards against the sales of fake goods by stringent control through severe penalties (i.e. merchants fine of ten times of sales of fake goods, and customers compensation of ten times for fake goods sold to them).

**Performance achieved:**

There were no material instances of counterfeit reports during the year.

**Target:**

We will continue to ensure that authentic high-quality products are sold at our outlet malls, which are fundamental to our reputation and licence to operate.

#### Policy on Cyber Security

Sasseur REIT recognises the increased risk of cyber-attacks and hence places high importance on cyber security in the organisation. As a trusted brand name, our IT Department strives to continuously strengthen our IT infrastructure. This is done to safeguard the integrity of our data network, protecting and ensuring that personal data are used or maintained in a responsible manner.

**Performance achieved:**

There were no material instances of customer data loss during the year.

**Target:**

We will continue to strengthen our cyber security capabilities to protect our data. We will also adopt measures to heighten our ability to monitor any potential cyber-attacks and threats to breach of data, formalising preventive measures before they become a significant event.

## ENVIRONMENT

Sasseur REIT is committed to identifying and responding to climate change risks and environmental impacts on its portfolio of properties. We strive to minimise our environmental footprint. In 2019, we had zero cases of significant fines and non-monetary sanctions arising from non-compliance with environmental laws and regulations.

### ENERGY CONSUMPTION

#### Pilot Test: Waste Sorting Practice

Since the start of 2019, several Chinese cities including Shanghai, have passed laws for mandatory waste sorting as part of the national movement to improve recycling rate and efficiency. However, the waste classification system that differentiates between various waste such as wet, dry, hazardous and recyclable waste, can be confusing for many people. Although requirements have yet to be formally established in Chongqing, the local government seeks to test out waste sorting practices in selected locations to raise public awareness.

As a leading outlet mall, Sasseur Chongqing Outlet was chosen by the local government as one of the testing points to lead the city's environmental initiative. Aside from setting up waste sorting bins within our premises to encourage proper waste disposal, we have also steps to educate employees and shoppers on proper waste management. For example, our LED screens in the mall display educational clips on how to sort waste properly. We have also published related contents through our official WeChat account. Sasseur has also set up a team to oversee this initiative and report recycling data regularly back to the Property Manager and the local government to ensure accountability.

Energy and its associated greenhouse gas ("GHG") emissions are emerging global concerns. To play our part in combating global climate change, Sasseur is working towards reducing energy consumption within our outlet malls through continuous monitoring, process optimisation and behavioural change.

We have set up an in-house energy saving team who regularly monitors and reviews our energy consumption. An energy budget is included as a part of the annual budget, thus setting KPIs for the operating team on the ground. Within the malls, we are keeping a close watch on our real-time consumption for prompt identification of abnormalities. At the end of each month, the team runs analytical reviews on the monthly energy consumptions, comparing the data with the previous periods and budgets to assess our energy performance.

Considering that energy conservation is a firm-wide effort, we have established Standard Operating Procedure ("SOP") Guidelines for Energy Conservation Management, to guide our energy management. This guideline outlines the best practices in energy consumption, such as adjusting the air-conditioning temperature and timing for exterior lighting in relation to seasonal changes. It also helps to raise awareness among employees to influence their consumption behaviour. The SOP is reviewed annually to maintain its relevance, with the Safety and Quality Department conducting quarterly inspections of all the outlet malls to ascertain that the SOP is adhered to.

With a strong monitoring and management oversight over our energy consumption, during the year, we continue to identify areas for improvement. Across our four malls, we have carried a few key energy-saving initiatives:

- Adding auto switches to public areas, to allow adjustment of lighting based on time and natural lighting
- Optimising the light circuit from a series to a parallel arrangement, to allow flexibility in switching on part of the lights at night
- Maintaining air-conditioning units regularly for optimal efficiency
- Conducting capacity reviews for transformers, shutting down or combining those that are running below capacity
- Patrolling of outlet malls at night and taking photos of any faults promptly to inform the engineering department of areas that require repair



**Performance achieved:**

In 2019, our four outlet malls consumed 58,092 megawatt hour (“MWh”) of energy in total. Electricity usage accounted for more than 88.7% of total energy consumption, together with other energy sources including 11.28% natural gas<sup>2</sup> and 0.02% diesel. Our energy intensity was 126.6 kWh/m<sup>2</sup> of net operating area.

**Target:**

In the next year, we target to reduce our energy consumption per net operating area.

**WATER MANAGEMENT**

Sasseur is conscious that water is a shared and limited resource and therefore, we are committed to reducing our water consumption.

As part of our commitment to promote the responsible usage and better management of water, we withdraw water from artificial lakes for landscape irrigations. Moreover, each of our malls has its own bio-treatment pond, where sewage is treated to meet national regulatory requirements before discharge.

**Performance achieved:**

In 2019, our four outlet malls withdrew 352.2 mega litres (ML) of water in total, all comprising of municipal water. Our water intensity was 0.77 m<sup>3</sup>/m<sup>2</sup> of net operating area. Among the cities that we operate in, Kunming is categorised under “Areas of High Water Stress” by the World Resource Institute’s “Aqueduct Water Risk Atlas”<sup>3</sup>. 18.2% of our water consumption occurred in Kunming.

**Target:**

In 2020, we target to reduce our water consumption per net operating area.

2 For our Kunming outlet, natural gas is used for cooking purposes only. For the rest of our three outlets, natural gas is used for cooking and heating purposes.

3 Accessible at: <https://www.wri.org/resources/maps/aqueduct-water-risk-atlas>, data was assessed on 1 February 2020.

4 Our definition of each employee category is as follows: senior management includes the C-suite level among the Manager and well as General Manager from each Outlet Mall; middle management includes Heads of Department (“HOD”), Senior Managers, Directors, Managers and equivalent among both the Manager and the Entrusted Manager; Associate includes the rest of the employees.

**FOCUS ON PEOPLE**

A team of high-performing and committed employees are at the heart of Sasseur’s success. It is imperative that we remain as an employer of choice to continually attract, retain and develop talent. We strive to provide an engaging and rewarding environment for our employees through competitive compensation packages and career development programmes, helping them discover and develop their potential to the fullest. We also contribute to the society through various Corporate Social Responsibility (“CSR”) activities.

**TALENT MANAGEMENT AND RETENTION**

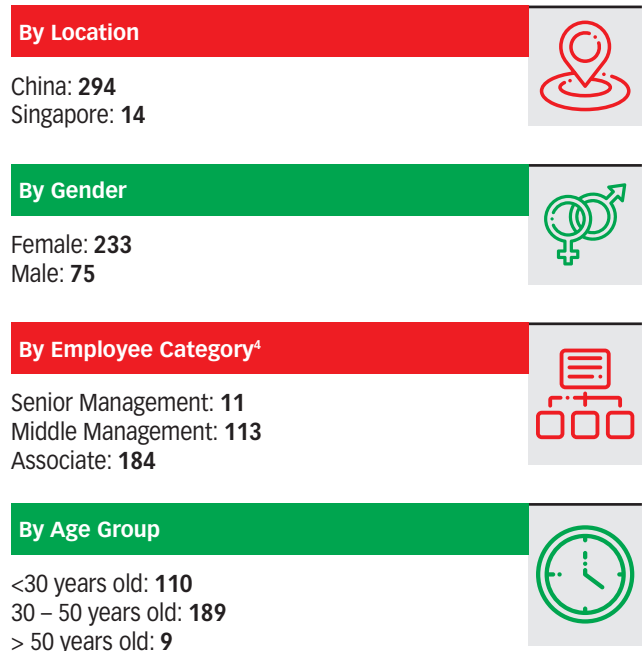
**Diversity and Equal Opportunity**

At Sasseur, we believe that diversity is essential to build a dynamic and engaging team. We adopt a fair employment policy that provides everyone with equal opportunities free from discrimination. The Manager is also a signatory to the Tripartite Alliance for Fair Employment Practices.

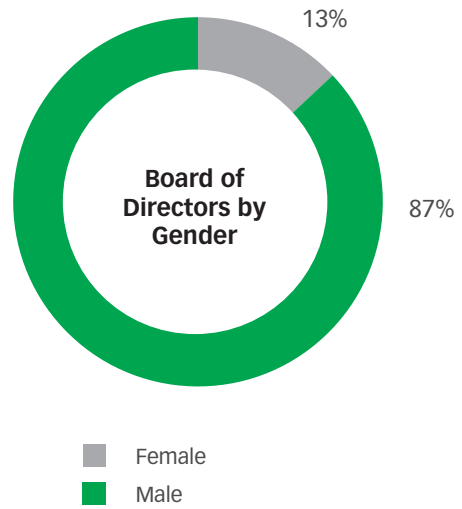
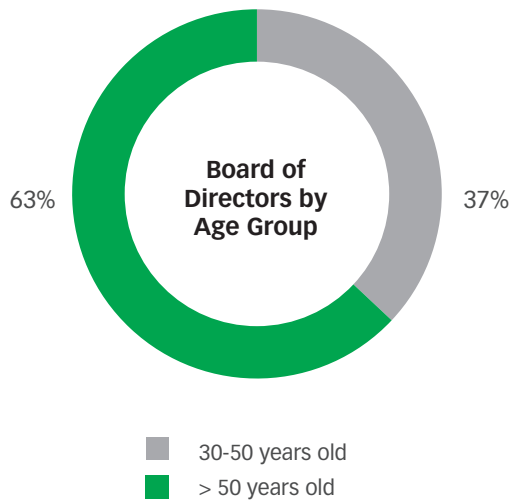
As at 31 December 2019, our total headcount stands at 308 for both the Manager and Entrusted Manager. We celebrate a strong female representation among our senior management, with 64% of them being female. This bears testament to our culture of attracting and grooming talents based on merit. In 2019, we hired 79 new employees and had a turnover of 98 employees. Our annual new hire rate and turnover rate stood at 26% and 32% respectively.

A detailed profile of our employees is illustrated in the charts below.

**Overall employees**

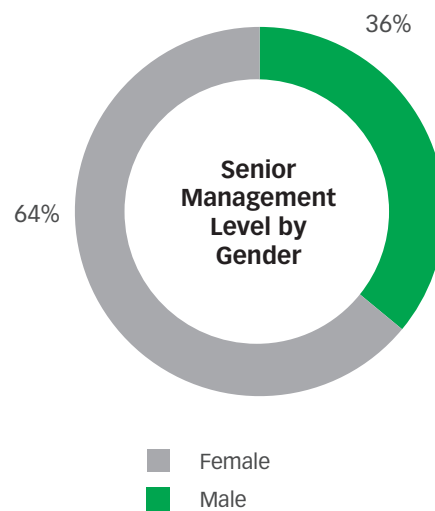
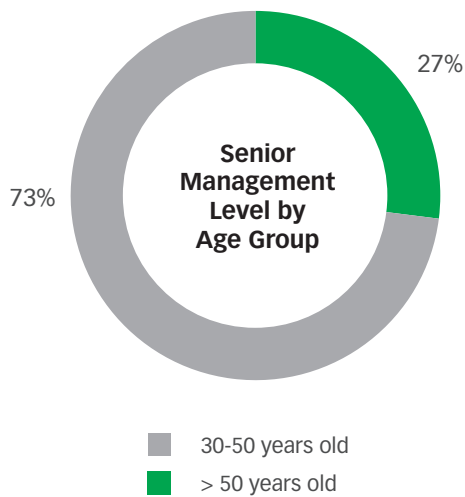


**DIVERSITY OF BOARD OF DIRECTORS**

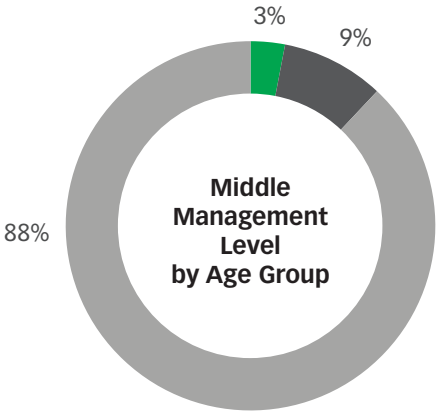


**DIVERSITY OF EMPLOYEES**

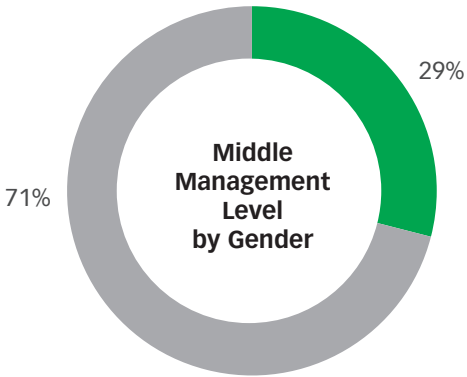
**SENIOR MANAGEMENT**



MIDDLE MANAGEMENT

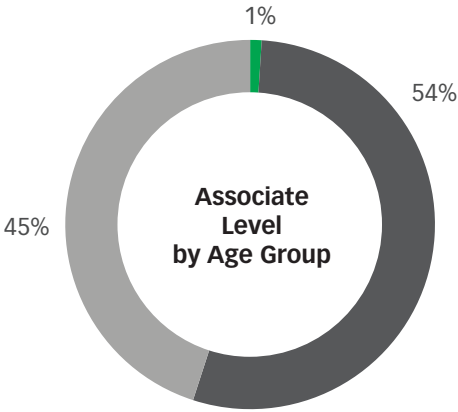


- < 30 years old
- 30-50 years old
- > 50 years old

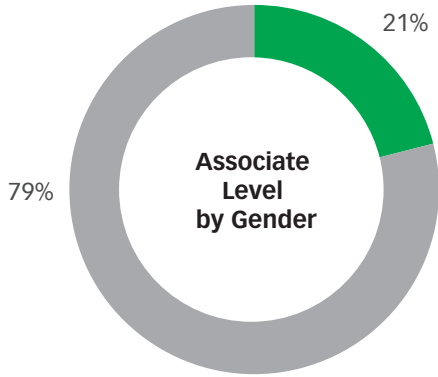


- Female
- Male

ASSOCIATES



- < 30 years old
- 30-50 years old
- > 50 years old



- Female
- Male

**COMPETITIVE COMPENSATION**

To competitively compensate and motivate our employees, Sasseur Group has launched a signature Business Partnership Programme as illustrated below.

**Business Partnership Programme**

The Business Partnership Programme is Sasseur Group’s unique profit-sharing programme which aims to reward and incentivise employees, including those from the Entrusted Manager. The programme offers visible and tangible short-term incentives, as well as the prospects for long-term career development and achievements. The aim of this programme is to change the mindset of employees from worker to partner. This identity change, coupled with the prospects of profit sharing and long-term career success, helps to stimulate a sense of ownership, passion and creativity among the management team.

In FY 2018, the REIT has successfully met operating indicators set at the beginning of the financial year. Sales achieved a year-on-year increase of 61%, with revenues increasing by 53%. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) also experienced a year-on-year increase of 114%. In the first year of its launch, across the Sasseur Group, more than 220 general business partners were awarded with nearly 28 million RMB in bonuses, showcasing the success of the programme.



Figure 2: Ceremony to announce 2019’s new general business partners

To fairly distribute the compensation, we conduct regular performance appraisals and reward our employees accordingly. Within the Entrusted Manager, each department’s overall performance will also be regularly evaluated based on the “four-dimensional integration” framework, which includes plan management, budget management, business indicator evaluation, and internal audit. In 2019, 100% of our employees received performance reviews.

## TRAINING AND CAREER DEVELOPMENT PROGRAMMES

Every employee has an equal opportunity to be considered for training and development to help them achieve their full potential. Apart from opportunities for company sponsored external trainings or certification programmes, we also have a strong internal training programme in Sasseur. In 2019, each employee received on average 3.56 hours of training. One of the most prominent programmes is our Torch Bearer programme, as illustrated below.

### Torch Bearer Programme

With the belief that the best trainers are found within the organisation as they have in-depth understanding of our team and business, we launched the Torch Bearer Programme. Employees that exhibited exceptional skill in their work were identified and sent for training. At the end of the training, the selected candidates will in turn prepare a curriculum to train other team members on the skill set that they possess. This programme not only hones the individual's public speaking skills, but it also cultivates a leadership mindset in them.

2019 is the 2<sup>nd</sup> year that we launched the programme and we have obtained overwhelming success. A total of 29 trainers have completed the programme. In turn, they developed 35 training courses tailored to Sasseur, comprising 5 key topics, including operations, digital marketing, finance, property management, as well as human resource. These training courses are also open to tenants of our outlets, should they wish to attend. This year, the graduate trainers conducted 104 training sessions for 2,330 participants, who gave an average rating of 9.72 out of 10 for the sessions.



Figure 3: Sasseur Group Chairman conducting training as part of the Torch Bearer Programme

## SUSTAINABILITY

### WORKPLACE WELL-BEING

To build a strong team spirit, we have embarked on several initiatives to build and promote an engaging corporate culture. In 2019, we launched our internal newsletter publication “Chuan Di”, which provides employees with a platform to share experiences and stories that promote cultural corporate values.

Sasseur believes that the management should stay in touch with voices of the employees. The Entrusted Manager uses the Gallup Q12 Employee Engagement Survey and monthly townhall meetings to gain insights from employees on leadership, team culture, development and other issues. Breaking away from the traditional system where superiors provide feedback to subordinates, the Entrusted Manager also adopted a 360-degree feedback system where subordinates can also provide feedback to their superiors.

#### **Target:**

In the coming year, Sasseur will introduce a new e-learning system to improve training accessibility and frequencies to all employees.

On a more strategic level, Sasseur plans to launch a new “2-tiered leadership development programme”, aimed at grooming a pipeline of future leaders. Overseen by the Board members and C-suites, resource and talent review meetings are conducted to identify high performing individuals from the middle and senior management levels. The programme offers candidates with exposure to specialised trainings, exchange opportunities, close mentorship from their seniors, management retreat events, as well as the opportunity to receive guidance directly from the Chairman. The candidates will be closely assessed to fully develop their potential.

### COMMUNITY SERVICE

Sasseur sees the importance of engaging employees in corporate social responsibility programmes, providing them with opportunities to contribute their time and skills for the communities.

#### **Performance achieved:**

### CHONGQING OUTLET: RENT-FREE FARMER’S MARKET

Chongqing Outlet collaborated with the local government to create a rent-free farmer’s market. It allows farmers to keep a bigger share of proceeds and benefit from the huge shopper volume that Sasseur offers. At the same time, our shoppers also enjoyed shopping for fresh farm produce, which can be a novel and refreshing experience for many city dwellers.



Figure 4: Farmers participating in the “Rent-free Farmer’s Market”

**KUNMING OUTLET:  
PROVIDING WARMTH:  
VOCATIONAL EDUCATION TRIP 2019**

In collaboration with Yunnan Warmth Project Charity Foundation, our Kunming Outlet hosted a 'Providing Warmth: Vocational Education Trip 2019', where 20 lower income students from Yunnan's remote border area visited the Kunming Outlet together with their teachers.

This project was aimed to inspire students with awareness and confidence in career planning. Through a series of engaging activities, such as site visits to the shopping malls, workplace etiquette training and career sharing, the students were able to get a better understanding of their possible career paths in the future. They were also given the opportunity to share their musical skills and celebrate their unique ethnic heritage in a talent show.

At the same time, Kunming Outlet launched a "Purchase and Donate" campaign for these students. Both our employees and shoppers have generously purchased gifts, such as tumblers, down jackets and backpacks, to participating students. Kunming Outlet also presented students with customised notebooks and panda pillows as souvenirs.



Figure 5: Students participating in the "Providing Warmth: Vocational Educational Trip 2019"

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**"This project has allowed me to look forward to my future job prospects. I am inspired to study hard in order to break my family out of the poverty cycle. I hope to be like Sasseur in the future to bring love and warmth back to the society."**

- 17-year-old student from the Yi ethnic group

**THE MANAGER:  
KICKING OFF SGX BULL CHARGE 2019  
FUNDRAISING AS PREMIUM PARTNER**

In celebration of Sasseur REIT's first year of listing on the SGX Mainboard, the Manager donated \$300,000 to SGX's flagship charity initiative, Bull Charge, thereby signing up as a Premium Partner on 17 April 2019. This is by far the largest single donation to Bull Charge in recent years. SGX Bull Charge supports the needs of underprivileged children and families, persons with disabilities, as well as the elderly. By joining the SGX Bull Charge family, we are able to reach out to many beneficiaries, namely AWWA Ltd., Autism Association (Singapore), Community Chest, Fei Yue Community Services, HCSA Community Services and Shared Services for Charities.



Figure 6: Chairman Mr. Vito Xu Rongcan presenting a S\$300,000 donation cheque to SGX Bull Charge





Figure 7: Non-Executive Director, Ms. Yang Xue receives a token of appreciation from CEO of SGX, Mr. Loh Boon Chye. Mr. Ong Ye Kung, Minister for Education and Board Member of the Monetary Authority of Singapore, was the Guest-of-Honour.

### THE MANAGER: SASSEUR REIT SUPPORTS SGX BULL CHARGE CHARITY RUN 2019 WITH CONTINGENT OF 500 PARTICIPANTS

On 8 November 2019, Directors and staff of the Manager joined thousands of runners at the SGX Bull Charge Charity Run 2019. The SGX Bull Charge Charity Run brings to a close a year of corporate charity events that involved over 100 corporates in Singapore. Proceeds were channelled to the six adopted beneficiaries of SGX Bull Charge. The run saw approximately 6,000 participants from Singapore and overseas come together for a good cause, enjoying good food, music and scenic views of Singapore's landmarks around Marina Bay.

### THE MANAGER: SEASON OF GIVING

In August 2019, our Non-Executive Director, Ms Yang Xue, CEO, Mr Anthony Ang, together with employees of the Manager volunteered their time at Fei Yue Senior Activity Centre (Hougang). Established since 1991, the centre is a not-for-profit voluntary welfare organisation with a mission to effect life transformation through the provision of quality social services. The Sasseur team spent the day interacting with the elderly, playing friendly games and bringing them daily necessities as well as gifts.

#### Target:

We will continue to plan and organise more partnerships to drive greater positive changes in the community. In the long-term, we hope to make volunteerism an intrinsic part of our work culture and aligned to our businesses in a deeper way.



Figure 8: The Sasseur team interacting with the elderly beneficiary

### PLANNING FOR BUSINESS DELAYS AND DISRUPTIONS DUE TO COVID-19<sup>5</sup>

The outbreak of COVID-19 has presented the retail sector with a major and evolving challenge. Sasseur has taken immediate action in ensuring our Business Continuity Plans (“BCP”) are prioritised to address this challenge to minimise business disruptions and support future recovery efforts.

While we recognise that some of the measures taken including suspension of malls or shorter operating hours will impact our short-term profits, as a responsible corporate citizen, we stand firm on taking strong precautionary measures in order to protect the health and safety of our employees and customers. To remain accountable to our stakeholders, we are using the period of mall closure to focus on developing business recovery plans and long-term strategies to improve future sales.

**a) Communication**

Sasseur communicates with stakeholders such as employees and customers on their roles and responsibilities as heightened coordination of all stakeholders can contribute to the effectiveness of the business continuity programme. Experienced employees are trained to handle queries from customers where required.

**b) Compliance with relevant guidelines and health advisories on COVID-19 from government agencies**

Sasseur reviews and updates business continuity plans regularly and communicates them to employees to align with both purpose and certainty. An emergency committee is designated to monitor changes in regulatory epidemic prevention and control measures requirements and guidelines and adapts actively to adhere to change.

**c) Putting people first**

We have adopted an employee-centered approach to health and well-being. As part of ensuring the well-being of our employees, surgical masks and health supplements are distributed to employees. Sasseur has also stepped up our business continuity plan to review work processes and facilitate employees to utilise flexible working arrangements and setting up split team arrangements to minimise interaction and potential disruption to our business.

Sasseur is committed to continuously develop, implement, maintain and endorse measures that connect well-being, productivity and security for our stakeholders to stay resilient and to lead our industry’s wider economic and social recovery.

<sup>5</sup> This is an additional disclosure, not a material factor due to the temporary nature of a disease outbreak.

# ENTERPRISE RISK MANAGEMENT

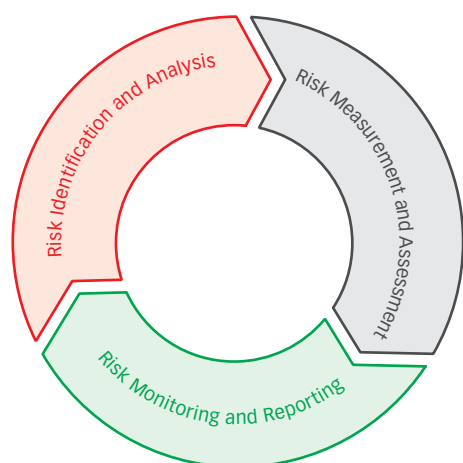
Enterprise Risk Management (“ERM”) is an integral part of the business strategy for Sasseur Real Estate Investment Trust (“Sasseur REIT”). Sasseur Asset Management Pte Ltd (the “Manager”) practices a proactive approach toward risk management applied towards both strategic and operational levels. This approach enables it to manage risks in a systematic and consistent manner, support its business objectives and strategy, thereby creating and preserving value.

## RISK MANAGEMENT GOVERNANCE STRUCTURE

The Board of Directors (the “Board”) has overall responsibility for the governance of risk. The Board is responsible for setting Sasseur REIT’s risk appetite and risk tolerance limits as well as reviewing Sasseur REIT’s risk oversight structure to ensure appropriate accountability by risk owners, and that material risks are properly monitored on a regular and timely manner to detect deviations and ensure compliance. For these purposes, the Board is supported by the Audit and Risk Committee (the “ARC”), which assists the Board in discharging risk management oversight responsibility by ensuring the establishment, review and assessment of Sasseur REIT’s policies and systems of risk management and internal control.

The Manager is responsible for the implementation and practice of ERM across Sasseur REIT.

## ENTERPRISE RISK MANAGEMENT FRAMEWORK



The Manager’s ERM framework is based on the principles and guidelines of the International Organisation for Standardization (“ISO”) 31000 on Risk Management and the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) ERM Integrated Framework. The ERM Framework and Risk Management Policy are reviewed and approved by the Board at least annually.

For FY 2019, the Manager engaged RSM Risk Advisory Pte. Ltd. (“RSM”) to facilitate a risk workshop involving the ARC and key management personnel to identify, analyse, measure and assess the material risks of Sasseur REIT. All material risks along with their mitigating controls have been documented in Sasseur REIT’s Risk Register, which is presented regularly at the ARC and Board meetings.

The ERM Framework is also supplemented by an outsourced Internal Audit function which reviews the design and implementation of internal controls to provide reasonable assurance to the ARC on the adequacy and effectiveness of the risk management and internal control systems.

## MANAGING MATERIAL RISKS

The Manager undertakes an iterative and comprehensive approach in identifying, managing, monitoring and reporting material risks across Sasseur REIT. Such material risks include:

### Foreign Exchange Risk

Sasseur REIT’s revenue is derived primarily from Chinese Renminbi (“RMB”) denominated dividend income, which has to be converted into Singapore Dollars (“SGD”) for the payment of distributions. As a result, Sasseur REIT is exposed to fluctuations of the RMB against the SGD, which have not been material. In order to manage this exposure, the Manager adopts currency risk management strategies as follows:

- 1) The Manager has used RMB denominated borrowings to match the revenue stream generated from its assets as a natural currency hedge. As at 31 December 2019, about 74% of the borrowings are RMB denominated.
- 2) The Manager has adopted a foreign exchange risk management and hedging strategy to ensure that at least 50% of the distributable income is hedged from RMB to SGD to minimise any foreign exchange risk. Sasseur REIT and its subsidiaries (collectively, the “Group”) has entered into a forward currency contract to hedge foreign currency risk arising from the cash flows of the Group’s investments in the People’s Republic of China (“PRC”).

### Interest Rate Risk

Sasseur REIT is exposed to interest rate risk arising from loans it had taken to fund the acquisition of the portfolio of assets. The Manager adopts a proactive interest rate management strategy to manage the risk associated with changes in interest rates on the loan facilities while also seeking to ensure that Sasseur REIT's ongoing cost of debt capital remains competitive. The Manager will also endeavour to utilise interest rate hedging strategies where appropriate from time to time, to optimise risk-adjusted returns to Unitholders. As at 31 December 2019, 50% of the offshore term loan had been hedged using floating-for-fixed interest rate swaps.

### Regulatory and Compliance Risk

The Manager is subject to applicable laws and regulations in both Singapore and the PRC. This includes the various regulations, notices and guidelines under the purview of MAS, which are applicable to the Manager as a Capital Markets Services Licence holder. In addition, the Manager needs to comply with the requirements found in the SGX-ST Listing Rules, the Code on Collective Investment Schemes, the Securities and Futures Act, the Code of Corporate Governance and the provisions of Sasseur REIT's Trust Deed, amongst others. The Manager has established a compliance monitoring programme to ensure that applicable regulatory requirements and relevant policies and procedures are complied with. Trainings are also provided to employees and Board of Directors to ensure that they are kept abreast on updates to laws and regulations. The Manager also seeks legal and tax advice where necessary.

### Fraud, Bribery and Corruption Risk

The Manager regards integrity as one of its core values. All employees are required to abide by a strong code of ethics and uphold the highest standards of professional conduct. The Manager has a Code of Conduct in place which sets out the behaviour and conduct expected of all employees. A Conflict of Interest Policy has also been established to provide guidance to the Board, ARC, executive officers and employees of the Manager on dealing with conflict of interest issues. In addition, the Manager also has a Whistle Blowing Policy to provide a communication channel for all employees of the Manager, as well as other persons, who may in confidence raise concerns about possible proprieties and obstructive action with the Manager.

### Economic and Competition Risk

Sasseur REIT is exposed to geopolitical and macroeconomic risks which may reduce revenue, increase cost and result in downward revaluation of our assets. It also faces competition from established players, online businesses and new market entrants which may impact the tenant occupancy rate and sales revenue. However, the Manager

believes that the risks are not as significant because the underlying business of the outlets comprises mid to high-end brands and lifestyle activities targeted at the Chinese middle class, and is less affected by online competition and economic downturn. In addition, the Sasseur outlets business model had demonstrated recession resilience consistently. The Sasseur Group is one of the leading premium outlet groups in the PRC with about 30 years' experience, and is ranked within the top 500 service companies in the PRC.

Nevertheless, the Manager has adopted a relentless approach to strengthening its competitiveness in offering experiential outlet shopping through high quality products and services, competitive pricing, product differentiation, branding, asset enhancement and numerous lifestyle activities. Sasseur REIT has a differentiated business model which combines art with a one-stop shopping experience, together with the use of Data Technology to analyse customer profiles and tailor effective marketing strategies to attract shoppers. Sasseur REIT also promotes tenant and customer loyalty through tenant-centric initiatives and shopper loyalty programmes. A team of the Sponsor's in-house business experts provides regular analysis on market trends, while the Sponsor's in-house marketing experts organise major shopping events regularly to attract larger shopping crowds.

### Liquidity Risk

Sasseur REIT actively monitors its investment deposits and borrowings to ensure sufficient liquidity in the form of cash and banking facilities in order to meet its capital, refinancing and operating needs. An annual budget and forecast for revenue and expenses is established and monitored by management on a regular basis. To manage liquidity risk, the Manager maintains adequate levels of liquid reserves to cover its working capital obligations and monitors the cash flow on a regular basis. In addition, the Manager is proactive in managing its debt maturity profile and engages with lenders on refinancing existing loans ahead of the loan maturity date. Sasseur REIT also manages its capital structure to ensure that its debt maturity profile is well spread out and monitors its financial covenants closely to ensure that it complies with loan obligations.

### Information Technology Risk

IT risk comprises of cyber fraud risk, information security risk and technology infrastructure risk. Increasing threats of information security such as hacking, phishing and website defacement may pose the risk of sensitive data leakage and financial loss. The Manager has, via a professional third-party IT service provider, put in place policies and procedures to manage IT risk and ensure availability, authorised access, accuracy and agility of IT systems.

# CAPITAL MANAGEMENT

## AGGREGATE LEVERAGE

27.8%

29.0% as at 31 Dec 2018

## AVERAGE DEBT MATURITY

2.73 years

3.75 years as at 31 Dec 2018

## INTEREST COVERAGE RATIO

4.8 times

FY 2018: 4.1 times

## WEIGHTED AVERAGE COST OF DEBT

4.4% p.a.

FY 2018: 4.4% p.a.

The Manager adopts a disciplined and proactive approach in ensuring adequate funding and managing refinancing requirements and interest rate exposure. On a regular basis, the Manager monitors to optimise Sasseur REIT's capital structure so as to minimise the cost of capital.

On 14 May 2019, Sasseur REIT completed the acquisition of shop units in Hefei Outlets for a purchase consideration of RMB 98.3 million. The acquisition was fully funded by existing cash.

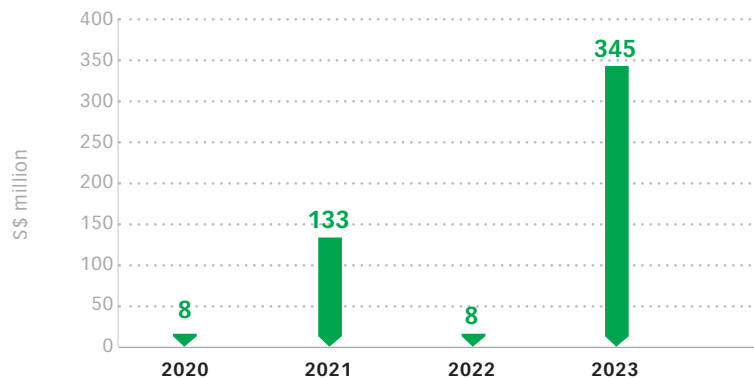
As at 31 December 2019, Sasseur REIT's aggregate leverage was 27.8%, a reduction from 29.0% as at 31 December 2018 mainly due to principal repayments, and its total gross debt of S\$478.6 million is made up of the following syndicated term loan facilities:

- RMB 1.96 billion five-year onshore term loans, with repayment of 1% of initial loan principal semi-annually
- S\$125.0 million three-year offshore term loan

## DEBT MATURITY PROFILE

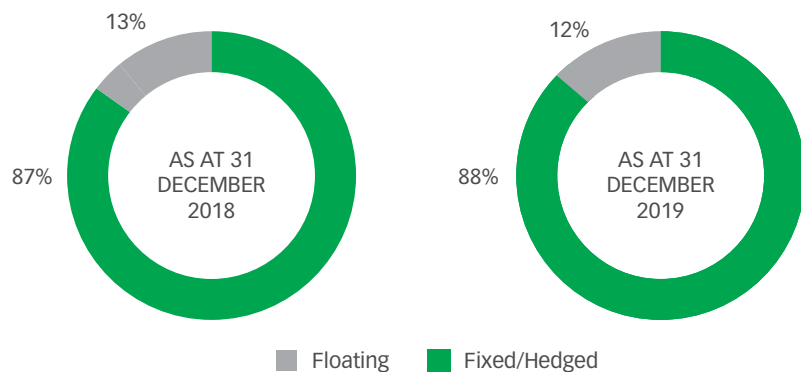
The average debt maturity for Sasseur REIT's total borrowings was approximately 2.73 years as at 31 December 2019. Loan refinancing for the offshore term loan has commenced and is expected to be completed in 2020.

Debt Maturity Profile  
(as at 31 December 2019)



## INTEREST RATE MANAGEMENT

50% of the offshore term loan has been hedged using a floating-for-fixed interest rate swap to partially mitigate the risk of interest rate volatilities. The Manager will continue to monitor interest rate movements and employ interest rate hedging strategies where appropriate from time to time to optimise risk-adjusted returns to Unitholders. Sasseur REIT's weighted average cost of debt was 4.4% per annum for FY 2019 while interest coverage ratio was a healthy 4.8 times.



# CORPORATE GOVERNANCE

## INTRODUCTION

Sasseur Real Estate Investment Trust (“Sasseur REIT”) is a real estate investment trust listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 28 March 2018 (“Listing Date”). Sasseur REIT is managed by Sasseur Asset Management Pte. Ltd. (the “Manager” or the “Company”).

The Manager was appointed in accordance with the terms of the Deed of Trust constituting Sasseur REIT dated 30 October 2017 (as supplemented on 19 March 2018) (“Trust Deed”).

The primary role of the Manager is to manage Sasseur REIT’s assets and liabilities for the benefit of the unitholders of Sasseur REIT (“Unitholders”) and set the strategic direction of Sasseur REIT in accordance with its mandate and make recommendations to DBS Trustee Limited, in its capacity as trustee of Sasseur REIT (the “Trustee”), on any investment or divestment opportunities for Sasseur REIT and the enhancement of the assets of Sasseur REIT in accordance with the stated investment strategy for Sasseur REIT. The research, evaluation and analysis required for this purpose are coordinated and carried out by the Manager.

Other functions and responsibilities of the Manager include but are not limited to the following:

- (a) using its best endeavours to conduct Sasseur REIT’s business in a proper and efficient manner and ensuring that its related parties will conduct all transactions with or for Sasseur REIT at arm’s length basis and on normal commercial terms;
- (b) preparing annual budget proposal of the Manager and Sasseur REIT for approval by the directors of the Manager (“Directors”), including the net income forecast, property expenditure, capital expenditure, sales and valuations and to provide explanations for major variances from previous forecasts, written commentary on key issues and any relevant assumptions;
- (c) ensuring compliance with all applicable and relevant requirements, laws and regulations including but not limited to the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), the Listing Manual of SGX-ST, the Code on Collective Investment Schemes (the “CIS Code”) including Appendix 6 to the CIS Code (the “Property Funds Appendix”) issued by the Monetary Authority of Singapore (“MAS”) and the Trust Deed;
- (d) establishing a framework of prudent and effective controls which enables financial, operational, compliance and information technology risks to be managed;
- (e) attending to all regular communications with the Unitholders; and
- (f) supervising and overseeing the management of real estate (including but not limited to lease audit, systems control, data management and business plan implementation) in accordance with the provisions of the Trust Deed.

The Manager has developed and, on an ongoing basis, maintains sound and transparent policies and practices to meet the specific business needs of Sasseur REIT and to provide a firm foundation for a trusted and respected business enterprise.

The board of Directors (the “Board”) and Management of the Manager aspire to the highest standards of corporate governance. The Manager remains focused on complying with the substance and spirit of the principles of the Code of Corporate Governance 2018 (the “Code”) while achieving operational excellence and delivering Sasseur REIT’s long-term strategic objectives. It is fully committed to continuous improvement of its corporate governance practices as it firmly believes that it is essential in protecting the interests of the Unitholders.

This report describes the Group’s corporate governance framework and practices that were in place throughout the financial year under review. The Board confirms that the Company had adhered to the principles and provisions of the Code, where they are applicable, relevant and practicable to the Group. Any deviations from the provisions of the Code or areas of non-compliance have been explained accordingly.

# CORPORATE GOVERNANCE

## (A) BOARD MATTERS

### THE BOARD'S CONDUCT OF AFFAIRS

*Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

The Board is collectively responsible for the long-term success of Sasseur REIT. The Board works with the Manager's Management to achieve this and Management remains accountable to the Board.

The Board is responsible for the Manager's corporate governance standards and policies, underscoring their importance to the Manager. It recognises that good corporate governance establishes and maintains a legal and ethical environment, which is critical to the performance and success of the Manager and essential for preserving and enhancing the interests of all stakeholders.

The principal roles of the Board are to:

- guide the corporate strategy and directions of the Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced;
- oversee the proper conduct of the Manager through the Code of Conduct and Ethics;
- set the appropriate tone-from-the top and desired organisational culture; and
- ensure proper accountability within the Manager.

All Directors exercise due care and independent judgement and make decisions objectively at all times as fiduciaries in the best interests of Unitholders. Apart from the Board's statutory duties and responsibilities, the Board provides leadership to the Chief Executive Officer ("CEO") and Management, and sets the strategic vision, direction and long-term objectives for Sasseur REIT. The key strategies of the Manager are:

- Active Asset Management and Asset Enhancement Strategy – To achieve growth in revenue and sales and maintain optimal occupancy levels, and implementing pro-active policies to improve the yields and enhance organic growth;
- Acquisition Growth Strategy – To pursue selective acquisitions of quality income-producing properties used mainly for outlet mall purposes initially in the PRC and subsequently in other countries;
- Divestment Strategy – To realise properties' optimal market potential and value; and
- Capital and Risk Management Strategy – To employ an appropriate mix of debt and equity and to utilise hedging strategies where appropriate.

The Manager believes in being a responsible corporate citizen and acknowledges its responsibilities toward society, the environment and its stakeholders. The Manager seeks to manage its business in a fair and ethical manner to demonstrate its consideration towards employees and the wider community. The Manager is committed to providing a safe and healthy working environment for its employees and shoppers of Sasseur REIT's properties.

To assist the Board in the discharge of its oversight function, the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC") (collectively the "Board Committees") have been constituted with clear written terms of reference. These Board Committees play an important role in ensuring good corporate governance.

# CORPORATE GOVERNANCE

Each of these Board Committees operates under delegated authority from the Board, with the Board retaining the overall oversight. The Board may form other Board committees as and when required. Membership of the Board Committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience, knowledge and appropriate skills are considered in the composition of the respective Board Committees.

The Board meets at least once every quarter, and as required by business imperatives. Board and Board Committees' meetings are scheduled prior to the start of each financial year. Where exigencies prevent a Director from attending a Board meeting in person, the Constitution of the Manager permits the Director to participate via audio or video conference or by similar electronic communication means. If a Director is unable to attend a Board or Board Committees meeting, he or she still receives all the papers and materials for discussion at that meeting. He or she will review them and will advise the Chairman of the Board or the relevant Board Committees of his or her views and comments on the matters to be discussed so that they can be conveyed to other participants present at the meeting. The Board and Board Committees may also make decisions by way of resolutions in writing.

In each meeting where matters requiring the Board's approval are to be considered, all members of the Board participate in the discussions and deliberations; and resolutions in writing are circulated to all Directors for their consideration and approval. The exception is where a Director has a conflict of interest in a particular matter in which case he or she will be required to recuse himself or herself from the deliberations and abstain from voting on the matter. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision-making process.

The number of meetings held by the Board, the ARC and the NRC as well as the attendance of Directors at the meetings held during the financial year ended 31 December 2019 ("FY2019") are summarised in the table below:

Meetings	Board of Directors	ARC	NRC	AGM
Total meetings held in FY2019	4	4	1	1
Name of Director	Attended	Attended	Attended	Attended
Mr Xu Rongcan	4/4	N.A.	1/1	1/1
Ms Yang Xue	4/4	N.A.	N.A.	1/1
Dr Wang Jun	3/4	N.A.	N.A.	0/1
Dr Zhou Yimin	2/4	N.A.	N.A.	0/1
Dr Gu Qingyang	4/4	4/4	1/1	1/1
Mr Mario Boselli	3/4	N.A.	N.A.	0/1
Mr Cheng Heng Tan	4/4	4/4	N.A.	1/1
Mr Wu Geng	4/4	4/4	1/1	1/1

The Manager believes in the overall contribution of its Directors beyond their attendance at formal Board and Board Committees' meetings. The Manager believes that a Director's contributions based on his attendance at formal meetings alone would not represent his/her overall contributions, which include being accessible to Management for guidance or exchange of views outside the formal environment of Board and Board Committees' meetings.

Apart from matters that specifically require the Board's approval, to assist the Board in discharging its oversight function, it has delegated authority to Board Committees and Management for transactions below certain limits to facilitate operational efficiency. In connection therewith, the Board has adopted a set of delegation of authority guidelines which establishes approval limits to facilitate operational efficiency as well as arrangements for *inter alia* (i) annual budget in respect of annual operating and capital expenditure budget, and payment for expenditures within approved budgets; (ii) interested person transactions within the approved threshold limits; (iii) treasury matters such as bank credit facilities (including guarantee facility), investment of financial assets, opening of bank accounts, inter-company loan/advances/entrusted loan/standby letter of credit (including signing of inter-company loan agreements); and (iv) new investments and divestments.

Matters requiring specific Board approval include business strategy, issuance of new units, income distributions and other returns to Unitholders, matters which involve a conflict of interest with a controlling Unitholder or a Director, acquisitions and disposals, approval of annual budgets, financial plans, unaudited quarterly and full year result announcements and audited financial statements.



# CORPORATE GOVERNANCE

Upon appointment, each new Director will be given a formal appointment letter setting out the terms of his/her appointment as well as his/her duties and obligations, including his/her responsibilities and fiduciaries and on the policies relating to conflict of interest. A tailored induction and orientation programme is also conducted to provide the new Director with information on the business activities, strategic direction, policies and corporate governance practices of the Manager, as well as his/her statutory and other duties and responsibilities as a Director. New Directors who has had no prior experience as a director of an entity listed on the SGX-ST will undergo training in roles and responsibilities of a director of an entity listed on the SGX-ST.

To keep pace with regulatory changes, where these changes have an important bearing on the disclosure obligations of the Manager or its Directors, the Directors are briefed either during Board meetings or at specially convened sessions involving the relevant advisers and professionals, if necessary, or via circulation of Board papers. Management will also provide the Board with relevant and adequate information in a timely manner through regular updates, and at least quarterly during the quarterly Board meetings on financial results, market trends and business developments.

The Directors will be kept abreast of any updates to the Listing Rules, the Securities and Futures Act, the CIS Code and the Companies Act, as well as any applicable laws, regulations and rules on an ongoing basis. The Directors who are members of the ARC will also be updated on any changes in the financial reporting standards by the external auditors.

The Directors receive regular briefings and updates on relevant laws, rules and regulations and are encouraged to participate in conferences, seminars or training programmes in connection with their duties. The costs of arranging and funding of the training of Directors will be borne by the Manager.

To ensure the Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment, and are provided opportunities to develop and maintain their skills and knowledge at the Manager's expense. The Manager maintains a training record to track Directors' attendance at training and professional development courses.

In FY2019, the Directors attended regulatory compliance training conducted by KPMG Services Pte. Ltd. ("KPMG") which covered various topics including corporate governance and key requirements of a REIT Manager holding a Capital Markets Services Licence.

Directors are encouraged to be members of the Singapore Institute of Directors ("SID") and for them to receive updates and training from SID to stay abreast of relevant developments in financial, legal and regulatory requirements, and business trends.

An effective and robust Board, whose members engage in open and construction debate to develop and refine proposals on strategy, is fundamental to good corporate governance. In this regard, the Board must be kept well-informed of Sasseur REIT's business and affairs and the industry in which Sasseur REIT Group operates.

The ARC and Board meet at least once every quarter and these meetings, in general, last at least half a day. At each Board meeting, the CEO and the Chief Operating Officer ("COO") provide updates on Sasseur REIT's business and operations, and the Head of Finance provides updates on financial performance. Presentations in relation to specific business areas are also made by members of Management to allow the Board to develop a good understanding of the progress of Sasseur REIT's business and also promotes active engagement between the Board and Management. Where necessary, the CEO or the Head of Finance also briefs the relevant Board member(s) prior to the Board and/or Board Committees' meetings to facilitate a more effective discussion at these meetings.

## Provision of Information to the Board and the Board Committees

The Manager recognises the importance of providing the Board with complete and adequate information on a timely basis prior to Board meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities. The Board and Board Committees' papers are generally sent to Directors at least three days before each of the Board or Board Committees' meeting, so that Directors have sufficient time to review and consider matters tabled for discussion. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed prior to the meeting. Members of the Management team who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification, if required.

# CORPORATE GOVERNANCE

## Access to Management, Company Secretaries and Independent Professional Advisers

The Chairman, the CEO and the relevant members of Management are present at Board and Board Committees' meetings to address any queries which the Board or Board Committees' members may have. In addition, Board members have separate and independent access to Management and the Joint Company Secretaries.

The Joint Company Secretary(ies) prepares minutes of the Board and Board Committees' meetings. He/she assists the Chairman of the Board and the Board Committees in ensuring that proper procedures are followed and that the Manager's Constitution, the Board Committees' terms of reference, the Trust Deed, relevant rules, regulations, best practices, and internal policies, including applicable provisions of the Property Funds Appendix, are complied with. Under the direction of the Chairman of the Board and the Board Committees, the Joint Company Secretary(ies) is responsible for ensuring information flows within and among the Board, the Board Committees and Management. He/she also works with Management to ensure that the Board and Board Committees' papers are provided to each Director ahead of meetings. In the year under review, at least one of the Joint Company Secretaries or in his/her absence, his or her representative has attended all Board meetings. The appointment and/or change of the Joint Company Secretaries are subject to approval by the Board.

Where decisions to be taken require expert opinion or specialised knowledge, the Directors, whether as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such independent professional adviser is subject to approval by the Board.

The CEO, Head of Finance and the Joint Company Secretaries are the primary channels of communication between the Manager and the SGX-ST.

## BOARD COMPOSITION AND GUIDANCE

*Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

The Board of the Manager comprises eight (8) Non-Executive Directors, of whom four (4) are Independent Directors which constitute at least half of the Board, in compliance with Provisions 2.2 and 2.3 of the Code.

Currently, there is no alternate Director appointed.

The current composition of the Directors in the Board and Board Committees is as follows:

Name of Director	ARC	NRC
Mr Xu Rongcan (Non-Executive and Non-Independent Chairman)	–	M
Ms Yang Xue (Non-Executive and Non-Independent Director)	–	–
Dr Wang Jun (Non-Executive and Non-Independent Director)	–	–
Dr Zhou Yimin (Non-Executive and Non-Independent Director)	–	–
Dr Gu Qingyang (Lead Independent Director)	M	C
Mr Mario Boselli (Independent Director)	–	–
Mr Cheng Heng Tan (Independent Director)	C	–
Mr Wu Geng (Independent Director)	M	M

C – Chairman

M – Member

# CORPORATE GOVERNANCE

The current Board comprises individuals who are business leaders and professionals with financial, legal, real estate and investment backgrounds. Together, the Board as a group provides an appropriate balance and diversity of skills with core competencies such as industry knowledge, business and management experience, age, gender (1 female Director), strategic planning and customer-based experience, and ethnicity. Their varied backgrounds enable Management to benefit from their diverse expertise and experience to further the interests of Sasseur REIT. The Manager is currently in the process of formalising a Board Diversity Policy.

Each Director brings to the Board skills, experience, insights and sound judgement which, together with his strategic networking relationships, serve to further the interests of Sasseur REIT. Profiles of the Directors are provided on pages 46 to 49 of this Annual Report.

The NRC reviews from time to time the size and composition of the Board with a view to ensuring that the size of the Board is appropriate in facilitating effective decision-making, taking into account the scope and nature of the operations of Sasseur REIT and its subsidiaries (the "Group"), and that the Board has a strong element of independence. The Board with the concurrence of the NRC is of the view that the current Board size is appropriate taking into consideration the nature and scope of Sasseur REIT's operations.

As part of the process for assessing the independence of the Director established by the Board, each of the Independent Directors and members of the ARC and the NRC is required to confirm, upon appointment, as well as on an annual basis, whether there are any material relationships based on the definition of independence set out in the Code which would render him or her non-independent. An Independent Director is one who: (i) is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, shareholders who hold 5.0% or more of the voting shares (the "Substantial Shareholders") of the Manager, or Unitholders who hold 5.0% or more of the Units (the "Substantial Unitholders") in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independence business judgement, in the best interests of the Unitholders; (ii) is independent from any management and business relationship with the Manager and Sasseur REIT, and from every Substantial Shareholder of the Manager and every Substantial Unitholder; (iii) is not a Substantial Shareholder of the Manager or a Substantial Unitholder; (iv) has not served on the Board for a continuous period of nine (9) years or longer; and (v) is not employed or has been employed by the Manager or Sasseur REIT or any of their related corporations in the current or any of the past three (3) financial years and does not have an immediate family member who is employed or has been employed by the Manager or Sasseur REIT or any of their related corporations in the current or any of the past three (3) financial years and whose remuneration is or was determined by the Board.

The relevant Directors had provided declarations of their independence which have been deliberated upon by the NRC. The NRC, having conducted an annual review of the independence, is of the view that the Independent Directors are independent and that no individual or small group of individuals dominate the Board's decision-making process, and has made its recommendations to the Board.

The Board has determined, after taking into account the views of the NRC, each of Dr Gu Qingyang, Mr Mario Boselli, Mr Cheng Heng Tan and Mr Wu Geng to be independent in terms of their character and judgement in the discharge of their responsibilities as Directors and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each member of the NRC had recused himself from deliberations on his own independence.

Mr Xu Rongcan and Ms Yang Xue are Executive Directors of the Sponsor, which is a controlling Unitholder of Sasseur REIT. Dr Wang Jun and Dr Zhou Yimin are the Directors of the Manager as nominated by the Sponsor's strategic shareholders, L Catterton Asia Advisors and PingAn Real Estate Company Ltd. respectively. As such, Mr Xu Rongcan, Ms Yang Xue, Dr Wang Jun and Dr Zhou Yimin are Non-Executive and Non-Independent Directors of the Manager.

None of the Directors have served on the Board beyond nine (9) years from the date of his/her first appointment.

As there are no Executive Directors, all Non-Executive and Non-Independent Directors and the Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. The views and opinions of the Independent Directors and the Non-Executive and Non-Independent Directors provide alternative perspectives to Sasseur REIT's business and enable the Board to make informed and balanced decisions. This also enable the Board to interact and work with Management to help shape the strategic process.

# CORPORATE GOVERNANCE

When reviewing Management's proposals or decisions, the Independent Directors bring their objective independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

The Non-Executive Directors and Independent Directors meet regularly without the presence of Management as and when the need arose. The Chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

*Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered power of decision-making.*

Mr Xu Rongcan (Non-Executive and Non-Independent Chairman of the Manager) and Mr Anthony Ang Meng Huat (CEO of the Manager) are two (2) separate persons and are not immediate family members. This ensures a balance of power and authority, increased accountability and greater capacity of the Board for independent decision making.

The Chairman is responsible for leadership of the Board and for facilitating the conditions for the overall effectiveness of the Board, Board Committees and individual Directors. This includes setting the agenda of the Board in consultation with the CEO and promoting constructive engagement among the Directors as well as between the Board and the CEO on strategic issues. The Chairman plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO and Management on strategies. He also ensures that the Directors work together with the Management in a constructive manner to address strategic, business, operational, capital management, risk, corporate governance and financial issues. At the Board meetings, the Chairman ensures that adequate time is available for discussion of all agenda items and strategic issues. At annual general meetings and other Unitholders' meetings, the Chairman will seek to ensure that there is constructive dialogue between Unitholders, the Board and the Management. The Manager is in the process of formalising in writing the division of responsibilities between the Chairman, Lead Independent Director and CEO.

Mr Anthony Ang Meng Huat, the CEO of the Manager, together with the Management, has full executive responsibilities over the business direction and strategies, and operational decisions in managing Sasseur REIT.

As the Chairman is not an Independent Director, in accordance with Provision 3.3 of the Code and in the spirit of good corporate governance, Dr Gu Qingyang has been appointed as the Lead Independent Director of the Manager. The principal responsibilities of the Lead Independent Director are to act as Chairman of the Board when matters concerning the Chairman are to be considered, and to be available to the Board and Unitholders for communication of Unitholders' concerns when other channels of communication through the Chairman or CEO are inappropriate or inadequate, as well as for leading all deliberations on feedback regarding performance of the CEO and any interested party transactions.

The Independent Directors, led by the Lead Independent Director, will meet every quarter without the presence of the other Directors and the Lead Independent Director will provide feedback to the Chairman after such meetings so as to facilitate effective discussion with the Chairman and between the Board on strategic issues and any other issues that may arise. The Non-Executive and Non-Independent Directors are encouraged to join the meeting, if required. For FY2019, the Independent Directors had held informal discussions when they met every quarter without the presence of the Non-Executive and Non-Independent Directors and Management, and the feedback, if any, had been provided to the Chairman accordingly.

## BOARD MEMBERSHIP

*Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

The Board has established a NRC which comprises three (3) Non-Executive Directors, a majority of whom, including the NRC Chairman are Independent Directors. The composition of the NRC is as follows:

Dr Gu Qingyang	Lead Independent Director	NRC Chairman
Mr Wu Geng	Independent Director	NRC member
Mr Xu Rongcan	Non-Executive and Non-Independent Director	NRC member

# CORPORATE GOVERNANCE

The NRC has written terms of reference setting out the scope and authority in performing the functions of the NRC, which include but are not limited to the following:

- (a) reviewing the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees (taking into account SGX-ST Listing Rules 210(5)(c) and Provisions 2.1 to 2.4 of the Code. The NRC will then recommend changes, if any, to the Board;
- (b) identifying and nominating candidates to fill Board vacancies as they occur;
- (c) following the Board's confirmation, the NRC will send the newly appointed Director a formal appointment letter which clearly sets out his/her roles and responsibilities, authority, and the Board's expectations in respect of his/her time commitment as a Director of the Company;
- (d) recommending the membership of the Board Committees to the Board;
- (e) reviewing the independent status of Non-Executive Directors annually or when necessary;
- (f) developing the performance evaluation framework for the Board, the Board Committees and individual Directors. The NRC should also propose objective performance criteria for the Board, the Board Committees and individual Directors. The NRC conducts the evaluations, analyses the findings and reports the results to the Board and will also recommend areas that need improvement;
- (g) recommending that the Board removes or reappoints a Non-Executive Director at the end of his/her term. In making such recommendations, the NRC should consider the Director's performance, commitment and his/her ability to continue contributing to the Board;
- (h) reviewing other directorships held by each Director and decide whether or not a Director is able to carry out, and has been adequately carrying out, his/her duties as a Director, taking into consideration the Director's number of listed company directorships and principal commitments, and the NRC may in its discretion determine the maximum number of listed company directorships which any Director may hold;
- (i) identifying and developing training programmes/schedules for the Board and assisting with similar programmes for the Board Committees. The NRC will ensure that all Board appointees undergo appropriate induction programme;
- (j) reviewing and ensuring that there is a clear division of responsibilities between the Chairman and CEO of the Company in place;
- (k) providing the Board with its succession plans for the Board Chairman, Directors, CEO and key management personnel of the Company;
- (l) keeping up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates;
- (m) undertaking such other functions and duties as may be required by the Board under the Code, statute or SGX-ST Listing Rules (where applicable); and
- (n) taking into account all relevant legal and regulatory requirements, including the principles and provisions of the Code, when determining the Company's remuneration policies. In doing so, the NRC should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals.

# CORPORATE GOVERNANCE

Pursuant to its Terms of Reference, the NRC is required to determine if a Director has been adequately carrying out his/her duties as a Director of the Company, particularly if he/her has multiple Board representations in listed companies and other principal commitments. In view of this, the NRC, having considered the confirmations received by the Independent Directors, is of the view that such multiple board representations (where applicable) do not hinder each Independent Director from carrying out his duties as a Director of the Company. The NRC is satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurred with the NRC's views.

In determining whether each Director is able to devote sufficient time to discharge his/her duty, the NRC has taken cognizance of the Code's requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and his/her respective principal commitments per se. The contributions by Directors to and during meetings of the Board and Board Committees as well as their attendance at such meetings, in addition to each of their principal commitments, should also be taken into account. The NRC and the Board will review the number of listed company board representations of the Directors on an annual basis or from time to time when the need arises.

The NRC is responsible for reviewing the succession plans for the Board, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel, and the appointment of Directors (including alternate directors, if applicable). The NRC will lead and make recommendations to the Board on the appointment of new Director, if necessary, as follows:

1. the NRC will review the balance and diversity of skills, experience, age, gender and expertise required by the Board, as well as the optimal size of the Board required to facilitate decision-making;
2. following such review and in consultation with Management, the NRC will assess the relevant attributes and corresponding representation and desired profile, underpinning any particular appointment;
3. external support (for example, search consultants) may be used to source for potential candidates if required. Directors and the Management may also make suggestions;
4. suitable candidates are carefully evaluated by the NRC so that recommendations made on proposed candidates are objective and well supported. The NRC meets shortlisted candidates to assess suitability, and to ensure the candidates are aware of the level of commitment required; and
5. the NRC recommends the proposed appointee(s) for the Board's consideration. New Directors are formally appointed by way of a Board resolution.

The appointment of Directors, or to change the nature of the appointment of a Director from one that is non-executive to one that is executive is subject to the approval of the MAS.

The NRC is also responsible for determining the independence of a Director on an annual basis and had adopted the Code's definition of an Independent Director. The process for assessing the independence of a Director is set out in Principle 2 above.

# CORPORATE GOVERNANCE

The listed company directorships and principal commitments of each Director are as follows:

Name of Directors <sup>1</sup>	Position	Present Directorships in Other Listed Companies	Past Directorships in Other Listed Companies Over the Preceding Three (3) Years	Other Principal Commitments
Mr Xu Rongcan (Spouse of Ms Yang Xue)	Non-Executive and Non-Independent Chairman	Nil	Nil	<ul style="list-style-type: none"> <li>• Sasseur Cayman Holding Limited, Executive Director and Chairman</li> <li>• Changchun Sasseur Zhongdong Commercial Management Co. Ltd, Non-Executive Director</li> <li>• Hangzhou Sasseur Commercial Management Co. Ltd, Non-Executive Director</li> <li>• Changsha Sha Min Enterprise Management Co. Ltd, Non-Executive Director</li> <li>• Changsha Sasseur Zhong Min Bai Hui Outlets Business Management Co. Ltd, Non-Executive Director</li> <li>• Chongqing Sasseur Arts &amp; Culture Development Co. Ltd, Non-Executive Director</li> <li>• Sasseur Vito (BVI) Limited, Non-Executive Director</li> <li>• Sasseur (BVI) Holding II Limited, Non-Executive Director</li> <li>• Sasseur Super Outlet Development Pte Ltd, Executive Director</li> </ul>
Ms Yang Xue (Spouse of Mr Xu Rongcan)	Non-Executive and Non-Independent Director	Nil	Nil	<ul style="list-style-type: none"> <li>• Sasseur Cayman Holding Limited, Executive Director</li> <li>• Hangzhou Sasseur Commercial Management Co. Ltd, Non-Executive Director</li> <li>• Changsha Sasseur Zhong Min Bai Hui Outlets Business Management Co. Ltd, Non-Executive Director</li> <li>• Chongqing Sasseur Arts &amp; Culture Development Co. Ltd, Non-Executive Director</li> </ul>

# CORPORATE GOVERNANCE

Name of Directors <sup>1</sup>	Position	Present Directorships in Other Listed Companies	Past Directorships in Other Listed Companies Over the Preceding Three (3) Years	Other Principal Commitments
Dr Wang Jun	Non-Executive and Non-Independent Director	<ul style="list-style-type: none"> <li>Muslanne Group Holding Limited<sup>2</sup>, Non-Executive Director</li> </ul>	Nil	<ul style="list-style-type: none"> <li>L Catterton Singapore Pte. Ltd, Executive Director</li> <li>Crystal Jade Group Holdings Pte Ltd, Alternate Director</li> <li>Iconic Locations Ltd, Alternate Director</li> <li>Trendy (China) Group Co. Ltd, Non-Executive Director</li> <li>Clearbay Ltd, Non-Executive Director</li> </ul>
Dr Zhou Yimin	Non-Executive and Non-Independent Director	<ul style="list-style-type: none"> <li>Landsea Green Properties Co., Ltd.<sup>2</sup>, Non-Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>CIFI Holdings (Group) Co. Ltd<sup>2</sup>, Non-Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>Pingan Real Estate Company Ltd., Chairman and Chief Executive Officer</li> <li>Pingan Real Estate Capital Limited., Chairman and Chief Executive Officer</li> </ul>
Dr Gu Qingyang	Lead Independent Director	<ul style="list-style-type: none"> <li>PCI-Suntek Technology Co. Ltd<sup>3</sup>, Non-Executive Director</li> </ul>	Nil	<ul style="list-style-type: none"> <li>China Life Insurance (Singapore) Co. Ltd, Independent Non-Executive Director</li> <li>National University of Singapore, Associate Professor, Lee Kuan Yew School of Public Policy</li> <li>Fuzhou New Zone (People's Republic of China), Economic Advisor</li> </ul>
Mr Mario Boselli	Independent Director	Nil	Nil	<ul style="list-style-type: none"> <li>Banca 5 S.P.A, Non-Executive Director</li> <li>Intesa Sanpaolo Forvalue S.P.A, Non-Executive Director</li> <li>M.Severity S.R.L, Non-Executive Director</li> <li>Mario Boselli S.R.L, Chief Executive</li> <li>Chorustyle S.R.L., Non-Executive Director</li> <li>Schmid S.P.A, Non-Executive Director</li> </ul>



# CORPORATE GOVERNANCE

Name of Directors <sup>1</sup>	Position	Present Directorships in Other Listed Companies	Past Directorships in Other Listed Companies Over the Preceding Three (3) Years	Other Principal Commitments
Mr Cheng Heng Tan	Independent Director	Nil	<ul style="list-style-type: none"> <li>Chip Eng Seng Corporation Ltd<sup>4</sup>, Independent Director</li> </ul>	<ul style="list-style-type: none"> <li>Omakase Pte Ltd, Executive Director</li> <li>Omakase Burger Pte Ltd, Executive Director</li> <li>Omakase Burger (Orchard) Pte Ltd, Executive Director</li> <li>Omakase IT Pte Ltd, Executive Director</li> </ul>
Mr Wu Geng	Independent Director	<ul style="list-style-type: none"> <li>Shengli Oil &amp; Gas Pipe Holdings Limited<sup>2</sup>, Non-Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>TEE International Limited<sup>4</sup>, Independent Non-Executive Director</li> <li>Delong Holdings Limited<sup>5</sup>, Independent Non-Executive Director</li> <li>Foreland Fabritech Holdings Limited<sup>6</sup>, Independent Non-Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>Drew &amp; Napier LLC, Director</li> <li>Chalco Trading Singapore Pte. Ltd, Independent Non-Executive Director</li> </ul>

<sup>1</sup> Other key information regarding the Directors is set out in the “Board of Directors” section in this Annual Report.

<sup>2</sup> Listed on The Stock Exchange of Hong Kong Limited.

<sup>3</sup> Listed on The Shanghai Stock Exchange.

<sup>4</sup> Listed on The Singapore Exchange Limited.

<sup>5</sup> Delisted from The Singapore Exchange Limited with effect from 26 September 2019.

<sup>6</sup> Delisted from The Singapore Exchange Limited with effect from 28 June 2019.

## BOARD PERFORMANCE

*Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

The Manager believes that oversight from a strong and effective board goes a long way towards guiding a business enterprise to achieving success.

The Board strives to ensure that there is an optimal blend in the Board in terms of background, experience and knowledge in business and general management, expertise relevant to Sasseur REIT’s business and track record, and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of Sasseur REIT.

# CORPORATE GOVERNANCE

Whilst board performance is ultimately reflected in the long-term performance of Sasseur REIT, the Board believes that engaging in a regular process of evaluation of board performance in order to identify key strengths and areas for improvement is essential to effective stewardship and to attaining success for Sasseur REIT.

As part of the Manager's commitment towards improving corporate governance, the Board has approved and implemented a process to evaluate the effectiveness of the Board as a whole, each of the Board Committees and individual Directors on an annual basis. As part of the process, questionnaires of the Board performance, ARC performance, NRC performance and individual Directors self-assessment form were sent to the Directors and respective Board Committees, and the results were aggregated and reported to the Chairman of the Board. The areas of evaluation covered in the questionnaire included Board composition, Board processes, strategy, performance and governance, access to information and Board Committees effectiveness. The results of the assessment were deliberated upon by the NRC and submitted to the Board, and the necessary follow up action will be taken with a view to enhancing the effectiveness of the Board and Board Committees in the discharge of their duties and responsibilities. The outcome of the evaluation was satisfactory with positive ratings received for all the attributes in the evaluation categories.

For FY2019, the Board did not engage any external facilitator in the assessment of the performance of the Board, the Board Committees and the individual Directors.

## (B) REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

*Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his and her own remuneration.*

### LEVEL AND MIX OF REMUNERATION

*Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

### DISCLOSURE ON REMUNERATION

*Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

The composition of the NRC has been set out under Principle 4. The NRC has written terms of reference setting out its scope and authority in performing the functions of a remuneration committee, which include but are not limited to the following:

- (a) taking into account all relevant legal and regulatory requirements, including the principles and provisions of the Code, when determining the Company's remuneration policies. In doing so, the NRC should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals;
- (b) ensuring that the level and structure of remuneration of the Board and the key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company;
- (c) setting the remuneration policy for Directors and key management personnel;
- (d) reviewing and approving fee / salary for each Director and key management personnel of the Company and recommending for the Board's approval;
- (e) reviewing and approving salary for each key management personnel and recommending for Board's approval; and monitoring the level and structure of remuneration for key management personnel relative to the internal and external peers and competitors;

# CORPORATE GOVERNANCE

- (f) ensuring that the remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities;
- (g) reviewing the remuneration of employees related to the Directors, CEO or substantial shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with the respective job scopes and level of responsibilities. Bonuses, pay increases and/or promotion for these related employees will also be subject to the review and approval of the NRC;
- (h) reviewing ongoing appropriateness and relevance of the Company's remuneration policy (including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered) and other benefit programs (where appropriate);
- (i) obtaining reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants;
- (j) overseeing any major changes in employee benefits or remuneration structures;
- (k) reviewing the design of all long-term and short-term incentive plans for approval by the Board and shareholders;
- (l) reviewing the Manager's obligations arising in the event of termination of a Director's and executive officer's contracts of service and ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- (m) setting performance measures and determining targets for any performance-related pay schemes operated by the Company;
- (n) working and liaising, as necessary, with all other Board Committees on any other matters connected with remuneration matters; and
- (o) undertaking such other functions and duties as may be required by the Board under the Code, statute or SGX-ST Listing Rules (where applicable).

Sasseur REIT is externally managed by the Manager and accordingly has no personnel of its own. Directors' fees of all Directors and remuneration of the employees of the Manager are paid by the Manager and not by Sasseur REIT. The Manager adopts the principle that remuneration matters should be appropriately structured and benchmarked with good market practices to attract qualified talent to grow and manage its business. The remuneration structure supports the continuous development of the management bench strength to ensure robust talent management and succession planning.

The underlying principles governing the Manager's remuneration policy for its key management personnel are as follows:

- Rewarding and motivating the Manager's Management team to work towards achieving the strategic goals and business results/performance of Sasseur REIT and the Manager; and
- Enhancing the retention of key talents to build strong organisational capabilities and ensuring competitive remuneration relative to the appropriate external talent markets.

The Manager has put in place a performance-based remuneration system as reviewed and approved by the NRC, with the endorsement of the Board, using key performance indicators ("KPI") such as financial, investor relations, investments and unit price performances as well as appraisal system with qualitative and quantitative achievements, where applicable, for key management personnel of the Manager. Risk management is part of the considerations and factored into the KPIs. The NRC is also responsible for approving all KPI and targets to drive the performance of Sasseur REIT and the Manager. The remuneration structure is designed with the objective of retaining, rewarding and motivating each individual to stay competitive and relevant while maintaining the right behaviours such that there would not have unintended consequences in terms of modifying work habit.

# CORPORATE GOVERNANCE

In arriving at the annual remuneration package for its top five (5) key management personnel and the CEO, the NRC takes into consideration the remuneration policy and framework, performance of the Manager in relation to the approved key performance indicators and reference to compensation benchmarks within the industry, as appropriate.

The key objectives and features of the Manager's policy on the remuneration of its Directors are as follows:

- the level of Directors' fees should be appropriate (but not excessive) to attract and motivate the Directors to provide good stewardship of the Manager and the Group;
- Directors' fees are reviewed annually based on each Director's level of responsibilities, holding appointments as Chairman or member of Board Committees and subject to the approval of the Manager's shareholder;
- to ensure that each Director's fees are commensurate with his or her responsibilities and time spent, each Director is paid a basic retainer and Directors who perform additional services through the Board committees are paid additional fees for such services;
- no Director is involved in deciding his or her own remuneration.

The Board had endorsed, with the concurrence of the NRC, an amount of S\$786,000 as Directors' fees for FY2019. In reviewing the Directors' fees, the NRC took into consideration the expertise and experience of each Director and his/her contributions to the Board. No member of the Board will be involved in any decision of the Board relating to his own remuneration. Each of the NRC members, being interested in the matter, recused himself from all discussions and abstained from the recommendations in respect of their own fees.

If required and/or necessary, the NRC will seek expert's advice inside and/or outside the Company on remuneration of all Directors and key management personnel. During the year, Whitestone Consulting was appointed as remuneration consultant to provide the NRC an independent salary survey report of the real estate investment trust market in Singapore. The NRC also undertook a review of the independence and objectivity of the external remuneration consultant and noted that the salary ranges from the Whitestone report were found to be fair and consistent with market practices. In view thereof, the NRC is not aware of the existence of any relationship and is satisfied that there is no relationship between the Manager and its appointed remuneration consultants which will affect the independence and objectivity of the remuneration consultant.

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the Securities and Futures Act) require:

- the disclosure of the remuneration of each individual Director and the CEO on a named basis, and
- the disclosure of the remuneration of at least the top five key management personnel (who are neither Directors nor the CEO) in bands of S\$250,000.

The breakdown of the Directors' fees for FY2019 is set out in the table below:

<b>Name of Director</b>	<b>Director's Fees (S\$)</b>
Mr Xu Rongcan	216,000
Ms Yang Xue	180,000
Dr Wang Jun	–
Dr Zhou Yimin	–
Dr Gu Qingyang	100,000
Mr Mario Boselli	100,000
Mr Cheng Heng Tan	105,000
Mr Wu Geng	85,000

# CORPORATE GOVERNANCE

## Remuneration of the CEO and the top five (5) Key Management Personnel for FY2019

Name of key management personnel	Fixed Component <sup>1</sup>	Variable Component <sup>2</sup>	Benefits in Kind	Other Long Term Incentives	Total
	%	%	%	%	%
<i>S\$500,001 to S\$750,000</i>					
Mr Anthony Ang Meng Huat	61.18	38.54	0.28	–	100.00
Mr Ken Chew Hian Chin	61.28	38.08	0.64	–	100.00
<i>S\$250,001 to S\$500,000</i>					
Ms Jaslyn Leong	58.74	41.26	0.00	–	100.00
<i>S\$250,000 and below</i>					
Ms Wong Siew Lu <sup>3</sup>	62.57	37.43	0.00	–	100.00
Mr Fred Chee Kin Yuen <sup>4</sup>	87.42	11.78	0.80	–	100.00
Mr Chen Zhen <sup>5</sup>	73.41	25.70	0.89	–	100.00

<sup>1</sup> Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for FY2019.

<sup>2</sup> Variable Component refers to variable or performance related bonus paid in FY2019.

<sup>3</sup> Appointed as Manager, Investor Relations and Corporate Affairs on 25 February 2019.

<sup>4</sup> Resigned as Chief Financial Officer on 30 June 2019.

<sup>5</sup> Resigned as Head of Investor Relations, Compliance and Risk Management on 4 April 2019.

No compensation is payable to any Director, the CEO, key management personnel or staff of the Manager in the form of options in units or pursuant to any bonus or profit-sharing plan or any other compensation relating to any profit-linked agreement or arrangement. Remuneration of the Directors, the CEO and the top five (5) key management personnel of the Manager is paid in cash.

The aggregate remuneration paid to the top five (5) key management personnel (which excludes the CEO) for FY2019 is approximately S\$1,342,293.79.

There were no employees of the Manager who were substantial shareholders of the Manager or immediate family members of a Director, the CEO or a substantial shareholder of the Manager, and whose remuneration exceeds S\$100,000 in FY2019.

The Manager has decided (a) to disclose the CEO's remuneration in bands of S\$250,000 (instead of on a quantum basis), (b) to disclose the remuneration of the top five (5) key management personnel of the Manager in bands of S\$250,000, and (c) to disclose the total remuneration of the top five (5) key management personnel (excluding the CEO) of the Manager. The Manager's decision takes into consideration the sensitive and confidential nature of remuneration matters and the importance of the continuity of a stable management team in the competitive environment which the Manager operates. The Manager is of the view that disclosure in such manner is not prejudicial to the interests of the Unitholders as the indicative range for the CEO's remuneration, as well as the total remuneration of the top five (5) key management personnel and the CEO, is made known to the Unitholders. In addition, sufficient information is provided on the Manager's remuneration framework to enable the Unitholders to understand the link between Sasseur REIT's performance and the remuneration of the top five (5) key management personnel (excluding the CEO). The Manager believes that its practices and policies on setting and disclosure of remuneration are in line with the intent of Principle 8 of the Code.

There are no contractual provisions to allow the Manager to reclaim incentive components of remuneration from key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Manager and Sasseur REIT.

Presently, the Manager does not have a share option scheme or long-term incentive scheme in place. There are no termination, retirement or post-employment benefits that are granted over and above what have been disclosed.

# CORPORATE GOVERNANCE

## (C) ACCOUNTABILITY AND AUDIT

### RISK MANAGEMENT AND INTERNAL CONTROLS

*Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

The Board provides the Unitholders with quarterly and full year financial statements within the relevant periods prescribed by the SGX-ST Listing Manual after they are reviewed by the ARC and approved by the Board. These financial statements are accompanied by news releases and presentation slides issued to the media and which are also posted on the SGXNet. In presenting the quarterly and annual financial statements to Unitholders, the Board aims to provide Unitholders with a balanced, clear and understandable assessment of Sasseur REIT's performance, position and prospects. In order to achieve this, Management provides the Board with management accounts on a quarterly basis and such explanation and information as any Director may require, to enable the Directors to keep abreast, and make a balanced and informed assessment, of Sasseur REIT's financial performance, position and prospects.

In addition, the Manager also keeps the Unitholders, stakeholders and analysts informed of the performance and changes in Sasseur REIT or its business which would be likely to materially affect the price or value of the Units on a timely and consistent basis, so as to assist Unitholders and investors in their investment decisions.

The Manager believes in conducting itself in ways that seek to deliver maximum sustainable value to Unitholders. Best practices are promoted as a means to build an excellent business for Unitholders and the Manager is accountable to Unitholders for Sasseur REIT's performance. Prompt fulfilment of statutory and regulatory reporting requirements is but one way to maintain Unitholders' confidence and trust in the capability and integrity of the Manager.

The Manager had, pursuant to the SGX-ST Listing Rule 720(1), received undertakings from all its Directors and key management personnel that they each shall, in the exercise of their powers and duties as Directors or executive officers of the Manager, use their best endeavours to comply with the requirements of the SGX-ST Listing Manual from time to time in force and their best endeavours to procure that Sasseur REIT shall so comply.

The Manager has put in place an adequate and effective system of internal controls addressing material financial, operational, compliance and information technology risks to safeguard Unitholders' interests and Sasseur REIT's assets.

The Board has overall responsibility for the governance of risk and oversees the Manager in the design, implementation and monitoring of the risk management and internal control systems. The ARC assists the Board in carrying out the Board's responsibility of overseeing the risk management framework and policies of Sasseur REIT.

The internal audit function is outsourced to PricewaterhouseCoopers Risk Services Pte. Ltd. ("PwC" or "Internal Auditors") which is staffed by qualified executives. The ARC approves the hiring, removal, evaluation and compensation of the auditing firm to which the internal audit function is outsourced. The Internal Auditors should have unfettered access to all the Group's documents, records, properties and personnel, including access to the ARC. PwC reports to the ARC Chairman and has unrestricted access to the ARC, and is guided by the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The ARC will review the findings of the Internal Auditors and will ensure that the Group follows up on the Internal Auditors' recommendations. The ARC will review the adequacy of the internal audit function annually to ensure that the internal audit function is adequately resourced and able to perform its function effectively and objectively. The ARC also reviews the independence of the internal audit function. For FY2019, the ARC is satisfied with the independence, adequacy and effectiveness of the internal audit function.

# CORPORATE GOVERNANCE

The Manager has also engaged KPMG to carry out certain compliance activities which include assessing the Manager's compliance with applicable provisions of the SFA and whether the Manager, in its role as manager of Sasseur REIT, has prepared returns and other documents accurately for submission to the MAS. KPMG also provides advice and training on compliance requirements under the SFA to representatives of the Manager as well as regulatory compliance advice from time to time as required by the Manager. Notwithstanding the engagement of KPMG to carry out certain compliance activities, the Manager is responsible for ensuring compliance with all applicable laws, regulations and guidelines.

The ARC is kept updated on findings reported by PwC and KPMG, which are taken into consideration when assessing the Manager's risk appetite.

The ARC had also adopted the financial risk management policies, which covers the following financial risks:

- Liquidity and funding
- Interest rate
- Foreign exchange – transaction exposures
- Fraud Risk

In line with the Code, the ARC, with the concurrence of the Board, had adopted a Management Assurance Confirmation Statement ("Management Assurance Statement"). For FY2019, the CEO, the COO and the Head of Finance had provided a Management Assurance Statement confirming that:

- (i) they are aware of their responsibilities for establishing, maintaining and evaluating the adequacy and effectiveness of the risk management and internal controls of Sasseur REIT;
- (ii) the financial records of Sasseur REIT have been properly maintained and the financial statements give a true and fair view of Sasseur REIT's operations and finances;
- (iii) Ernst & Young LLP ("EY"), the external auditors ("External Auditors") of Sasseur REIT, had conducted the procedures in accordance with the Singapore Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" as promulgated by the International Auditing and Assurance Standards Board. No exceptions were noted during their performance of these agreed upon procedures;
- (iv) to the best of their knowledge and in addition to the review conducted by EY, nothing has come to the Management's attention, which may render the full year financial results of Sasseur REIT for FY2019 to be false or misleading in any material aspect;
- (v) there are no known significant deficiencies or lapses in the risk management and internal controls system relating to Sasseur REIT's financial, operational, compliance and information technology controls which could adversely affect Sasseur REIT's ability to record, process, summarise or report financial data, or of any fraud, whether material or not;
- (vi) the risk management and internal control systems of Sasseur REIT are adequate and effective.

Based on the system of internal controls and risk management policies and procedures established and maintained by Sasseur REIT and the Manager, work done by the Internal Auditors and External Auditors, reviews performed by Management, various Board Committees and the Board and the receipt of assurance from the CEO, the COO and the Head of Finance, the Board, with the concurrence of the ARC, is of the opinion that taking into account the nature, scale and complexity of Sasseur REIT's and the Manager's operations, Sasseur REIT's and the Manager's internal controls and risk management system were adequate and effective in addressing the financial, operational, compliance and information technology risks as at 31 December 2019.

# CORPORATE GOVERNANCE

## AUDIT COMMITTEE

*Principle 10: The Board has an Audit Committee which discharges its duties objectively.*

The Board has established an ARC which comprises three Independent Directors. The composition of the ARC is as follows:

Mr Cheng Heng Tan	Independent Director	ARC Chairman
Dr Gu Qingyang	Lead Independent Director	ARC member
Mr Wu Geng	Independent Director	ARC member

The ARC members bring with them invaluable recent and relevant managerial and professional expertise in accounting and related financial management domains, in particular, the ARC Chairman is a member of the Institute of Singapore Chartered Accountants, among other professional affiliations. None of the ARC members was previously a partner of the incumbent External Auditors, EY, within a period of two (2) years commencing on the date of their ceasing to be a partner or director, nor does any of the ARC members hold any financial interest in EY.

The ARC has explicit authority to investigate any matter within its terms of reference. Management is required to provide the fullest co-operation in providing information and resources, and in implementing or carrying out all requests made by the ARC. The ARC has direct access to the Internal Auditors and External Auditors and full discretion to invite any Director or executive officer to attend its meetings. Similarly, both Internal Auditors and External Auditors are given unrestricted access to the ARC.

The ARC meets at least four (4) times a year and, as and when deemed appropriate to carry out its function, where applicable, is guided by the following key terms of reference:

- (a) reviewing the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the financial performance and recommending changes, if any, to the Board;
- (b) overseeing and reviewing the adequacy and effectiveness of the risk management function;
- (c) overseeing management in establishing the risk management framework;
- (d) reviewing and reporting to the Board at least annually on the adequacy and effectiveness of the internal controls and risk management systems;
- (e) reviewing the assurance provided by the CEO and Head of Finance that the financial records have been properly maintained, and that the financial statements give a true and fair view of the Company's operations and finances;
- (f) reviewing the adequacy, effectiveness, independence, scope and results of the internal audit function;
- (g) reviewing the scope and results of the external audit and the independence and objectivity of the external audit. The ARC shall then recommend to the Board the appointment, reappointment and removal of the external auditors and its remuneration and terms of engagement;
- (h) ensuring that the Company complies with the requisite laws and regulations;
- (i) ensuring the Company has programmes and policies in place to identify and prevent fraud;
- (j) overseeing the establishment and operation of the whistleblowing process in the Company;
- (k) reviewing all interested person transactions and related party transactions;
- (l) reviewing and providing their views on all hedging policies and instruments to be implemented by Sasseur REIT to the Board;
- (m) reviewing and approving the procedure for the entry into of any foreign exchange hedging transactions and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions approved by the Board;



# CORPORATE GOVERNANCE

- (n) reviewing the processes and procedures in relation to the appointment or removal of legal representatives of the PRC Companies annually;
- (o) exercising oversight over the undertakings given by each of the Sponsor and the Entrusted Manager to the Manager and the Trustee that (i) it will immediately inform the Trustee and the Manager of any matter that has a materially adverse impact on its ability to perform its obligations under the Entrusted Management Agreements (including matters pertaining to the Sponsor and the Entrusted Manager's creditworthiness); and (ii) it will not unilaterally novate or assign any of the Individual Entrusted Management Agreements or the Master Entrusted Management Agreement, as the case may be, to other parties, and will inform the Manager and the Trustee of any changes to the Individual Entrusted Management Agreements, or the Master Entrusted Management Agreement, as the case may be (including any such novation or assignment);
- (p) assessing on an annual basis and where there are changes to the financial and/or credit standing of the financial institutions providing the banker's guarantee pursuant to the Performance Reserve, whether the standing of the banker's guarantee or banker's performance bond provided has been diminished arising from the changes;
- (q) assessing on an annual basis and where there are changes to the financial and/or credit standing of the financial institutions providing the banker's guarantee pursuant to the Performance Reserve, whether the standing of the banker's guarantee or banker's performance bond provided has been diminished arising from the changes;
- (r) determining when the income support safeguards implemented post-Listing (save for the Performance Reserve) would fall away;
- (s) in relation to the Performance Reserve, overseeing (i) that the banker's guarantee provided in respect of the Performance Reserve is obtained or placed with an independent financial institution of good financial standing (i.e. at least investment grade); (ii) the withdrawal and utilisation of the Performance Reserve by Sasseur REIT during the term of the Entrusted Management Agreements; and (iii) where the term of the banker's guarantee is shorter than the duration of the income support and is subject to periodic renewal, that the Sponsor should ensure that the banker's guarantee would be renewed;
- (t) exercising oversight over the undertakings of the Manager pursuant to the Entrusted Management Agreements (including the disclosures required in the announced full year financial results and annual reports of Sasseur REIT pursuant to the undertakings in relation to the Entrusted Management Agreements);
- (u) reviewing the internal guidelines and monitoring the procedures put in place by the Manager to ensure that the transactions entered into by the PRC Property Companies under the Entrusted Management Agreements are conducted on normal commercial terms and will not be prejudicial to Sasseur REIT and its minority Unitholders;
- (v) reviewing at least quarterly in each financial year the transactions entered into by the PRC Property Companies under the Entrusted Management Agreements to ascertain the guidelines and procedures established by the Manager to monitor interested person transactions have been complied with;
- (w) reviewing and considering the terms of the Entrusted Management Agreements on an annual basis to ensure that the commercial terms of the Entrusted Management Agreements would not be prejudicial to the interests of Sasseur REIT and its Unitholders and be in compliance with Sasseur REIT's internal controls systems;
- (x) conducting an annual assessment on whether the relevant PRC Property Company should exercise the Buy Back Option to acquire the development rights to the Phase 2 Developments and where the Sponsor is unable to complete the development of the Phase 2 Developments prior to the completion date of 31 December 2020 (as set out in the Grant Agreements), conducting an assessment on whether Sasseur REIT should grant the Sponsor a further extension of the completion date in accordance with the terms of the relevant Grant Agreements; and
- (y) deliberating on and putting forth proposals to the Board on measures to mitigate conflicts of interest situations involving Sasseur REIT.

# CORPORATE GOVERNANCE

The ARC has reviewed the nature and extent of non-audit services provided by the External Auditors in FY2019 and the fees paid for such services. The aggregate amount of fees paid and payable to the External Auditors for FY2019 was S\$753,100:

Audit fees: S\$440,800  
Non-audit fees: S\$312,300

The External Auditors have also confirmed their independence and that they complied with Code of Professional Conduct and Ethics of the Institute of Singapore Chartered Accountants in respect of relative size of audit fees and non-audit fees. The ARC has reviewed and is satisfied that the independence of the External Auditors has not been impaired by the provision of those services.

In FY2019, the ARC also met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to best practices and guidance for Audit Committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

The Manager confirms, on behalf of Sasseur REIT, that Sasseur REIT complies with Rule 712 and Rule 715 of the Listing Rules.

Changes to the accounting standards and accounting issues which have a direct impact on the financial impact on the financial statements were reported to and discussed with the ARC at its meetings.

## Key audit matter

In the review of the financial statements, the ARC has discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The ARC had discussed and reviewed the following key audit matter impacting the financial statements with the Management and the External Auditors:

Key Audit Matter	How this issue was addressed by the ARC
Valuation of investment properties	<p>The ARC evaluated the objectivity, independence and expertise of the external appraisers. The valuation as at 31 December 2019 was performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.</p> <p>The ARC reviewed the valuation methodology, assumptions and outcomes, and discussed the valuation details with Management.</p> <p>The valuation of investment properties was also an area of focus for the External Auditor. The ARC considered the findings of the External Auditor, including their assessment of the appropriateness of the valuation methodology and key assumptions applied in the valuation of the investment properties.</p> <p>The ARC was satisfied with the valuation methodology and the valuation for investment properties as disclosed in the financial statements.</p>

## Whistle Blowing Policy

The Company has put in place a Whistle Blowing Policy endorsed by the ARC where the employees of Sasseur REIT or any other person may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other matters. A dedicated secured e-mail address has been set up to allow whistleblowers to contact the ARC Chairman at [arcchair@sasseurreit.com](mailto:arcchair@sasseurreit.com) directly for any wrongdoing or concerns.

# CORPORATE GOVERNANCE

The whistle blowing report should include the following information, where applicable:

- Date, time and place of the actions/transactions;
- Identity and particulars of the parties involved;
- Circumstances leading to the improprieties; and
- Any other relevant information or documentation that would assist in the evaluation of the report.

Upon receiving a whistle blowing report, an email will be sent to the whistle-blower to acknowledge receipt of the report within 3 working days.

Details of the Whistle Blowing Policy and arrangements have been made available to all employees of the Group. The ARC will ensure that independent investigations and any appropriate follow-up actions are carried out, should there be any receipt of whistle blowing report.

## (D) SHAREHOLDER RIGHTS AND ENGAGEMENT

### SHAREHOLDERS RIGHTS AND CONDUCT OF GENERAL MEETING

*Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

### ENGAGEMENT WITH SHAREHOLDERS

*Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

The Manager is committed to achieving effective communication with the public and keep all Unitholders and other relevant stakeholders and analysts informed of the performance and changes in Sasseur REIT or its business which would be likely to materially affect the price or value of the Units, on a timely and consistent basis, for the purposes of assisting Unitholders and investors in their investment decisions.

The Manager has a dedicated team performing the investor relations function which facilitates effective communication with Unitholders, analysts, fund managers and the media. The Unitholders may contact the IR Team at [ir@sasseurreit.com](mailto:ir@sasseurreit.com). The Manager actively engages with Unitholders and has in place an Investor Relations Policy which sets out the principles and practices that the Manager applies in order to provide Unitholders and prospective investors of Sasseur REIT with balanced and understandable information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is available on Sasseur REIT's website.

The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investment community. All material information, including press releases on major developments, relating to Sasseur REIT would be communicated on a timely basis through announcements through the SGX-ST via SGXNet at first instance before publishing the same on Sasseur REIT's website at <http://www.sasseurreit.com/>.

Other than publicly released announcements and its corporate website, the Manager also seeks to engage Unitholders and the investment community through the following channels:

- (i) Site visits;
- (ii) Annual reports/Circulars to Unitholders;
- (iii) Notices of, and explanatory notes for annual general meetings ("AGM") and extraordinary general meetings ("EGM");

# CORPORATE GOVERNANCE

- (iv) Media and analyst briefings; and
- (v) Other individual or group meetings, local/overseas conferences, conference calls, roadshows, and emails.

More information on the Manager's investor relations activities with Unitholders, investors and analysts can be found in the "Investor Relations" section of this Annual Report.

The Company does not practice selective disclosure, and in the event that any inadvertent disclosure is made to a select group, the Company will make the same disclosure publicly to all others as promptly as possible.

The Manager is committed to treat all Unitholders fairly and equitably. In addition, there are relevant laws and regulations together with the Trust Deed governing specific Unitholders rights. These rights include among others, the right to participate in profit distributions, the right to attend and vote in general meetings.

General meetings are the principal forum for dialogue with Unitholders. Unitholders are encouraged to attend the AGMs and EGMs (if any) to ensure high level of accountability and to stay informed of the Group's strategy and goals. At such general meetings, Unitholders will be informed of the rules, including voting procedures, that govern general meetings and are also given the opportunity to share and communicate their views and seek clarification with the Board on issues relating to the Group's performance either informally or formally at or after the AGM.

The Manager is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. Nonetheless, Unitholders can vote at the general meetings in person or by appointing a proxy, through proxy forms which are sent together with the Annual Reports or circulars, as the case may be. Where a registered holder for the time being of Units is a relevant intermediary (including, but not limited to, a nominee company, a custodian bank or a CPF agent bank) ("Holder"), the Holder may, for the avoidance of doubt, appoint more than one proxy to exercise all or any of its rights to attend, speak and vote at every meeting, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by it (which number of Units and Class shall be specified).

The duly completed and signed proxy forms are required to be submitted to the Manager's registered office address 72 hours before the general meeting. The Annual Report or Circular, as the case may be, and notices of the general meetings are dispatched to Unitholders, together with explanatory notes at least 14 clear days before each meeting for ordinary resolutions and at least 21 clear days for extraordinary resolutions to be passed. The notice is also advertised in a national newspaper and announced on SGX-ST via SGXNet.

Each distinct issue is proposed as a separate resolution at the general meeting.

Where possible, all the Directors will attend Unitholders' meetings. In particular, the Chairman of the Board and the respective Chairman of the ARC and the NRC, including the Lead Independent Director are required to be present to address questions at general meetings. The External Auditors are also available at such meetings to assist the Directors to address Unitholders' queries on the conduct of audit and the preparation and content of the Auditors' Report, where necessary.

The Joint Company Secretary(ies) of the Manager prepare minutes of Unitholders' meetings, which incorporate comments or queries from Unitholders and responses from the Board, Management and Auditors (if applicable). These minutes are available to Unitholders upon request. Minutes of the general meetings are also uploaded on Sasseur REIT's website.

To ensure transparency in the voting process and better reflect Unitholders' interests, the Manager will conduct electronic poll voting for all the resolutions proposed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to Unitholders immediately at such general meetings. The total number of votes cast for or against the resolutions and the respective percentages are also announced on SGXNet after the general meetings.

# CORPORATE GOVERNANCE

## Distribution Policy

In accordance with the Prospectus for initial public offering (“IPO”) of Sasseur REIT dated 21 March 2018 (“Prospectus”), Sasseur REIT’s distribution policy is to distribute 100% of Sasseur REIT’s Distributable Income for the period from the Listing Date to 31 December 2019. Thereafter, Sasseur REIT will distribute at least 90% of its Distributable Income semi-annually.

The Manager had on 18 February 2019 announced via the SGXNET that the Distribution to Unitholders will be changed from semi-annually to quarterly with effect from first quarter 2019. Save for this, there is no other change in the distribution policy.

## (E) MANAGING STAKEHOLDERS RELATIONSHIPS

### ENGAGEMENT WITH STAKEHOLDERS

*Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of Sasseur REIT are served.

In order to review and assess the material factors relevant to Sasseur REIT’s business activities, the Manager from time to time proactively engages with various stakeholders, including employees, vendors and tenants, and the investment community, to gather feedback on the sustainability matters which have significant impact to the business and operations of Sasseur REIT and its stakeholders. The Manager’s strategy and key areas of focus in relation to the management of stakeholder relationships during FY2019 are set out on pages 80 to 96 of the Annual Report.

Sasseur REIT maintains a current corporate website at <http://www.sasseurreit.com/> to communicate and engage with its stakeholders.

## (F) ADDITIONAL INFORMATION

### DEALING IN SECURITIES

The Group has adopted a Personal Account Dealing Policy to provide guidance to its officers regarding dealings in the Company’s securities, in compliance with Rule 1207(19) of the SGX-ST Listing Manual.

To this end, the Manager has issued guidelines to its Directors and officers (whom include both of the Manager and any subsidiary or related corporation), who will be notified of the closed window period by an internal memorandum, which set out prohibitions against dealing in the Company’s securities during the period beginning one (1) month and two (2) weeks before the date of the announcement of the full year or quarterly results respectively and ending on the date of the announcement of the relevant results.

Any employee who intends to deal in the Company’s securities outside of the prohibition period are required to seek approval from the CEO before the intended purchase or sale. In the case of the CEO and Directors, written approval is required to be sought from the ARC Chairman before the intended purchase or sale. In the case of the ARC Chairman, written approval is required to be sought from the Chairman of the Board before the intended purchase or sale.

Directors and officers are also advised against dealing in the securities on short-term consideration and when they are in possession of any unpublished material price-sensitive information of the Group, and to be mindful of the law on insider trading.

# CORPORATE GOVERNANCE

## DEALING WITH CONFLICTS OF INTEREST

In accordance with the Compliance Manuals adopted by the Manager, the following principles and procedures have been established to deal with potential conflicts of interest which the Manager (including its Directors, executive officers and employees) may encounter in managing Sasseur REIT:

- (a) the Manager is a dedicated manager to Sasseur REIT and will not manage any other REIT or be involved in any other real estate property business without obtaining approval from the MAS;
- (b) all resolutions at meetings of the Board or Board resolutions in relation to matters concerning Sasseur REIT must be approved by a majority vote of the Directors, including at least one Independent Director;
- (c) in respect of matters in which Sasseur REIT's Sponsor, shareholder and/or its subsidiaries have an interest, whether directly or indirectly, the nominees appointed by the relevant shareholder, Sponsor or subsidiary to the Board will abstain from voting. For such matters, the quorum must comprise a majority of the Independent Directors and shall exclude such Directors who are the nominees of Sponsor, shareholder and/or its subsidiaries;
- (d) in respect of matters in which a Director or his associates have an interest, whether direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and shall exclude such interested Director(s);
- (e) any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party; and
- (f) at least half of the Board shall comprise Independent Directors.

In addition, the Trust Deed provides that if the Manager is required to decide whether to or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of the Trust with such person which is a Related Party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of the Trust, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Manager (including its Independent Directors) will have a duty to ensure that the Manager shall comply with the aforesaid.

Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party and shall be reported to and communicated to the ARC.

## INTERESTED PERSON TRANSACTIONS ("IPT") / RELATED PARTY TRANSACTIONS ("RPT")

### IPT Policies and Procedures

RPT refers to IPT under the SGX-ST Listing Manual and "Interested Party Transactions" under the Property Funds Appendix.

The Manager has in place policies and procedures and established an internal control system on IPTs to ensure that all future RPTs will be undertaken on normal commercial terms and not be prejudicial to the interests of Sasseur REIT and its Unitholders.

As a general rule, the Manager must demonstrate to its ARC that such transactions satisfy the foregoing criteria. This may entail obtaining (where practicable) quotations from parties unrelated to the Manager; or obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager will maintain a register to record all RPTs which are entered into by Sasseur REIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

# CORPORATE GOVERNANCE

The Manager has also incorporated into its internal audit plan a review of IPTs/RPTs entered into by Sasseur REIT to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the ARC. If a member of the ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

KPMG had also been engaged by the Manager to review the compliance of the disclosed IPTs of the Manager. In addition, the Internal Auditors provide an independent oversight on the IPT process and framework and to flag out any errors or potential issues, so as to ensure accuracy, effectiveness and completeness of the records and that the necessary disclosures have been made to the ARC and Board.

Further, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of Sasseur REIT's net tangible assets (based on the latest audited accounts) will be subject to review by the ARC at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Sasseur REIT's net tangible assets (based on the latest audited accounts) will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of Sasseur REIT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager. Further, under the SGX-ST Listing Manual and the Property Funds Appendix, such transactions would be announced via SGXNet; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of Sasseur REIT's net tangible assets (based on the latest audited accounts) will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Pursuant to the SGX-ST Listing Manual, transactions with a value below S\$100,000 are disregarded for the purpose of the announcement and Unitholders' approval requirements under the SGX-ST Listing Manual as set out in the paragraph above. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Related Parties.

Where matters concerning Sasseur REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Sasseur REIT with a Related Party of the Manager (which would include relevant "associates" as defined under the SGX-ST Listing Manual) or Sasseur REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of Sasseur REIT and the Unitholders; and are in accordance with all applicable requirements of the Property Funds Appendix and/or the SGX-ST Listing Manual relating to the transaction in question.

Further, the Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or Sasseur REIT. If the Trustee is to sign any contract with a related party of the Manager or Sasseur REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the SGX-ST Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

# CORPORATE GOVERNANCE

Save for the transactions described under “Related Party Transactions in Connection with the Setting Up of Sasseur REIT and the Offering”, Sasseur REIT will comply with Rule 905 of the SGX-ST Listing Manual by announcing any Interested Person Transaction in accordance with the SGX-ST Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same interested person during the same financial year, is 3.0% or more of Sasseur REIT’s latest audited net tangible assets.

The aggregate value of all Interested Person Transactions in accordance with the SGX-ST Listing Manual in a particular financial year, each of at least S\$100,000 in value and which are subject to Rules 905 and 906 of the SGX-ST Listing Manual, will be disclosed in Sasseur REIT’s annual report for the relevant financial year.

All interested person transactions are subject to review by the ARC at its quarterly meetings to ensure that such transactions are conducted on an arm’s length basis and are not prejudicial to the interests of the Unitholders.

Details of all IPTs (equal to or exceeding S\$100,000 each in value) entered into by Sasseur REIT in FY2019 are disclosed on page 185 of this Annual Report.

## MATERIAL CONTRACTS

The dates of, parties to, and general nature of every material contract which the Trustee has entered into within the two years preceding the date of Prospectus (not being contracts entered into in the ordinary course of the business of Sasseur REIT) are as follows:

- (i) the Trust Deed;
- (ii) the Sponsor ROFR;
- (iii) the BVI Holding Companies Sale and Purchase Agreements;
- (iv) the Grant Agreements;
- (v) the Purchase Option Agreements;
- (vi) the Master Entrusted Management Agreement;
- (vii) the Individual Entrusted Management Agreements;
- (viii) the Licence Agreements;
- (ix) the Deed of Indemnity in relation to Bishan Outlets; and
- (x) the Deed of Indemnity in relation to the Non-Registration of Tenancy Agreements.



# CORPORATE GOVERNANCE

## USE OF PROCEEDS

The use of proceeds raised from the IPO, including proceeds from the loan facilities, is in accordance with the stated uses as disclosed in the Prospectus, and is set out below:

	<b>Amount allocated (S\$'000)</b>	<b>Amount utilised (S\$'000)</b>	<b>Balance (S\$'000)</b>
Redemption	396,000	396,000	–
Repayment of existing onshore loans	397,566	397,566	–
Issue expenses and other transaction costs	54,314	47,405 <sup>1</sup>	6,909
General corporate and working capital purposes	70,686	76,666	(5,980)
<b>Total</b>	<b>918,566</b>	<b>917,637</b>	<b>929</b>

The breakdown on the use of the above funds for the general corporate and working capital needs is as follows:

	<b>Amount utilised (S\$'000)</b>
Acquisition of shop units in Hefei Outlets	20,058
Capital expenditures	9,826
Deposits into interest reserve accounts	8,546
Repayment of 1% of onshore initial loan principal, semi-annually	
- Listing date till 31 December 2019	11,718
- Year 2020 till loan maturity in March 2023	26,518
	<b>76,666</b>

<sup>1</sup> Exclude GST paid on issue expenses and other transaction costs of \$2,178,000 which were refunded in 2019 and 2020.

The Manager is of the view that the utilisation is substantially in accordance with the stated applications disclosed in page 128 of the Prospectus.

# REPORT OF THE TRUSTEE

## Report of the Trustee

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of Sasseur Real Estate Investment Trust (the "Trust") held by it or through its subsidiaries (collectively known as the "Group") in trust for the holders of units (the "Unitholders") in the Trust. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Sasseur Asset Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 30 October 2017 which was supplemented by a first supplemental deed dated 19 March 2018 (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the year covered by these financial statements, set out on pages 133 to 184, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

**For and on behalf of the Trustee,  
DBS Trustee Limited**

**Chan Kim Lim**  
Director

Singapore  
20 May 2020

# STATEMENT OF THE MANAGER

In the opinion of the directors of Sasseur Asset Management Pte. Ltd. (the “Manager”), the Manager of Sasseur Real Estate Investment Trust (the “Trust”), the accompanying financial statements set out on pages 133 to 184 comprising the Statement of Financial Position and Consolidated Statement of Portfolio of the Group and the Statement of Financial Position of the Trust as at 31 December 2019, the Consolidated Statement of Total Return, Consolidated Distribution Statement, Consolidated Statement of Changes in Unitholders’ Funds and Consolidated Statement of Cash Flows of the Group and the Statement of Changes in Unitholders’ Funds of the Trust for the year ended 31 December 2019 are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2019, the consolidated total returns, consolidated distributable income, consolidated changes in unitholders’ funds, consolidated cash flows of the Group and the changes in unitholders’ funds of the Trust for the year ended 31 December 2019 and the statement of portfolio of the Group as at 31 December 2019 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 30 October 2017 which was supplemented by a first supplemental deed dated 19 March 2018. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

**For and on behalf of the Manager,  
Sasseur Asset Management Pte. Ltd.**

**Cheng Heng Tan**  
Director

Singapore  
20 May 2020

# INDEPENDENT AUDITOR'S REPORT

To the Unitholders' of Sasseur Real Estate Investment Trust

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Sasseur Real Estate Investment Trust (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the statement of financial position and consolidated statement of portfolio of the Group and the statement of financial position of the Trust as at 31 December 2019, the consolidated statement of total return, consolidated distribution statement, consolidated statement of changes in unitholders' funds and consolidated statement of cash flows of the Group and the statement of changes in unitholders' funds of the Trust for the year ended 31 December 2019 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in unitholders' funds of the Trust are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting framework for Unit Trusts*" ("RAP 7") issued by the Institution of Singapore Chartered Accountants, so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2019 and the consolidated total returns, consolidated distributable income, consolidated changes in unitholders' funds, consolidated cash flows of the Group, and the changes in unitholders' funds of the Trust for the year ended 31 December 2019 and the statement of portfolio of the Group as at 31 December 2019.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### Valuation of investment properties

As at 31 December 2019, the carrying amount of investment properties was \$1,587,197,000 which accounted for 89.7% of total assets. The valuation of the investment properties is significant to our audit due to its magnitude. In addition, their valuation is complex and highly dependent on a range of estimates made by the Manager of the Trust (the "Manager") and the external valuer engaged by the Manager annually. As disclosed in Note 21(d), the valuations of investment properties are highly sensitive to changes in the significant unobservable inputs, particularly those relating to price per square feet and discount rates.

We assessed the Group's process relating to the selection of the external valuer, the determination of the scope of work of the valuer, and the review of the valuation reports issued by the external valuer. We evaluated the objectivity, independence and expertise of the external valuer. We also read the terms of engagement between the Group and the valuer to ascertain whether there are matters that might have affected their objectivity or placed limitations in the scope of their work.

# INDEPENDENT AUDITOR'S REPORT

To the Unitholders' of Sasseur Real Estate Investment Trust

## Key Audit Matters (continued)

### Valuation of investment properties (continued)

We involved our internal real estate and valuation specialists to assist us in assessing the appropriateness of the valuation models and the reasonableness of the significant assumptions used in the valuation of investment properties. We evaluated the reasonableness of the significant assumptions used in the estimation process adopted by the Manager and the external valuer by comparing them against available industry data, taking into consideration comparability and market factors. In addition, we discussed with the external valuer to understand the valuation techniques and basis for the significant assumptions used. We assessed the reasonableness of the movements in fair value of the investment properties and the associated deferred tax consequences arising from the fair value changes. We also assessed the adequacy of disclosures in Note 21(d) to the consolidated financial statements relating to the significant assumptions used in the valuation process, given the estimation uncertainty and sensitivity of the valuations.

## Other Information

The Manager is responsible for other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting framework for Unit Trusts*" ("RAP 7") issued by the Institution of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease the Group's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# INDEPENDENT AUDITOR'S REPORT

To the Unitholders' of Sasseur Real Estate Investment Trust

## Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Low Yen Mei.

Ernst & Young LLP

Public Accountants and  
Chartered Accountants

Singapore  
20 May 2020

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group		Trust	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Investment properties	4	1,587,197	1,539,491	–	–
Investment in subsidiaries	5	–	–	951,941	951,558
		<b>1,587,197</b>	<b>1,539,491</b>	<b>951,941</b>	<b>951,558</b>
<b>Current assets</b>					
Prepayments, deposits and other receivables	6	28,536	25,546	27,407	42,661
Cash and short-term deposits	7	154,693	203,641	8,392	32,866
		<b>183,229</b>	<b>229,187</b>	<b>35,799</b>	<b>75,527</b>
<b>Total assets</b>		<b>1,770,426</b>	<b>1,768,678</b>	<b>987,740</b>	<b>1,027,085</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	8	474,521	485,564	123,141	121,641
Deferred tax liabilities	9	78,074	50,944	–	–
Derivative financial instrument	10	–	154	–	154
		<b>552,595</b>	<b>536,662</b>	<b>123,141</b>	<b>121,795</b>
<b>Current liabilities</b>					
Other payables and accruals	11	124,447	142,705	1,018	1,233
Loans and borrowings	8	4,079	7,713	–	–
Derivative financial instruments	10	108	–	108	–
Tax payables		20,034	7,632	9	–
		<b>148,668</b>	<b>158,050</b>	<b>1,135</b>	<b>1,233</b>
<b>Total liabilities</b>		<b>701,263</b>	<b>694,712</b>	<b>124,276</b>	<b>123,028</b>
<b>Net assets</b>		<b>1,069,163</b>	<b>1,073,966</b>	<b>863,464</b>	<b>904,057</b>
<b>Represented by:</b>					
Unitholders' funds		1,069,163	1,073,966	863,464	904,057
<b>Units in issue and to be issued ('000)</b>	12	<b>1,198,679</b>	<b>1,188,953</b>	<b>1,196,679</b>	<b>1,188,953</b>
<b>Net asset value per unit (\$)</b>		<b>0.89</b>	<b>0.90</b>	<b>0.72</b>	<b>0.76</b>

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

# CONSOLIDATED STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2019

		Group	
	Note	2019 \$'000	Period from 30 October 2017 (date of Constitution) to 31 December 2018 \$'000
Property income	13	–	42,081
Property expenses	14	–	(19,633)
<b>Net property income<sup>1</sup></b>		–	22,448
EMA rental income <sup>2</sup>	15	<b>118,015</b>	93,525
Manager's management fees		<b>(7,793)</b>	(6,053)
Trustee's fees		<b>(316)</b>	(226)
Other trust expenses	16	<b>(1,996)</b>	(11,068)
Finance income		<b>284</b>	232
Finance costs	17	<b>(27,981)</b>	(31,155)
Net change in fair value of financial derivative		<b>102</b>	(154)
<b>Total return before fair value adjustments to investment properties and tax</b>		<b>80,315</b>	67,549
Fair value adjustments to investment properties	4	<b>95,080</b>	170,375
<b>Total return for the year/period before tax</b>		<b>175,395</b>	237,924
Tax expense	18	<b>(49,250)</b>	(68,699)
<b>Total return for the year/period attributable to Unitholders</b>		<b>126,145</b>	169,225

<sup>1</sup> Net property income relates to property income generated and expenses incurred for the period from 30 October 2017 (date of constitution) to 27 March 2018.

<sup>2</sup> As further disclosed in Note 1, with effect from 28 March 2018 (listing date), 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.*



# CONSOLIDATED DISTRIBUTION STATEMENT

For the financial year ended 31 December 2019

	Group	
	2019 \$'000	Period from 30 October 2017 (date of Constitution) to 31 December 2018 \$'000
Amount available for distribution to Unitholders at the date of constitution	–	–
Total return for the period attributable to Unitholders	<b>126,145</b>	169,225
Distribution adjustments (Note A)	<b>(48,218)</b>	(97,267)
Amount available for distribution to Unitholders	<b>77,927</b>	71,958
Distribution to Unitholders during the period		
- Distribution of 1.656 cents per Unit for the period from 1 January 2019 to 31 March 2019	<b>(19,689)</b>	–
- Distribution of 1.608 cents per Unit for the period from 1 April 2019 to 30 June 2019	<b>(19,161)</b>	–
- Distribution of 1.640 cents per Unit for the period from 1 July 2019 to 30 September 2019	<b>(19,582)</b>	–
- Distribution of 1.629 cents per Unit for the period from 1 October 2019 to 31 December 2019	<b>(19,495)<sup>1</sup></b>	–
- Distribution of 1.587 cents per Unit for the period from 28 March 2018 (date of listing) to 30 June 2018	–	(18,731)
- Distribution of 3.541 cents per Unit for the period from 1 July 2018 to 31 December 2018	–	(41,794)
Total distribution to Unitholders	<b>(77,927)</b>	(60,525)
Amount not available for distribution <sup>2</sup>	–	(11,428)
Amount available for distribution to Unitholders at the end of the period	–	5
<b>Distribution per Unit (DPU) (cents)<sup>3</sup>:</b>	<b>6.533</b>	5.128
<b>Note A – Distribution adjustments comprise:</b>		
- Manager's management fees payable in Units	<b>7,793</b>	6,053
- Amortisation of debt-related transaction costs	<b>5,110</b>	4,077
- Straight-line adjustments	<b>4,045</b>	(3,653)
- Fair value adjustments to investment properties	<b>(95,080)</b>	(170,375)
- Deferred tax expense	<b>29,172</b>	57,164
- Initial Public Offering expenses	–	8,865
- Exchange differences	<b>844</b>	448
- Net change in fair value of financial derivative	<b>(102)</b>	154
Distribution adjustments	<b>(48,218)</b>	(97,267)

<sup>1</sup> Distribution relating to the period from 1 October 2019 to 31 December 2019 will be made subsequent to the reporting date (Note 26).

<sup>2</sup> Pursuant to the Trust Deed, the Distribution Period covers the distribution income after Listing Date. Amount not available for distribution relates to returns from the period of 30 October 2017 (date of constitution) to 27 March 2018 and is retained for general corporate and working capital purposes.

<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.*

# STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2019

	Note	Group		Trust	
		2019 \$'000	Period from 30 October 2017 (date of Constitution) to 31 December 2018 \$'000	2019 \$'000	Period from 30 October 2017 (date of Constitution) to 31 December 2018 \$'000
<b>As at beginning of period</b>		<b>1,073,966</b>	<b>-<sup>1</sup></b>	<b>904,057</b>	<b>-<sup>1</sup></b>
<b>Operations</b>					
Total return for the period attributable to Unitholders		<b>126,145</b>	169,225	<b>51,897</b>	(20,025)
<b>Net increase/(decrease) in net assets resulting from operations</b>		<b>126,145</b>	169,225	<b>51,897</b>	(20,025)
<b>Unitholders' transactions</b>					
Units in issue					
- Issuance of Consideration Units <sup>2</sup>	12	-	1,062,289	-	1,062,289
- Adjustment due to implied loss discount to investment property value at Initial Public Offering	12	-	(110,731)	-	(110,731)
- Issuance of new Units at Initial Public Offering	12	-	396,000	-	396,000
- Redemption of Consideration Units	12	-	(396,000)	-	(396,000)
- Issue costs	12	-	(14,798)	-	(14,798)
- Manager's management fees paid in Units	12	<b>5,843</b>	-	<b>5,843</b>	-
- Distribution to Unitholders	12	<b>(100,226)</b>	(18,731)	<b>(100,226)</b>	(18,731)
		<b>(94,383)</b>	918,029	<b>(94,383)</b>	918,029
Units to be issued					
Manager's management fees payable in Units	12	<b>1,950</b>	6,053	<b>1,950</b>	6,053
<b>Net (decrease)/increase in net assets resulting from Unitholders' transactions</b>	12	<b>(92,433)</b>	924,082	<b>(92,433)</b>	924,082
<b>Foreign currency translation reserve</b>					
Movement in foreign currency translation reserve		<b>(38,458)</b>	(19,341)	-	-
<b>Hedging reserve</b>					
Movement in hedging reserve		<b>(57)</b>	-	<b>(57)</b>	-
<b>As at 31 December</b>		<b>1,069,163</b>	<b>1,073,966</b>	<b>863,464</b>	<b>904,057</b>

<sup>1</sup> Less than \$1,000.

<sup>2</sup> Considerations Units are the units issued by the Trust to Cayman Holdco (Note 1) as purchase consideration for the acquisition of the "BVI Holding Companies". The "BVI Holding Companies" are incorporated in the British Virgin Islands and are the immediate holding companies of the "HK Holding Companies". The "HK Holding Companies" are companies incorporated in Hong Kong and are the immediate holding companies of the Property Companies ("PRC Property Companies").

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

# CONSOLIDATED STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2019

		Group	
		Period from 30 October 2017(date of Constitution) to 31 December	
	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Total return for the period before tax		175,395	237,924
<u>Adjustments for:</u>			
Manager's management fees payable in units		7,793	6,053
Straight-line adjustments	4	4,045	(3,653)
Net fair value gains on investment properties	4	(95,080)	(170,375)
Net change in fair value of financial derivative		(102)	154
Finance costs	17	27,981	31,155
Finance income		(284)	(232)
<b>Cash flow before changes in working capital</b>		<b>119,748</b>	<b>101,026</b>
<u>Changes in working capital:</u>			
Prepayments, deposits and other receivables		(3,754)	(15,304)
Other payables and accruals		9,739	38,155
<b>Cash generated from operations</b>		<b>125,733</b>	<b>123,877</b>
Tax paid		(6,290)	(5,115)
Interest received		287	232
<b>Net cash generated from operating activities</b>		<b>119,730</b>	<b>118,994</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment property	4	(20,058)	-
Settlement of Hefei's construction payables		(10,684)	-
Cash inflow on acquisition of investment properties and related assets and liabilities	5	-	58,015
Capital expenditure on investment properties	4	(2,261)	(7,565)
<b>Net cash (used in)/generated from investing activities</b>		<b>(33,003)</b>	<b>50,450</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank loans	8	-	525,654
Repayments of bank loans		(7,723)	(404,649)
Proceeds from issuance of units	12	-	396,000
Redemption of Consideration Units	12	-	(396,000)
Payment of Initial Public Offering related expenses		-	(25,144)
Payment of transaction costs relating to loans and borrowings		-	(20,858)
Distribution to Unitholders		(100,226)	(18,731)
Interest paid	8	(22,481)	(27,142)
Increase in restricted cash		(95)	(2,125)
<b>Net cash (used in)/generated from financing activities</b>		<b>(130,525)</b>	<b>27,005</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(43,798)</b>	<b>196,449</b>
Cash and cash equivalents at beginning of the period		195,126	-
Effect on exchange rate changes on cash and cash equivalents		(5,181)	(1,323)
<b>Cash and cash equivalents at end of the period</b>	7	<b>146,147</b>	<b>195,126</b>

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

# STATEMENT OF PORTFOLIO

As at 31 December 2019

Description of Property	Location	Tenure of Land	Remaining Term of Lease (Year)	Lease Expiry	Valuation as at 31 December 2019	Valuation as at 31 December 2019	Percentage of Total Net Assets attributable to Unitholders as at 31 December 2019
					RMB'000	\$'000	%
Chongqing Outlets	No. 1 Aotelaisi Road, Beibuxin District, Chongqing	Leasehold	27.4	2047	2,973,000	574,615	53.8
Bishan Outlets	No. 9 Baiyang Road, Bishan District, Chongqing	Leasehold	31.8	2051	824,000	159,261	14.9
Hefei Outlets	No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province	Leasehold	33.6	2053	2,795,000	540,211	50.5
Kunming Outlets	No.181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province	Leasehold	34.3	2054	1,620,000	313,110	29.3
Investment properties, at valuation					8,212,000	1,587,197	148.5
Other assets and liabilities (net)						(518,034)	(48.5)
Net assets attributable to Unitholders						1,069,163	100.0

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

# STATEMENT OF PORTFOLIO

As at 31 December 2019

Description of Property	Location	Tenure of Land	Remaining Term of Lease (Year)	Lease Expiry	Valuation as at 31 December 2018	Valuation as at 31 December 2018	Percentage of Total Net Assets attributable to Unitholders as at 31 December 2018
					RMB'000	\$'000	%
Chongqing Outlets	No. 1 Aotelaisi Road, Beibuxin District, Chongqing	Leasehold	28.4	2047	2,901,000	579,481	53.9
Bishan Outlets	No. 9 Baiyang Road, Bishan District, Chongqing	Leasehold	32.8	2051	790,000	157,804	14.7
Hefei Outlets	No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province	Leasehold	34.6	2053	2,521,000	503,576	46.9
Kunming Outlets	No.181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province	Leasehold	35.3	2054	1,495,000	298,630	27.8
Investment properties, at valuation					7,707,000	1,539,491	143.3
Other assets and liabilities (net)						(465,525)	(43.3)
Net assets attributable to Unitholders						1,073,966	100.0

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 1. General

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 turns owns 100% of the interest in the BVI Holding Companies, which indirectly owns the Properties.

The registered office of the Manager is located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. 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.

### Entrusted Management Agreement

On 1 March 2018, the Trustee, the Manager and the Sponsor have entered into a Master Entrusted Management Agreement ("EMA") in relation to management of the Properties' operations. Sasseur (Shanghai) Holding Company Limited, a wholly-owned subsidiary of the Sponsor, is the Entrusted Manager of the Trust.

The terms of the EMA are for 10 years from the Listing Date. Pursuant to the terms of the EMA, all the operating expenses of the properties shall be borne by the Entrusted Manager throughout the entire EMA duration.

Under the EMA, Group is entitled to receive EMA rental income, a sum of fixed rent (the "fixed component") and a variable rent (the "variable component") plus performance sharing if any. The fixed component is expected to contribute not more than 70% of the EMA Resultant Rent. The fixed component for each Properties shall increase at an escalation rate of 3.0% per annum, in line with inflationary expectation. EMA Resultant Rent is the sum of fixed component and variable component. Performance sharing is based on the differential between the Gross Revenue and EMA Resultant Rent and after deducting the Entrusted Manager Base Fee ("EM Base Fee"), defined in Note 1(c).

The variable component for each Property is pegged to a percentage of their respective total sales of a range between 4.0% to 5.5%. Gross Revenue is property income plus the income received or receivable by the "PRC Property Companies" from investments in other permissible investments. PRC Property Companies are the subsidiaries of the Trust listed in Note 5.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 1. General (continued)

Property Income is defined as total amounts received or receivable from tenants under tenancy agreements, which includes other incomes such as payment for operation and property maintenance, advertising and promotional expense and service fees and other income including carpark incomes, income received or receivable from leasing of common areas.

Under the EMA, the Entrusted Manager will ensure that the aggregate of the fixed component and variable component that is payable to the Group from the Property Income collected from the properties will not be less than a stipulated amount (the "Minimum Rent"). If the amount payable to the Group falls below the Minimum Rent, the Group will be entitled to receive the shortfall.

The Minimum Rent requirement will only fall away if the Initial Portfolio achieved the Minimum Rent for two consecutive years commencing from the financial period ended 31 December 2018.

Minimum Rent requirement is as follows:

- RMB 472.9 million (SGD 95.9 million) with respect to 31 December 2018 (pro-rated, if applicable from Listing Date to 31 December 2018)
- RMB 611.4 million (SGD 124.0 million) with respect to the year ended 31 December 2019

For the financial periods with respect to 31 December 2018 and 31 December 2019, the Trust recorded EMA rental income of RMB 444.7 million and RMB 617.6 million respectively, which exceeded the Minimum Rent requirement above. As a result, the Minimum Rent requirement will fall away from the financial year starting 1 January 2020 onwards.

Unlike conventional lease arrangements, whereby tenants make rental payments to the landlord on a monthly basis, a "point-of-sale and cash management system" is put in place whereby the total sale proceeds of goods sold by the retail tenants are deposited into the bank accounts of each respective PRC Property Companies. The PRC Companies will deduct rental income from the total sale proceeds and return the balance to each retail tenant.

The fee structures of these services are as follows:

### (a) Management fee

The Manager is entitled under the Trust Deed to receive the following remuneration for the provision of asset management services:

#### *Base fee*

Pursuant to the Trust Deed, the Manager is entitled to a Base Fee not exceeding the rate of 10.0% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the distributable income. The Base Fee is payable to the Manager either in the form of cash or Units out of the Properties as the Manager may elect, in such proportions as may be determined by the Manager.

The Manager has elected to receive 100.0% of its Base Fee in the form of Units for the financial period from 28 March 2018 to 31 December 2018 and for the financial year ended 31 December 2019.

The portion of the Base Fee, payable either in the form of cash or Units, is payable quarterly in arrears. Where the Base Fee is payable in Units, Units will be issued based on the volume weighted average price for a Unit for all trades transacted on SGX-ST in the ordinary course of trading for the last 10 business days (as defined in the Trust Deed) immediately preceding the relevant business day.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 1. General (continued)

### (a) Management fee (continued)

#### *Performance fee*

Pursuant to the Trust Deed, the Manager is entitled to a performance fee of 25.0% of the difference in Distribution Per Unit ("DPU") in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee, but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in such relevant financial year may be less than the DPU in any financial year(s) prior to the preceding financial year.

No performance fee is payable for the financial periods ended 31 December 2018 and 31 December 2019. For the financial year ending 31 December 2020, the calculation of the performance fee shall be determined using the difference between the actual DPU in such financial year with the actual DPU in the financial year ended 31 December 2019.

The performance fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. Where the performance fee is payable in Units, Units will be issued based on the volume weighted average price for a Unit for all trades transacted on SGX-ST in the ordinary course of trading for the last 10 business days (as defined in the Trust Deed) immediately preceding the relevant business day.

#### *Acquisition fee*

Pursuant to the Trust Deed, the Manager is entitled to receive an acquisition fee of 0.75% of the acquisition price of any real estate purchased, whether directly or indirectly through one or more subsidiaries, by the Trust (pro-rated if applicable to the proportion of the Trust's interest in the real estate acquired) from related parties and 1.0% of the acquisition price for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion).

The acquisition fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. In respect of any acquisition of real estate assets from related parties, such a fee should be in the form of units issued by the Trust at the prevailing market price(s) instead of cash. Such units should not be sold within 1 year from the date of their issuance.

The acquisition fee is payable as soon as practicable after completion of the acquisition or sale. There was no acquisition fee paid for the Initial Portfolio of assets acquired by the Trust.

#### *Divestment fee*

Pursuant to the Trust Deed, the Manager is entitled to receive a divestment fee of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the sale price of any real estate sold or divested, the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle, the sale price of any investment sold or divested by the Trust whether directly or indirectly through one or more subsidiaries, by the Trust.

The divestment fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. Any payment to third party agents or brokers in connection with the disposal of any assets shall be paid to such persons out of the Properties, and not out of the divestment fee received or to be received by the Manager. There is no divestment fee in the current year.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 1. General (continued)

### (a) Management fee (continued)

#### *Development management fee*

Pursuant to the Trust Deed, the Manager is entitled to receive a development management fee of 3.0% of the total project costs incurred in development projects. Project costs is defined to mean the sum of construction cost based on project final account prepared by the project quantity surveyor or issued by the appointed contractor; principal consultants fees, cost of obtaining all approval for the project, site staff cost, interest costs on borrowings used to finance project cashflow, any other costs including contingency expenses.

The development management fee is payable in equal instalments over the construction period of each development project based on best estimates. The divestment fee is payable as soon as practicable after completion of the acquisition or sale. There is no development management fee in the current year.

### (b) Trustee's fee

The Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Properties, subject to a minimum of S\$15,000 per month, excluding out-of-pocket expenses and GST, in accordance with the Trust Deed. The Trustee's fee is accrued daily and will be paid monthly in arrears in accordance with the Trust Deed. The actual fee payable will be determined between the Manager and the Trustee from time to time.

### (c) Entrusted management fee

The Entrusted Manager is entitled to a management fee per annum comprising of Base Fee ("EM Base Fee") and a variable performance fee ("EM Performance Fee").

#### *EM Base Fee*

EM Base Fee is derived from the lower of 30% of Gross Revenue of the Group and Gross Revenue less EMA Resultant Rent.

#### *EM Performance Fee*

The Entrusted Manager is entitled to performance fee based on differential between the Gross Revenue and EMA Resultant Rent after deducting EM Base Fee. The EM Performance Fee shall be paid annually and the calculation shall be determined using 60% of the Gross Revenue deducting EMA Resultant Rent and EM Base Fee. There is no performance fee in the current year.

## 2. Basis of preparation

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants, and 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 2. Basis of preparation (continued)

### 2.2 Functional and presentation currency

The Group's consolidated financial statements are presented in Singapore dollars ("SGD" or "\$"). The Trust and each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The functional currency of the Trust and its directly held subsidiary, Sasseur Singapore Holdings Pte. Ltd. are in SGD and the functional currency of all the indirectly held subsidiaries in Note 5 are in Chinese Renminbi ("RMB"). The presentation currency is SGD as the financial statements are meant primarily for users in Singapore. All values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

### 2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

### 2.4 Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities at the end of each reporting period.

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

There are no critical judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial information.

#### ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### ***Fair value of investment properties***

The investment properties are stated at fair value based on independent valuations undertaken by Jones Lang LaSalle Corporate Appraisal and Advisory Limited on 31 December 2019. The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The fair value of the investment properties is determined by the independent valuers using the Discounted Cash Flow ("DCF") approach. The key assumptions are provided in Note 21(d).

The aggregate carrying amount of the investment properties at fair value as at 31 December 2019 is \$1,587,197,000 (2018: \$1,539,491,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. Significant accounting policies

The accounting policies set out below have been applied by the Group consistently to the period presented in these financial statements.

### 3.1 Basis of consolidation and business combination

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Trust. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

#### (b) Business combinations

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values as at acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit and loss. Any excess of the sum of fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit and loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit and loss.

When the acquisition of an investment property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. Acquisition-related costs are capitalised to the investment property at the time the acquisition is completed.

#### (c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the investee.

In the Trust's statement of financial position, investment in subsidiaries are accounted for at cost less impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. Significant accounting policies (continued)

### 3.2 Revenue recognition

Revenue is recognised to the extent that it is received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### (a) Property income/EMA rental income

Property income/EMA rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in profit and loss due to its operating nature except for contingent rental income which is recognised when it arises. Tenant lease incentives are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (b) Finance income

Finance income comprises interest income which is recognised as it accrues using the effective interest method.

### 3.3 Expenses

#### *Property management fees and operating expenses*

Property management fees and operating expenses are recognised on an accrual basis.

#### *Management fees*

Management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1 (a).

#### *Trust expenses*

Trust expenses are recognised on an accrual basis. Included in trust expenses is the Trustee's fee which is based on the applicable formula stipulated in Note 1(b).

### 3.4 Finance expenses

Finance costs comprise interest expense incurred on borrowings and amortisation of borrowing-related transaction costs.

### 3.5 Earnings per unit

The Group presents basic and diluted earnings per unit data for its units. Basic earnings per unit is calculated by dividing the total return for the year attributable to Unitholders of the Trust by the weighted average number of Units outstanding during the year.

### 3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term fixed deposits that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. Significant accounting policies (continued)

### 3.7 Foreign currencies

#### *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Trust and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount in the foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

### 3.8 Investment properties

Investment properties are properties that are owned by the Group and are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the CIS Code issued by MAS.

### 3.9 Financial instruments

#### (a) Non-derivative financial assets

##### *Initial recognition and measurement*

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statements of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. Significant accounting policies (continued)

### 3.9 Financial instruments (continued)

#### (a) Non-derivative financial assets (continued)

##### *Subsequent measurement*

##### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

##### (i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

##### (ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

##### (iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

##### Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

##### *Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. Significant accounting policies (continued)

### 3.9 Financial instruments (continued)

#### (b) Non-derivative financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities as financial liabilities measured at amortised cost. Such financial liabilities are recognised initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process.

Other financial liabilities comprise other payables, rental security deposits and loans and borrowings.

#### (c) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated using the principles under FRS 39 that were still existing as at 31 December 2018 are treated as continuing hedges and hedge documentations were aligned accordingly to the principles of FRS 109.

##### *Cash flow hedges*

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised and presented in the hedging reserve in Unitholders' fund. The effective portion of changes in the fair value of the derivative that is recognised in the hedging reserve is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. Significant accounting policies (continued)

### 3.9 Financial instruments (continued)

#### (c) Derivative financial instruments and hedge accounting (continued)

##### *Cash flow hedges (continued)*

When the hedged forecast transaction subsequently results in the recognition of a nonfinancial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affect the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

##### *Net investment hedges*

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on net investments in foreign operations.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a nonderivative, foreign exchange gains and losses is recognised and presented in the foreign currency translation reserve in Unitholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains or losses on the non-derivative is recognised immediately in the statement of total return. The amount recognised in translation reserve is reclassified to the statement of total return as a reclassification adjustment on disposal of the foreign operation.

The policy applied in the comparative information presented for 2018 is similar to that applied for 2019. Furthermore, for all cash flow hedges, including hedges of transactions resulting in the recognition of non-financial items, the amounts accumulated in the cash flow hedge reserve were reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affected the statement of total return.

### 3.10 Impairment of financial assets

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. Significant accounting policies (continued)

### 3.10 Impairment of financial assets (continued)

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

### 3.11 Unitholders' funds

Unitholders' funds are classified as equity. Issue costs relate to expenses incurred in connection with the issue of Units. These expenses are deducted directly against Unitholders' funds.

### 3.12 Taxes

#### (a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value in the PRC, the presumption that the carrying amounts will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. Significant accounting policies (continued)

### 3.12 Taxes (continued)

#### (b) Deferred tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.13 Distribution policy

The Trust's distribution policy is to distribute 100% of distributable income for the period from the Listing Date to 31 December 2018 and the financial year from 1 January 2019 to 31 December 2019. Thereafter, the Manager will distribute at least 90% of its annual income available for distribution for each subsequent financial year. The actual level of distribution will be determined at the discretion of the Board of Directors of the Manager. Distribution to Unitholders has been changed from semi-annually to quarterly with effect from financial year starting 1 January 2019.

### 3.14 Leases – as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.2(a). Contingent rents are recognised as revenue in the period in which they are earned.

### 3.15 Segment reporting

For management purposes, the Group is organised into operating segments based on individual investment property within the Group's portfolio. The properties are independently managed by the Entrusted Managers who are responsible for the performance of the property under their charge. Discrete financial information is provided to the Manager on a property by property basis. The Manager regularly reviews this information in order to allocate resources to each property and to assess the property's performance.

### 3.16 Changes in accounting policies

The Group has applied principles under the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2019:

- FRS 115 *Revenue from Contracts with Customers*;
- FRS 109 *Financial Instruments*; and
- FRS 116 *Leases*

Due to the transition methods chosen by the Group in applying the principles under these standards, comparative information throughout these financial statements has not been restated to reflect the principles of the new standards.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. Significant accounting policies (continued)

### 3.16 Changes in accounting policies (continued)

#### (i) Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted the principles under FRS 115 in its financial statements using the retrospective approach and the adoption has no material impact on the financial statements of the Group in the year of initial adoption.

#### (ii) Financial Instruments

FRS 109 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' ("ECL") model and a new general hedge accounting model. The Group adopted the principles under FRS 109 from 1 January 2019.

Additionally, the Group has adopted the consequential amendments to the principles under FRS 107 *Financial Instruments: Disclosures* that are applied to disclosures about 2019 but have not been generally applied to comparative information.

Changes in accounting policies resulting from the adoption of the principles under FRS 109 have been generally applied by the Group retrospectively, except as described below.

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of the principles under FRS 109 are recognised in retained earnings and reserves as at 1 January 2019. Accordingly, the information presented for 2018 does not generally reflect the principles of FRS 109 but rather those of FRS 39.
- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2019.
  - The determination of the business model within which a financial asset is held;
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through the statement of total return; and
  - The designation of an equity investment that is not held for trading as at fair value through other comprehensive income ("FVOCI").
- Changes to hedge accounting policies are applied prospectively. All hedging relationships designated using the principles under FRS 39 at 31 December 2018 met the criteria for hedge accounting using the principles under FRS 109 at 1 January 2019 and are therefore regarded as continuing hedging relationships.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. Significant accounting policies (continued)

### 3.16 Changes in accounting policies (continued)

#### (ii) Financial Instruments (continued)

##### *Classification of financial assets and financial liabilities*

FRS 109 contains these principal classification categories for financial assets: measured at amortised cost, FVOCI and fair value through the statement of total return. The classification of financial assets using the principles under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held to maturity, loans and receivables and available for sale.

FRS 109 largely retains the existing principles of FRS 39 for the classification and measurement of financial liabilities.

The adoption of the principles under FRS 109 has not had a significant effect on the Group's accounting policies for financial liabilities and derivative financial instruments.

For an explanation of how the Group classifies and measures financial assets and related gains and losses using the principles under FRS 109, see Note 3.9.

##### *Impairment of financial assets*

FRS 109 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Group measure the allowance for impairment is described in Note 3.10.

##### *Hedging accounting*

The Group had elected to adopt the new general hedge accounting model using the principles under FRS 109. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

For an explanation of how the Group applies hedge accounting using the principles under FRS 109, see Note 3.9(c).

#### (iii) Leases

The Group adopted FRS 116 using the full retrospective method of adoption, with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The adoption of FRS 116 did not have an effect on the accounting for leased properties accounted for as investment property using the fair value model in FRS 40. The Group continued its current accounting.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. Significant accounting policies (continued)

### 3.17 New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

	<i>Effective for annual periods beginning on or after</i>
Amendments to References to Conceptual Framework in FRS Standards	1 January 2020
Definition of a Business (Amendments to FRS 103)	1 January 2020
Definition of Material (Amendments to FRS 1 and FRS 8)	1 January 2020

## 4. Investment properties

	Group	
	2019	2018
	\$'000	\$'000
<u>Consolidated Statement of Financial Position</u>		
At beginning of year/ date of constitution	1,539,491	–
Acquisition of investment properties	20,058	1,499,887
Adjustment due to implied loss discount to investment property value at IPO	–	(110,731)
Adjustments to pre-IPO accrued construction costs capitalised <sup>1</sup>	(13,013)	–
Exchanges differences	–	(3,076)
Investment properties, at implied acquisition value (Note 5)	<b>1,546,536</b>	1,386,080
Capital expenditure incurred	2,261	7,565
Net fair value gains on investment properties	91,035	174,028
Exchange differences	(52,635)	(28,182)
<b>At 31 December</b>	<b>1,587,197</b>	<b>1,539,491</b>
<u>Consolidated Statement of Total Return</u>		
Net fair value gains on investment properties	91,035	174,028
Net effect of straight-line adjustments <sup>2</sup>	4,045	(3,653)
Fair value adjustments to investment properties recognised in the Consolidated Statement of Total Return	<b>95,080</b>	<b>170,375</b>

<sup>1</sup> Adjustments to pre-IPO accrued construction costs capitalised comprised mainly the adjustment for over-accrued construction costs for Hefei's initial portfolio at IPO whereby final settlement made in November 2019 was lower by RMB62.5 million.

<sup>2</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 customers.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 4. Investment properties (continued)

### Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2019. The valuations were performed by Jones Lang LaSalle Corporate Appraisal and Advisory 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. Details of valuation techniques and inputs are disclosed in Note 21(d).

### Properties pledged as security

As at 31 December 2019 and 2018, all the investment properties are pledged as security to secure bank loans (see Note 8).

### Acquisition of investment properties

On 14 May 2019, the Group acquired additional shop units in Hefei Outlets with existing tenancies at the annex block of its Hefei site with total acquisition costs of \$20,058,000.

\$197,000 (2018: Nil) acquisition fee was paid and capitalised for the acquisition of additional shop units in Hefei Outlets on 14 May 2019.

## 5. Investment in subsidiaries

	Trust	
	2019 \$'000	2018 \$'000
Unquoted equity investment at cost	951,558	951,558
Non-trade amount due from subsidiary	383	–
	<b>951,941</b>	<b>951,558</b>

The non-trade amount due from subsidiary is unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the non-trade amount due from subsidiary was, in substance, a part of the Trust's net investment in the subsidiary, it is stated at cost less accumulated impairment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 5. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held	
			2019 %	2018 %
<b><u>Direct subsidiary:</u></b>				
Sasseur Singapore Holdings Pte. Ltd. <sup>1</sup>	Singapore	Investment holding	100	100
<b><u>Indirect subsidiaries:</u></b>				
<u>British Virgin Islands ("BVI") Holding Companies</u>				
Sasseur Bishan (BVI) Limited <sup>2</sup>	British Virgin Islands	Investment holding	100	100
Sasseur Hefei Limited <sup>2</sup>	British Virgin Islands	Investment holding	100	100
Sasseur Jinan Limited <sup>2</sup>	British Virgin Islands	Investment holding	100	100
<u>Hong Kong ("HK") Holding Companies</u>				
Sasseur Bishan HK Limited <sup>2</sup>	Hong Kong	Investment holding	100	100
Hong Sun Development Group Limited <sup>2</sup>	Hong Kong	Investment holding	100	100
Sasseur Hefei HK Limited <sup>2</sup>	Hong Kong	Investment holding	100	100
Sasseur Jinan HK Limited <sup>2</sup>	Hong Kong	Investment holding	100	100
<u>PRC Holding Companies</u>				
Sasseur (Hefei) Investment Consultancy Co., Ltd. <sup>2</sup>	People's Republic of China	Investment holding	100	100
Sasseur (Kunming) Investment Consultancy Co., Ltd. <sup>2</sup>	People's Republic of China	Investment holding	100	100

<sup>1</sup> Audited by Ernst & Young LLP Singapore

<sup>2</sup> Audited by Ernst & Young Hua Ming LLP Shanghai Branch

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 5. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held	
			2019 %	2018 %
<b>Indirect subsidiaries:</b>				
<u>PRC Property Companies</u>				
Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd. <sup>2</sup>	People's Republic of China	Property holding	100	100
Sasseur (Chongqing) Business Co., Ltd. <sup>2</sup>	People's Republic of China	Property holding	100	100
Hefei Sasseur Commercial Management Co., Ltd. <sup>2</sup>	People's Republic of China	Property holding	100	100
Kunming Sasseur Commercial Management Co., Ltd. <sup>2</sup>	People's Republic of China	Property holding	100	100

<sup>2</sup> Audited by Ernst & Young Hua Ming LLP Shanghai Branch

### Acquisition of investment properties and related assets and liabilities

On 16 November 2017, the Group acquired an Initial Portfolio of four retail outlet malls located in PRC comprising Chongqing Outlets, Bishan Outlets, Hefei Outlets, Kunming Outlets (collectively, the "Properties").

Assets and liabilities of the Properties as at the acquisition date were:

	Note	Date of acquisition (16 November 2017) \$'000
Investment properties	4	1,386,080
Deferred tax assets	9	5,229
Trade and other receivables		10,578
Pledged deposits		6,539
Cash and short-term deposits		58,015
		<hr/> 1,466,441
Loans and borrowings	8	(397,981)
Trade and other payables		(116,902)
		<hr/> (514,883)
Total net assets		<hr/> <b>951,558</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 6. Prepayments, deposits and other receivables

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Refundable deposits	300	493	-	-
VAT/GST recoverables	8,523	9,876	1,970	1,850
Other receivables	11,395	11,956	1	3
Amounts due from subsidiary (non-trade)	-	-	25,300	40,563
Amounts due from related parties (trade)	8,098	2,971	-	28
	<b>28,316</b>	25,296	<b>27,271</b>	42,444
Prepayments	220	250	136	217
	<b>28,536</b>	25,546	<b>27,407</b>	42,661

Amounts due from subsidiary and amounts due from related parties are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Amount due from related parties of \$8,098,000 has been settled in full after 31 December 2019.

Included in other receivables of the Group is an amount of \$3,404,000 (2018: \$7,967,000) relating to sale proceeds of goods sold by the tenants in the respective properties which are yet to be received from merchant banks due to cashless mode of payment made by customers of the outlets and an amount of \$6,765,000 (2018: Nil) fixed deposits placed with financial institutions with maturity periods more than three months. The interest rates of fixed deposits placed with financial institutions for the Group was 3.00% (2018: Nil) per annum.

## 7. Cash and short-term deposits

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash and short-term deposits	154,693	203,641	8,392	32,866
Less: Restricted cash	(8,546)	(8,515)	(2,254)	(2,131)
Cash and cash equivalents	<b>146,147</b>	195,126	<b>6,138</b>	30,735

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

The interest rates of short-term deposits placed with financial institutions for the Group and Trust ranged from 0.30% to 1.60% (2018: 0.70% to 1.95%) per annum and 0.93% to 1.35% (2018: 0.70% to 1.30%) per annum respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 8. Loans and borrowings

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Secured bank loans	492,459	512,599	125,000	125,000
Less: Unamortised transaction costs	(13,859)	(19,322)	(1,859)	(3,359)
	<b>478,600</b>	<b>493,277</b>	<b>123,141</b>	<b>121,641</b>
Non-current	474,521	485,564	123,141	121,641
Current	4,079	7,713	-	-
	<b>478,600</b>	<b>493,277</b>	<b>123,141</b>	<b>121,641</b>

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 principal semi-annually.

The Trust has also put in place a \$125 million 3-year offshore term loan to fund Initial Public Offering issue expenses and other transaction costs and for general working capital purposes. The weighted average cost of borrowings of the onshore term loans and offshore term loan are 5.7% (2018: 5.7%) per annum and 4.6% (2018: 4.4%) per annum respectively.

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

- mortgages on the borrowing subsidiaries' investment properties (see Note 4) and
- assignment of all rights, titles and benefits with respect to the properties mortgaged.

As at 31 December 2019 and 2018, these term loans were fully drawn down. 50% of the offshore term loan was hedged using floating-for-fixed interest rate swaps.

The outstanding principal, interest rate and maturity of the loans and borrowings are as follows:

	Nominal interest rate	Term	Year of maturity	Group		Trust	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
<b>2019</b>							
Onshore term loans <sup>1</sup>	4.75%	5 years	2023	367,459	355,459	-	-
Offshore term loan	3.23% to 3.57%	3 years	2021	125,000	123,141	125,000	123,141
				<b>492,459</b>	<b>478,600</b>	<b>125,000</b>	<b>123,141</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 8. Loans and borrowings (continued)

	Nominal interest rate	Term	Year of maturity	Group		Trust	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
<b>2018</b>							
Onshore term loans <sup>1</sup>	4.75%	5 years	2023	387,599	371,636	–	–
Offshore term loan	3.06% to 3.57%	3 years	2021	125,000	121,641	125,000	121,641
				<b>512,599</b>	<b>493,277</b>	<b>125,000</b>	<b>121,641</b>

<sup>1</sup> 1% of the initial onshore term loan principal is to be repaid semi-annually.

A reconciliation of liabilities arising from the Group's financing activities is as follows:

Group	At 1 January 2019	Loan principal and related cost payments	Non-cash changes		At 31 December 2019
	\$'000	\$'000	Exchange differences	Finance cost (Note 17)	\$'000
			\$'000	\$'000	
Loans and borrowings	<b>493,277</b>	(7,723)	(12,312)	5,358	<b>478,600</b>
Interest payables	<b>249</b>	(22,481)	(197)	22,623	<b>194</b>

Group	Acquisition of Investment Properties (Note 5)	Proceeds from bank loans	Loan principal and related cost payments	Non-cash changes		At 31 December 2018
	\$'000	\$'000	\$'000	Exchange differences	Finance cost (Note 17)	\$'000
				\$'000	\$'000	
Loans and borrowings	397,981	525,654	(425,507)	(8,928)	4,077	493,277
Interest payables	–	–	(27,142)	313	27,078	249

## 9. Deferred tax liabilities

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Deferred tax liabilities	<b>78,074</b>	50,944	–	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 9. Deferred tax liabilities (continued)

Movements in deferred tax of the Group during the period are as follows:

Deferred tax asset/ (liabilities)	Tax losses carried forward \$'000	Investment properties \$'000	Tax on unrepatriated profits \$'000	Total \$'000
At 30 October 2017 (date of constitution)	–	–	–	–
Acquisition	5,229	–	–	5,229
Recognised in Consolidated Statement of Total Return	(5,539)	(49,309)	(2,316)	(57,164)
Exchange differences	310	654	27	991
At 31 December 2018	–	(48,655)	(2,289)	(50,944)
Acquisition	–	–	(247)	(247)
Recognised in Consolidated Statement of Total Return	–	(27,943)	(1,229)	(29,172)
Exchange differences	–	2,195	94	2,289
At 31 December 2019	–	<b>(74,403)</b>	<b>(3,671)</b>	<b>(78,074)</b>

## 10. Derivative financial instruments

	Group and Trust			
	2019		2018	
	Contract/ Notional amount \$'000	Liabilities \$'000	Contract/ Notional amount \$'000	Liabilities \$'000
Interest rate swap	62,500	51	62,500	154
Forward currency contract	11,000	57	–	–
	<b>73,500</b>	<b>108</b>	62,500	154
Non-current		–		154
Current		<b>108</b>		–
		<b>108</b>		<b>154</b>
Derivative financial instruments as a percentage of the Group's net assets		0.01%		0.01%
Derivative financial instruments as a percentage of the Trust's net assets		0.01%		0.02%

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 10. Derivative financial instruments (continued)

### Interest rate swap

The Group enters into interest rate swap to manage its exposure to interest rate movements on its floating rate interest-bearing borrowing by swapping the interest expense on these borrowing from floating rate to fixed rate. The fixed interest rate on interest rate swap is 1.99% per annum and the floating interest rate is based on a 3-month swap offer rate.

The Group held interest rate swap to provide fixed rate funding for a term of 2 years, ending 28 March 2020.

The changes in fair value of the interest rate swaps are recognised in the consolidated statement of total return.

### Forward currency contract

The Group enters into a forward currency contract to hedge foreign currency risk arising from the cash flows of the Group's investments in PRC.

The Group designates the forward currency contract as cash flow hedge which was assessed to be highly effective. An unrealised loss of \$57,000 (2018: Nil) was included in hedging reserve in Unitholders' funds in respect of the contract.

## 11. Other payables and accruals

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Refundable security deposits	7,167	6,451	–	–
Interest payables	194	249	1	37
VAT and other tax payables	922	642	–	–
Construction payables	6,397	31,816	–	–
Amounts due to subsidiary (non-trade)	–	–	55	–
Amounts due to related parties (non-trade)	500	308	133	39
Accrued expenses	892	2,281	706	1,157
Property tax payables	886	573	–	–
Other payables	107,489	100,385	123	–
	<b>124,447</b>	<b>142,705</b>	<b>1,018</b>	<b>1,233</b>

The non-trade amounts due to related parties are unsecured, interest-free and repayable on demand in cash.

Included in other payables is an amount of \$102,508,000 (2018: \$96,540,000) relating to revenue collected from customers on behalf of each retail tenant.

Construction payables consist of outstanding payments of past construction works arising from acquisition of investment properties and related assets and liabilities. During the year, Heifei's construction payables of \$10,684,000 has been settled and overprovision of \$13,013,000 in relation to Initial Public Offering costs has been written back (Note 4).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 12. Units in issue and to be issued

	2019		2018	
	Group and Trust		Group and Trust	
	Number of Units '000	\$'000	Number of Units '000	\$'000
<b>As at beginning of period</b>	<b>1,180,280</b>	<b>918,029</b>	- <sup>1</sup>	- <sup>1</sup>
<b>Issue of Units:</b>				
- Issue of consideration units	-	-	1,062	1,062,289
- Sub-division of Units	-	-	1,179,218	-
- Manager's management fees paid in Units	<b>16,215</b>	<b>11,896</b>	-	-
- Adjustment due to implied loss discount to investment property value at Initial Public Offering	-	-	-	(110,731)
- Issue of new Units at Initial Public Offering	-	-	495,000	396,000
- Redemption of consideration units	-	-	(495,000)	(396,000)
- Issue costs <sup>2</sup>	-	-	-	(14,798)
- Distribution to Unitholders	-	<b>(100,226)</b>	-	(18,731)
<b>Total issued Units as at 31 December</b>	<b>1,196,495</b>	<b>829,699</b>	1,180,280	918,029
<b>Units to be issued:</b>				
- Manager's management fees payable in Units (Note 23)	<b>2,184</b>	<b>1,950</b>	8,673	6,053
<b>Total Units issued and to be issued as at 31 December</b>	<b>1,198,679</b>	<b>831,649</b>	1,188,953	924,082

<sup>1</sup> Less than 1,000 Units and \$1,000.

<sup>2</sup> Issue costs comprise professional, advisory and underwriting fees and other costs related to the issuance of Units. Included in issue costs are approximately \$366,000 of fees paid to the auditors of the Group for services rendered in relation to the Initial Public Offering of the Trust.

During the financial year, the following Units were issued and to be issued:

- 2,670,792 Units were issued in satisfaction of the Manager's management fee for the period from 1 January 2019 to 31 March 2019 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 March 2019 of \$0.737.
- 2,412,985 Units were issued in satisfaction of the Manager's management fee for the period from 1 April 2019 to 30 June 2019 based on the volume weighted average price for the last 10 Business Days immediately preceding 30 June 2019 of \$0.7944.
- 2,457,114 Units were issued in satisfaction of the Manager's management fee for the period from 1 July 2019 to 30 September 2019 based on the volume weighted average price for the last 10 Business Days immediately preceding 30 September 2019 of \$0.7968.
- 2,184,345 Units were to be issued in satisfaction of the Manager's management fee for the period from 1 October 2019 to 31 December 2019 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 December 2019 of \$0.8925.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 12. Units in issue and to be issued (continued)

For the prior financial period, the following Units were issued and paid in 2019:

- (a) 2,531,748 Units were issued in satisfaction of the Manager's management fee for the period from 28 March 2018 to 30 June 2018 based on the volume weighted average price for the last 10 Business Days immediately preceding 30 June 2018 of \$0.7402.
- (b) 2,548,306 Units were issued in satisfaction of the Manager's management fee for the period from 1 July 2018 to 30 September 2018 based on the volume weighted average price for the last 10 Business Days immediately preceding 30 September 2018 of \$0.7142.
- (c) 3,593,298 Units were issued in satisfaction of the Manager's management fee for the period from 1 October 2018 to 31 December 2018 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 December 2018 of \$0.6565.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- One vote per Unit;
- Receive income and other distributions attributable to the Units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust;
- Attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at request in writing of not less than 50 Unitholders or Unitholders representing not less than 10% of the total Units issued) may at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a unitholder include the following:

- A Unitholder has no equitable or proprietary interest in the underlying asset of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate or interest in any asset and the real estate-related assets (or any part thereof) of the Group.
- A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

## 13. Property income

	2019 \$'000	Period from 30 October 2017(date of constitution) to 31 December 2018 \$'000
Rental income	–	41,968
Other income	–	113
	–	<u>42,081</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 14. Property expenses

Included in property expenses are the following:

	2019 \$'000	Period from 30 October 2017 (date of constitution) to 31 December 2018 \$'000
Property management fee	–	12,174
Property tax	–	1,753
Property operating expenses	–	5,706
	–	<u>19,633</u>

## 15. EMA rental income

	2019 \$'000	Period from 30 October 2017 (date of constitution) to 31 December 2018 \$'000
EMA rental income	<u>118,015</u>	<u>93,525</u>

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 is \$122,060,000 (2018: \$89,872,000) (Note 23).



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 16. Other trust expenses

Included in other trust expenses are the following:

	2019 \$'000	Period from 30 October 2017 (date of constitution) to 31 December 2018 \$'000
Auditors of the Group:		
- Audit fees	441	429
- Non-audit fees	312	598 <sup>1</sup>
Legal expenses	95	95
Valuation and other professional fees	120	718
Initial Public Offering expenses	–	8,483
Exchange differences	762	448
Other expenses	266	297
	<b>1,996</b>	<b>11,068</b>

<sup>1</sup> Included in non-audit fees is an amount of \$382,000 paid to the auditors of the Group for services rendered in relation to the Initial Public Offering of the Trust. The total fees rendered in relation to the Initial Public Offering of the Trust is \$748,000, with an amount of \$366,000 included in issue cost (Note 12).

## 17. Finance costs

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

	2019 \$'000	Period from 30 October 2017 (date of constitution) to 31 December 2018 \$'000
Interest expenses on loans and borrowings	22,623	27,078
Amortisation of debt-related transaction costs	5,358	4,077
	<b>27,981</b>	<b>31,155</b>

Please also see Loans and Borrowings in Note 8.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 18. Tax expense

The major components of tax expense are:

	2019 \$'000	Period from 30 October 2017 (date of constitution) to 31 December 2018 \$'000
<b>Current taxation</b>		
Current year	20,361	11,535
Overprovision in prior period	(283)	–
	<u>20,078</u>	<u>11,535</u>
<b>Deferred taxation</b>		
Movement in temporary difference	29,172	57,164
	<u>49,250</u>	<u>68,699</u>

The income tax expense on the results for the financial periods differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	2019 \$'000	Period from 30 October 2017 (date of constitution) to 31 December 2018 \$'000
Total return for the period before tax	<u>175,395</u>	<u>237,924</u>
Tax calculated using Singapore tax rate of 17% (2018: 17%)	29,817	40,447
Adjustments:		
Non-deductible expenses	4,091	2,333
Effect of different tax rates in foreign jurisdictions	12,359	20,479
Effect of preferential tax rate <sup>1</sup>	(513)	(397)
Tax losses not allowed to be carried forward <sup>2</sup>	2,550	3,404
Tax on unremitted earnings on foreign subsidiaries	1,229	2,316
Overprovision in prior period	(283)	–
Others	–	117
	<u>49,250</u>	<u>68,699</u>

<sup>1</sup> Effect of preferential tax rate is a tax rate of 15% for the Bishan Outlets obtained from the State Administration of Taxation of the People's Republic of China.

<sup>2</sup> Tax losses resulted from losses from the Trust.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 19. Earnings per unit

Basic earnings per unit is based on:

	2019 Group \$'000	Group Period from 30 October 2017 (date of constitution) to 31 December 2018 Group \$'000
Total return for the period after tax	<b>126,145</b>	169,225
	<b>Group Number of Units 2019 '000</b>	<b>Group Number of Units 2018 '000</b>
Weighted average number of Units	<b>1,189,869</b>	1,181,994

Basic EPS is calculated based on the weighted number of Units for the period. This comprises of:

- (a) The weighted average number of Units in issue for the period; and
- (b) The estimated weighted average number of Units issuable as payment of Manager's management fees.

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

## 20. Financial risk management

### Capital management

The Manager aims to optimise the capital structure and cost of capital, within the borrowing limits set out in the Property Fund Appendix. The Manager's strategy of the management of capital involves adopting and maintaining appropriate Aggregate Leverage level to ensure optimal returns to Unitholders, while maintaining flexibility in respect of future capital expenditures or acquisitions. The Manager will endeavour to employ an optimal capital structure, comprising an appropriate mix of debt and equity in financing the acquisition of properties and asset enhancement activities of its properties.

The Manager will, in the event that the Group incurs any future borrowings, periodically review the Group's capital management policy with respect to its Aggregate Leverage and modify the policy as its management deems prudent in light of prevailing market conditions. The Manager will endeavour to match the maturity of the Group's indebtedness with the maturity of the Group's investment assets, and to employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 20. Financial risk management (continued)

### Capital management (continued)

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code. With effect from 1 January 2016, the CIS Code stipulates that the total borrowings and deferred payments (collectively the "Aggregate Leverage") of a property fund should not exceed 45.0% of the Properties.

As of 31 December 2019, Aggregate Leverage of the Group is 27.8% (2018: 29.0%). The Group has complied with the Aggregate Leverage limit of 45.0% during the financial year.

### Overview of risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The following sections provide details regarding the Group's and Trust's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### Market risk

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to Chinese Renminbi ("RMB"), Singapore dollar ("SGD") and United States dollar ("USD"). Foreign exchange risk arises from future transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the companies within the Group.

The Group and Trust has transactional currency exposures arising from cash and short-term deposits, prepayments, deposits and other receivables, other payables and accruals and loans and borrowings that are denominated in a currency other than its functional currency. These transactions are mainly denominated in RMB, SGD and USD.

The Group's strategy is to achieve a natural hedge through local RMB financing. To mitigate the foreign currency risk, the Manager will enter into foreign currency forward contracts to limit the Group's exposure for the RMB denominated cash flows.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 20. Financial risk management (continued)

### Market risk (continued)

#### Foreign currency risk (continued)

With effect from the financial year starting 1 January 2019, the Trust and its directly held subsidiary, Sasseur Singapore Holdings Pte. Ltd., have changed their functional currency from RMB to SGD.

The Group's and the Trust's exposure to foreign currency risk are as follows:

<b>Group</b>	<b>SGD \$'000</b>	<b>USD \$'000</b>	<b>Total \$'000</b>
<b>2019</b>			
Cash and short-term deposits	1,495	3,015	4,510
Net assets	1,495	3,015	4,510
<b>Trust</b>			
<b>2019</b>			
Prepayments, deposits and other receivables	–	20,720	20,720
Net assets	–	20,720	20,720
<b>Group</b>			
<b>2018</b>			
Cash and short-term deposits	43,396	10,141	53,537
Prepayments, deposits and other receivables	3	–	3
Other payables and accruals	(1,233)	–	(1,233)
Loans and borrowings	(121,641)	–	(121,641)
Net (liabilities)/assets	(79,475)	10,141	(69,334)
<b>Trust</b>			
<b>2018</b>			
Cash and short-term deposits	32,866	–	32,866
Prepayments, deposits and other receivables	40,594	–	40,594
Other payables and accruals	(1,233)	–	(1,233)
Loans and borrowings	(121,641)	–	(121,641)
Net liabilities	(49,414)	–	(49,414)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 20. Financial risk management (continued)

### Market risk (continued)

#### Foreign currency risk (continued)

The following table demonstrates the sensitivity of the Group' and Trust's total return before tax to a reasonably possible change in the SGD and USD exchange rates against the functional currency of the companies within the Group, with all other variables held constant.

	Increase/(decrease) in total return before tax	
	Group 2019 \$'000	Trust 2019 \$'000
SGD - strengthened by 5%	75	-
SGD - weakened by 5%	(75)	-
USD - strengthened by 5%	151	1,036
USD - weakened by 5%	(151)	(1,036)
	Increase/(decrease) in total return before tax	
	Group 2018 \$'000	Trust 2018 \$'000
SGD - strengthened by 5%	(3,974)	(2,471)
SGD - weakened by 5%	3,974	2,471
USD - strengthened by 5%	507	-
USD - weakened by 5%	(507)	-

At 31 December 2019, the group has a foreign currency forward contract with notional amount of \$11.0 million (2018: Nil) to hedge the cash flows of the Group's investments in PRC. The Group designates the foreign currency forward contract as cash flow hedge which was assessed to be highly effective. An unrealised loss of \$57,000 (2018: Nil) was included in hedging reserve in Unitholders' funds in respect of the contract.

#### Interest rate risk

The Group has fixed-rate onshore term loans and 50% of the offshore term loan has been hedged using floating-for-fixed interest rate swap. The total borrowings carrying fixed-rate interest after hedging, amounted to 87.3% (2018: 87.8%) of the Group's borrowings which reduces interest rate volatility.

The Group has minimal interest rate risk as the Group has substantially hedged its floating-rate financial liabilities, and its total return after tax and operating cash flows are substantially independent of changes in market interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 20. Financial risk management (continued)

### *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The Group has minimal exposure to credit risk through its "point-of-sale and cash management system".

For other financial assets (including cash and short-term deposits), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group believes that there is no credit risk inherent in the Group's other receivables, based on historical payment behaviours. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

### *Financial assets that are neither past due nor impaired*

Other receivables that are neither past due nor impaired are with creditworthy debtors with good payment track records with the Group.

Derivative financial instruments are only entered into with banks and financial counterparties with sound credit ratings.

Cash and short-term deposits are placed with financial institutions which are regulated.

### *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and the Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and the Trust's reputation.

The Manager monitors its liquidity risk and maintains a level of cash and short-term deposits deemed adequate by management to finance the Group's and the Trust's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the CIS Code issued by MAS concerning limits on total borrowings.

The Group's loan facilities are set out in Note 8.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
<b>Group</b>					
<b>2019</b>					
<b>Non-derivative financial liabilities</b>					
Other payables and accruals <sup>1</sup>	123,525	123,525	123,525	–	–
Loans and Borrowings	478,600	553,092	29,416	523,676	–
	<b>602,125</b>	<b>676,617</b>	<b>152,941</b>	<b>523,676</b>	<b>–</b>

<sup>1</sup> Excludes VAT and other tax payables and advances from tenants.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 20. Financial risk management (continued)

*Liquidity risk (continued)*

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
<b>Trust</b>					
<b>2019</b>					
<b>Non-derivative financial liabilities</b>					
Other payables and accruals	1,018	1,018	1,018	-	-
Loans and Borrowings	123,141	129,768	4,456	125,312	-
	<b>124,159</b>	<b>130,786</b>	<b>5,474</b>	<b>125,312</b>	<b>-</b>

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
<b>Group</b>					
<b>2018</b>					
<b>Non-derivative financial liabilities</b>					
Other payables and accruals <sup>1</sup>	141,721	141,721	141,721	-	-
Loans and Borrowings	493,277	597,362	22,867	574,495	-
	<b>634,998</b>	<b>739,083</b>	<b>164,588</b>	<b>574,495</b>	<b>-</b>

<sup>1</sup> Excludes VAT and other tax payables and advances from tenants.

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
<b>Trust</b>					
<b>2018</b>					
<b>Non-derivative financial liabilities</b>					
Other payables and accruals	1,233	1,233	1,233	-	-
Loans and Borrowings	121,641	134,224	4,456	129,768	-
	<b>122,874</b>	<b>135,457</b>	<b>5,689</b>	<b>129,768</b>	<b>-</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 21. 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.

### (b) Assets and liabilities measured at fair value

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

Group	\$'000			
	Fair value measurements at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
<b>2019</b>				
<b>Assets measured at fair value</b>				
<b>Non-financial assets</b>				
Investment properties				
- Retail outlet malls	-	-	1,587,197	1,587,197
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>1,587,197</b>	<b>1,587,197</b>
<b>Liabilities measured at fair value</b>				
<b>Financial liabilities</b>				
Derivative financial instruments				
- Interest rate swap	-	51	-	51
- Foreign currency forward contract	-	57	-	57
<b>Total financial liabilities</b>	<b>-</b>	<b>108</b>	<b>-</b>	<b>108</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

### (b) Assets and liabilities measured at fair value (continued)

Group	\$'000			Total
	Level 1	Level 2	Level 3	
<b>2018</b>				
<b>Assets measured at fair value</b>				
<b>Non-financial assets</b>				
Investment properties				
- Retail outlet malls	-	-	1,539,491	1,539,491
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>1,539,491</b>	<b>1,539,491</b>
<b>Liabilities measured at fair value</b>				
<b>Financial liabilities</b>				
Derivative financial instrument				
- Interest rate swap	-	154	-	154
<b>Total financial liabilities</b>	<b>-</b>	<b>154</b>	<b>-</b>	<b>154</b>

### (c) Level 2 fair value measurements

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

#### *Derivative financial instruments*

The fair values of interest rate swap and foreign currency forward contract 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 measurement*

#### *Investment properties*

The investment properties are stated at fair value based on independent valuations undertaken by Jones Lang LaSalle Corporate Appraisal and Advisory Limited on 31 December 2019. The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

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

#### *Investment properties (continued)*

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate and price per square feet, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods 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.

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used:

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow approach	Discount rates range from 10.0% to 12.0% (2018: 9.5% to 11.5%) per annum	Higher discount rate would result in a lower fair value, while lower rate would result in a higher fair value.
	Price per square feet of \$14 to \$65 (2018: \$25 to \$59) per annum	Higher rental rate would result in a higher fair value, while lower rate would result in a lower fair value.

The table below presents the sensitivity of the fair value of investment properties to changes in the most significant assumptions underlying the valuation:

	Group	
	2019 \$'000	2018 \$'000
<b>Fair value of investment properties as at 31 December</b>		
Increase in discount rate of 25 basis points	(35,925)	(35,181)
Decrease in discount rate of 25 basis points	37,401	36,429
Increase in price per square foot of 25 basis points	25,156	37,551
Decrease in price per square foot of 25 basis points	(25,156)	(37,551)

#### *Movements in Level 3 assets and liabilities measured at fair value*

The reconciliation for investment properties measured at fair value based on significant unobservable inputs (Level 3) is disclosed in Note 4.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

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

#### *Valuation policies and procedures*

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on valuation of investment properties. In accordance to the CIS Code, the Group rotates the independent valuers every two years.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable, to use up to two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

### (e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the Group's and the Trust's current financial assets and liabilities approximate their fair values. The carrying amounts of the Group's and the Trust's non-current loans and borrowings with floating interest rates approximate their fair values because they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

### (f) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The following table shows an analysis of each class of assets and liabilities not measured at fair value at the end of the reporting period, for which fair value is disclosed:

Group	\$'000			Total
	Level 1	Level 2	Level 3	
<b>2019</b>				
<b>Financial liabilities</b>				
- Onshore term loans	-	-	312,210	312,210
<b>Total financial liabilities</b>	-	-	<b>312,210</b>	<b>312,210</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

- (f) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (continued)

Group	\$'000			Total
	Level 1	Level 2	Level 3	
<b>Fair value measurement at the end of the reporting period using</b>				
<b>2018</b>				
<b>Financial liabilities</b>				
- Onshore term loans	-	-	367,187	367,187
<b>Total financial liabilities</b>	-	-	367,187	367,187

### Determination of fair value

#### *Onshore term loans*

The fair value as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

## 22. Commitments

### (a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Capital commitments in relation to investment properties	4,223	6,054	-	-

### (b) Operating lease commitments – as lessor

The Group's PRC Property Companies have entered into separate individual Entrusted Management Agreement ("EMA") with its Entrusted Manager to operate, maintain, manage and market the properties and shall be entitled to receive future minimum rental receivable at the end of the reporting period as follows:

	Group	
	2019 \$'000	2018 \$'000
Within 1 year	80,227	79,652
After 1 year but within 5 years	345,709	343,230
After 5 years	188,800	285,408
	<b>614,736</b>	<b>708,290</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 23. 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	
	2019	Period from 30 October 2017 (date of constitution) to 31 December 2018
	\$'000	\$'000
Acquisition of investment properties and related assets and liabilities from Sponsor (Note 5)	–	951,558
EMA rental income received/receivable from Entrusted Manager (Note 15)	122,060	89,872
Manager's management fees paid/payable	13,846	6,053
Trustee's fees paid/payable	316	226

## 24. Financial ratios

	Group	
	2019	Period from 30 October 2017 (date of constitution) to 31 December 2018
	%	%
Ratio of expenses to weighted average net assets <sup>1</sup>		
- Including performance component of the Manager's management fees	0.89	1.07
- Excluding performance component of the Manager's management fees	0.89	1.07
Portfolio turnover rate <sup>2</sup>	–	–

<sup>1</sup> The annualised 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 cost, net foreign exchange differences and tax expense. The Group did not pay any performance fee for the financial periods ended 31 December 2018 and 31 December 2019.

<sup>2</sup> The annualised ratio is computed based on the lower of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value in accordance with the formulae stated in CIS.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 25. Operating segments

For the purpose of making resource allocation decisions and the assessment of segment performance, the Manager reviews internal management reports of its 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 4 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 and related asset and liabilities.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 25. Operating segments (continued)

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

### Segment results

2019 Group	Chongqing Outlets \$'000	Bishan Outlets \$'000	Hefei Outlets \$'000	Kunming Outlets \$'000	Unallocated \$'000	Total \$'000
EMA rental income	52,428	10,809	32,911	21,867	–	118,015
Manager's management fees	–	–	–	–	(7,793)	(7,793)
Trustee's fees	–	–	–	–	(316)	(316)
Other trust expenses						
- Other income	81	28	10	45	–	164
- Other expenses	(84)	(18)	(357)	(18)	(1,683)	(2,160)
Finance income	–	–	–	–	284	284
Finance costs	(6,734)	(2,669)	(7,910)	(4,482)	(6,186)	(27,981)
Net change in fair value of financial derivative	–	–	–	–	102	102
<b>Total return before fair value adjustments to investment properties and tax</b>	<b>45,691</b>	<b>8,150</b>	<b>24,654</b>	<b>17,412</b>	<b>(15,592)</b>	<b>80,315</b>
Fair value adjustments to investment properties	14,813	7,036	46,761	26,470	–	95,080
Total return for the year before tax	60,504	15,186	71,415	43,882	(15,592)	175,395
Tax expense	(12,037)	(4,051)	(23,792)	(8,406)	(964)	(49,250)
Total return for the year	<b>48,467</b>	<b>11,135</b>	<b>47,623</b>	<b>35,476</b>	<b>(16,556)</b>	<b>126,145</b>
Segment assets	643,947	177,986	604,717	334,569	9,207	1,770,426
Segment liabilities	296,671	60,307	142,857	77,568	123,860	701,263
<b>Other Segment items:</b>						
Capital expenditure	414	83	1,239	525	–	2,261



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 25. Operating segments (continued)

### Segment results (continued)

2018 Group	Chongqing Outlets \$'000	Bishan Outlets \$'000	Hefei Outlets \$'000	Kunming Outlets \$'000	Unallocated \$'000	Total \$'000
Property income	23,660	3,374	8,905	6,142	–	42,081
Property expenses	(10,680)	(2,402)	(3,914)	(2,637)	–	(19,633)
<b>Net property income</b>	12,980	972	4,991	3,505	–	22,448
EMA rental income	41,015	8,574	26,331	17,605	–	93,525
Manager's management fees	–	–	–	–	(6,053)	(6,053)
Trustee's fees	–	–	–	–	(226)	(226)
Other trust expenses	(184)	(48)	(48)	(56)	(10,732)	(11,068)
Finance income	–	–	–	–	232	232
Finance costs	(10,314)	(2,633)	(8,808)	(4,878)	(4,522)	(31,155)
Net change in fair value of financial derivative	–	–	–	–	(154)	(154)
<b>Total return before fair value adjustments to investment properties and tax</b>	43,497	6,865	22,466	16,176	(21,455)	67,549
Fair value adjustments to investment properties	78,605	11,370	52,872	27,528	–	170,375
Total return for the period before tax	122,102	18,235	75,338	43,704	(21,455)	237,924
Tax expense	(30,891)	(5,787)	(20,201)	(11,329)	(491)	(68,699)
Total return for the period	91,211	12,448	55,137	32,375	(21,946)	169,225
Segment assets	651,001	171,122	563,329	321,960	61,266	1,768,678
Segment liabilities	299,283	59,248	139,012	72,616	124,553	694,712
<b>Other Segment items:</b>						
Capital expenditure	1,234	2,719	3,053	559	–	7,565

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 25. Operating segments (continued)

### Geographical segments

All of the Group's investment properties are used for retail purposes and are located in PRC.

- (a) The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position.

	Group	
	2019 \$'000	2018 \$'000
Cash and short-term deposits	8,854	53,665
Prepayments, deposits and other receivables	353	4,630
Amounts due from related parties (trade)	–	2,971
	<b>9,207</b>	<b>61,266</b>

- (b) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

	Group	
	2019 \$'000	2018 \$'000
Offshore term loan	123,141	121,641
Other payables and accruals	719	2,912
	<b>123,860</b>	<b>124,553</b>

## 26. Subsequent event

On 20 February 2020, the Manager declared a distribution of 1.629 cents per Unit for the period from 1 October 2019 to 31 December 2019.

The emergence of COVID-19 since early 2020 has brought about uncertainties to the Group's operating environment and has impacted the Group's operations in China and its financial position subsequent to the financial year end. The Group is cognizant of the challenges posed by these developing events and the potential impact they have on our business sector. The Group will continuously assess the situation, work closely with the local authorities in China to support their efforts in containing the spread of COVID-19, and put in place measures to minimise impact to the Group's business. As the situation is still evolving, the full effect of COVID-19 is subject to uncertainty and could not be ascertained yet.

## 27. Authorisation of financial statements for issue

The financial statements were authorised for issue by the Manager and the Trustee on 20 May 2020.

# INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons for the financial year ended 31 December 2019, which fall under the SGX-ST Listing Manual and Appendix 6 of the Code on Collective Investment Schemes (excluding transactions of less than S\$100,000 each) are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than S\$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions during the financial year under review under Unitholders' mandate pursuant to Rule 920 (excluding transactions of less than S\$100,000) S\$'000
<b>Sasseur Asset Management Pte. Ltd.</b> - Management fees	13,846	-
<b>Sasseur (Shanghai) Holding Company Limited</b> - EMA rental income	122,060	-
<b>DBS Trustee Ltd</b> - Trustee fees	316	-

Save as disclosed above, there were no additional interested person transactions (excluding transactions of less than S\$100,000 each) or other material transactions entered into during the financial year under review.

The fees and charges payable by Sasseur REIT to the Manager under the Trust Deed, and receivables from the Entrusted Manager under the Master Entrusted Management Agreement and the Individual Entrusted Management Agreements, the Property Sale and Purchase Agreements, each of which constitutes an interested person transaction, are deemed to have been specifically approved by the Unitholder upon purchase of the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual of the SGX-ST to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will affect Sasseur REIT.

Please also see Related Party Transactions in Note 23 to the Financial Statements.

## SUBSCRIPTION OF SASSEUR REIT UNITS

Total issuable units in relation to the base component of the Manager's management fees for the year ended 31 December 2019 was 2,184,345 Units and will be issued in the first quarter of 2020.

# UNITHOLDERS' INFORMATION

As at 8 May 2020

## ISSUED AND FULLY PAID UNITS

Number of units : 1,198,678,588 units ("Units")  
 Voting rights : One vote per Unit

There were no treasury units and subsidiary holdings, and there is only one class of Units in Sasseur REIT.

## STATISTICS OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	1	0.02	5	0.00
100 - 1,000	876	15.41	790,101	0.07
1,001 - 10,000	3,154	55.47	16,176,000	1.35
10,001 - 1,000,000	1,636	28.77	73,002,083	6.09
1,000,001 and above	19	0.33	1,108,710,399	92.49
	<b>5,686</b>	<b>100.00</b>	<b>1,198,678,588</b>	<b>100.00</b>

## SUBSTANTIAL UNITHOLDERS AS AT 8 MAY 2020

(As recorded in the Register of Substantial Unitholders)

	Direct Interest	%	Deemed Interest	%
Sasseur Cayman Holding II Ltd. <sup>(1)</sup>	–	–	690,842,188	57.63
Sasseur Cayman Holding Limited <sup>(1)</sup>	–	–	690,842,188	57.63
Sasseur (BVI) Holding II Limited <sup>(1)</sup>	–	–	690,842,188	57.63
Shimmer Fair Management Limited <sup>(1)</sup>	–	–	690,842,188	57.63
TMF (Cayman) Ltd. <sup>(1)</sup>	–	–	690,842,188	57.63
Xu Rongcan <sup>(1)</sup>	–	–	701,975,088	58.56
Yang Xue <sup>(2)</sup>	11,132,900	0.93	690,842,188	57.63

Notes:

<sup>(1)</sup> Shimmer Fair Management Limited ("**Shimmer Fair Management**") is the sole shareholder of Sasseur (BVI) Holding II Limited ("**Sasseur (BVI) Holding II**"). Sasseur (BVI) Holding II holds 80.4208% of the share capital of Sasseur Cayman Holding Limited (the "**Sponsor**") and the Sponsor is in turn the sole shareholder of Sasseur Cayman Holding II Ltd. ("**Cayman Holdco**").

Cayman Holdco is the sole shareholder of Sasseur Asset Management Pte. Ltd. ("**SAMPL**") and is deemed to be interested in 10,796,688 Units held by SAMPL.

TMF (Cayman) Ltd. ("**TMF (Cayman)**") as the trustee of Xu Family Trust is the sole shareholder of Shimmer Fair Management. The Xu Family Trust is a discretionary trust established by Mr. Xu Rongcan as settlor and the sole member of the Protective Committee and Investment Committee of Xu Family Trust, for the benefit of its beneficiaries, being Mr. Xu Rongcan who is the primary beneficiary of the Xu Family Trust during his lifetime and whilst not incapacitated.

In addition, as the sole power to make investment decision relating to the assets of the Xu Family Trust is vested on an investment committee, of which Mr. Xu Rongcan is the sole member, only he can make all decisions relating to any purchase, sale, exchange or retention of the shares in Shimmer Fair Management as well as the exercise of any voting and other rights on behalf of the Xu Family Trust.

# UNITHOLDERS' INFORMATION

As at 8 May 2020

As Cayman Holdco is deemed to be interested in 619,775,600 Units held through CGS-CIMB Securities Singapore Pte. Ltd., 58,000,000 Units held through CMB Singapore Branch, 2,269,900 Units held through Haitong International Securities (Singapore) Private Limited and 10,796,688 Units held by SAMPL, each of the Sponsor, Sasseur (BVI) Holding II, Shimmer Fair Management, TMF (Cayman) and Mr. Xu Rongcan is also deemed to be interested in the 690,842,188 Units.

Mr. Xu Rongcan is the spouse of Ms. Yang Xue and is deemed to be interested in 11,132,900 Units held by Ms. Yang Xue.

<sup>(2)</sup> Ms. Yang Xue is the spouse of Mr. Xu Rongcan and is deemed to be interested in the Units which he has an interest in.

## TWENTY LARGEST UNITHOLDERS AS AT 8 MAY 2020

No.	Name of Unitholders	Number of Units	%
1.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	622,879,546	51.96
2.	DBS NOMINEES (PRIVATE) LIMITED	165,436,392	13.8
3.	BPSS NOMINEES SINGAPORE (PTE.) LTD.	65,192,600	5.44
4.	OCBC SECURITIES PRIVATE LIMITED	61,537,900	5.13
5.	DBSN SERVICES PTE. LTD.	37,336,859	3.11
6.	CITIBANK NOMINEES SINGAPORE PTE LTD	32,501,632	2.71
7.	RAFFLES NOMINEES (PTE.) LIMITED	29,623,700	2.47
8.	PHILLIP SECURITIES PTE LTD	20,635,354	1.72
9.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	17,807,600	1.49
10.	HSBC (SINGAPORE) NOMINEES PTE LTD	15,070,928	1.26
11.	SASSEUR ASSET MANAGEMENT PTE LTD	10,796,688	0.9
12.	DB NOMINEES (SINGAPORE) PTE LTD	8,235,600	0.69
13.	UOB KAY HIAN PRIVATE LIMITED	5,007,600	0.42
14.	IFAST FINANCIAL PTE. LTD.	4,776,000	0.4
15.	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,396,300	0.28
16.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,499,000	0.21
17.	HEXACON CONSTRUCTION PTE LTD	2,300,000	0.19
18.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,862,300	0.16
19.	ABN AMRO CLEARING BANK N.V.	1,814,400	0.15
20.	CHAN SEN MENG	900,000	0.08
	<b>TOTAL:</b>	<b>1,109,610,399</b>	<b>92.57</b>

## PERCENTAGE OF UNITHOLDING IN PUBLIC'S HANDS

Based on the information made available to the Manager as at 8 May 2020, approximately 40.44% of the Units in Sasseur REIT are held in the hands of public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

# UNITHOLDERS' INFORMATION

As at 8 May 2020

## UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 8 MAY 2020

Name of Director	Direct Interest No. of Units	Deemed Interest No. of Units
Xu Rongcan <sup>(1)</sup>	–	701,975,088
Yang Xue <sup>(2)</sup>	11,132,900	690,842,188
Cheng Heng Tan	350,000	–
Gu Qingyang	312,500	–
Wu Geng	125,000	–
Wang Jun	–	–
Zhou Yimin	–	–
Mario Boselli	–	–

Notes:

<sup>(1)</sup> Shimmer Fair Management Limited ("**Shimmer Fair Management**") is the sole shareholder of Sasseur (BVI) Holding II Limited ("**Sasseur (BVI) Holding II**"). Sasseur (BVI) Holding II holds 80.4208% of the share capital of Sasseur Cayman Holding Limited (the "**Sponsor**") and the Sponsor is in turn the sole shareholder of Sasseur Cayman Holding II Ltd. ("**Cayman Holdco**").

As Cayman Holdco is deemed to be interested in 619,775,600 Units held through CGS-CIMB Securities Singapore Pte. Ltd., 58,000,000 Units held through CMB Singapore Branch, 2,269,900 Units held through Haitong International Securities (Singapore) Private Limited and 10,796,688 Units held by SAMPL, each of the Sponsor, Sasseur (BVI) Holding II, Shimmer Fair Management, TMF (Cayman) and Mr. Xu Rongcan is also deemed to be interested in the 690,842,188 Units.

Mr. Xu Rongcan is the spouse of Ms. Yang Xue and is deemed to be interested in 11,132,900 Units held by Ms. Yang Xue.

<sup>(2)</sup> Ms. Yang Xue is the spouse of Mr. Xu Rongcan and is deemed to be interested in the Units which he has an interest in.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of the holders of the units of Sasseur Real Estate Investment Trust (“**Sasseur REIT**” and the holders of units of Sasseur REIT, the “**Unitholders**”) will be held by way of electronic means on Wednesday, 17 June 2020 at 10.30 a.m. to transact the following business:

## AS ORDINARY BUSINESS

1. To receive and adopt the Report of DBS Trustee Limited, as trustee of Sasseur REIT (the “**Trustee**”), the Statement by Sasseur Asset Management Pte. Ltd., as manager of Sasseur REIT (the “**Manager**”), and the Audited Financial Statements of Sasseur REIT for the financial year ended 31 December 2019 and the Auditors’ Report thereon. **(Resolution 1)**
2. To re-appoint Ernst & Young LLP as Auditors of Sasseur REIT to hold office until the conclusion of the next AGM of Sasseur REIT, and to authorise the Manager to fix their remuneration. **(Resolution 2)**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution, with or without any modifications:

3. The authority be and is hereby given to the Manager, to
  - (a) (i) issue units in Sasseur REIT (“**Units**”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units, at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and
  - (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) must not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) must not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) shall be based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:
  - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Units;

# NOTICE OF ANNUAL GENERAL MEETING

- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the deed of trust constituting Sasseur REIT (as supplemented) (the “Trust Deed”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Sasseur REIT or (ii) the date by which the next AGM of Sasseur REIT is required by the applicable laws or regulations or the Trust Deed to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Sasseur REIT to give effect to the authority conferred by this Resolution.

[Please see Explanatory Note]

**(Resolution 3)**

By Order of the Board  
Sasseur Asset Management Pte. Ltd.  
(Company Registration No. 201707259N)  
as Manager of Sasseur REIT

Marilyn Tan Lay Hong  
Kevin Cho  
Joint Company Secretaries

2 June 2020

## **Explanatory Note:**

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of the Unitholders of Sasseur REIT, or (ii) the date by which the next AGM of the Unitholders of Sasseur REIT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier, to issue Units and to make or grant Instruments (such securities, warrants or debentures) convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent (50%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any), of which up to twenty per cent (20%) may be issued other than on a pro rata basis to Unitholders (excluding treasury Units and subsidiary holdings, if any).

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Ordinary Resolution is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.



# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

1. The Annual General Meeting (“AGM”) is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternate Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice will be sent to Unitholders by electronic means via publication on the Sasseur REIT’s website at the URL [www.sasseurreit.com](http://www.sasseurreit.com) and made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of this Notice will also be sent to Unitholders.
2. The proceedings of this AGM will be broadcasted “live” through an audio-and-video webcast and audio-only feed. Unitholders and investors holding Units through Central Provident Fund (“CPF”) or Supplementary Retirement Schedule (“SRS”) (“CPF/SRS Investors”) who wish to follow the proceedings must pre-register at <https://complete-corp.com.sg/sasseur-agm/> no later than 10.30 a.m. on 14 June 2020. Following verification, an email containing instructions on how to join the “live” broadcast will be sent to authenticated persons by 10.30 a.m. on 16 June 2020.
3. Investors holding Units through relevant intermediaries (“Investors”) (other than CPF/SRS Investors) will not be able to pre-register at <https://complete-corp.com.sg/sasseur-agm/> for the “live” broadcast of the AGM. An Investor (other than CPF/SRS Investors) who wishes to participate in the “live” broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Proxy Processing Agent, Complete Corporate Services Pte Ltd, via email to [sasseur-agm@complete-corp.com.sg](mailto:sasseur-agm@complete-corp.com.sg) no later than 10.30 a.m. on 14 June 2020.

In this Notice of AGM, a “relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
  - (c) the Central Provident Fund Board (“CPF Board”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. **Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the AGM in person. A Unitholder will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A Unitholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Unitholder wishes to exercise his/her/its voting rights at the AGM.** The accompanying proxy form for the AGM may be accessed at the Sasseur REIT’s website at the URL [www.sasseurreit.com](http://www.sasseurreit.com), and will also be made available on the SGX-ST’s website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a Unitholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF or SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5 June 2020.

5. The Chairman of the Meeting, as proxy, need not be a Unitholder of Sasseur REIT.
6. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Manager in the following manner:
  - (a) if submitted by post, be lodged at 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
  - (b) if submitted electronically, be submitted via email to the Manager at email address [sasseur-agm@complete-corp.com.sg](mailto:sasseur-agm@complete-corp.com.sg),

in either case not less than seventy-two (72) hours before the time appointed for holding the AGM.

A Unitholder who wishes to submit instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

# NOTICE OF ANNUAL GENERAL MEETING

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed proxy forms by post, Unitholders are strongly encouraged to submit completed proxy forms electronically via email.**

7. Unitholders and Investors will not be able to ask questions “live” during the broadcast of this AGM. All Unitholders and Investors may submit questions relating to the business of this AGM no later than 10.30 a.m. on 14 June 2020:
- (a) via the pre-registration website at <https://complete-corp.com.sg/sasseur-agm/>;
  - (b) by email to [sassueur-agm@complete-corp.com.sg](mailto:sasseur-agm@complete-corp.com.sg); or
  - (c) by post to 10 Anson Road, #29-07 International Plaza, Singapore 079903.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult to submit questions by post, Unitholders and Investors are strongly encouraged to submit their questions via the pre-registration website or by email. The Manager will answer all substantial and relevant questions prior to, or at this AGM.**

8. The Annual Report 2019 may be accessed at the Sasseur REIT’s website at the URL [www.sasseurreit.com](http://www.sasseurreit.com).

#### **Important reminder:**

**Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the AGM at short notice. Unitholders should check Sasseur REIT’s website at the URL [www.sasseurreit.com](http://www.sasseurreit.com) or announcement on SGX-ST’s website at the URL <https://www.sgx.com/securities/company-announcements> for the latest updates on the status of the AGM.**

#### **Personal data privacy:**

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the Meeting and/or any adjournment thereof, a Unitholder of Sasseur REIT consents to the collection, use and disclosure of the Unitholder’s personal data by the Manager (or its agents or service providers) for the purpose of the processing and administration and analysis by the Manager (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Manager (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

**SASSEUR REAL ESTATE INVESTMENT TRUST (“SASSEUR REIT”)**  
(Constituted in the Republic of Singapore pursuant to a deed of trust dated 30 October 2017 (as supplemented))

**PROXY FORM**

**IMPORTANT:**

1. The Annual General Meeting (“AGM”) is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of AGM will be sent to Unitholders by electronic means via publication on the Sasseur REIT’s website at the URL [www.sasseurreit.com](http://www.sasseurreit.com) and made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the Notice of AGM will also be sent to Unitholders.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically access via live audio-visual website or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in Sasseur REIT’s announcement dated 2 June 2020. This announcement may be accessed at the Sasseur REIT’s website at the URL [www.sasseurreit.com](http://www.sasseurreit.com) and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the AGM in person. A Unitholder will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A Unitholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Unitholder wishes to exercise his/her/its voting rights at the Annual General Meeting.
4. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5 June 2020.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 June 2020.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a Unitholder’s proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.**

I/We\*, \_\_\_\_\_ (Name), NRIC/Passport number\* \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a Unitholder/Unitholders of Sasseur REIT (and the units of Sasseur REIT, the “Units”), hereby appoint(s) the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting (the “Meeting”) of Sasseur REIT to be convened and held by way of electronic means on Wednesday, 17 June 2020 at 10.30 a.m. and at any adjournment thereof.

I/We have indicated with an “X” in the appropriate box against each item below on how I/we wish the Chairman of the Meeting as my/our proxy to vote, or to abstain from voting.

No.	Resolutions relating to:	For	Against	Abstain
<b>ORDINARY BUSINESS</b>				
1	To receive and adopt the Report of DBS Trustee Limited, as trustee of Sasseur REIT (the “Trustee”), the Statement by Sasseur Asset Management Pte. Ltd., as manager of Sasseur REIT (the “Manager”), and the Audited Financial Statements of Sasseur REIT for the financial year ended 31 December 2019 and the Auditors’ Report thereon.			
2	To re-appoint Messrs Ernst & Young LLP as Auditors of Sasseur REIT to hold office until the conclusion of the next AGM of Sasseur REIT, and to authorise the Manager to fix their remuneration.			
<b>SPECIAL BUSINESS</b>				
3	To authorise the Manager to issue Units and to make or grant convertible instruments.			

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes “For” or “Against” a resolution, please indicate with an “X” in the “For” or “Against” box provided in respect of that resolution. Alternatively, please indicate the number of votes “For” or “Against” in the “For” or “Against” box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an “X” in the “Abstain” box provided in respect of that resolution. Alternatively, please indicate the number of Units that the Chairman of the Meeting as your proxy is directed to abstain from voting in the “Abstain” box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

**Total number of Units held:**

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\_\_\_\_\_  
Signature of Unitholder(s)  
or, Common Seal of Corporate Unitholder

\*Delete where inapplicable



## Notes:

1. Please insert the total number of units (Units) held by you. If you have Units entered against your name in the Depository Register (maintained by the Central Depository (Pte) Limited), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders (maintained by or on behalf of the Manager), you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units. If no number is inserted, this instrument of proxy will be deemed to relate to all Units held by you.
2. **Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the AGM in person. A Unitholder will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A Unitholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Unitholder wishes to exercise his/her/its voting rights at the Annual General Meeting.** This proxy form may be accessed at the Sasseur REIT's website at the URL [www.sasseurreit.com](http://www.sasseurreit.com), and will be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the proxy form will also be sent to Unitholders. Where a Unitholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5 June 2020.

3. The Chairman of the Meeting, as proxy, need not be a Unitholder of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Manager in the following manner:
  - (a) if submitted by post, be lodged at 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
  - (b) if submitted electronically, be submitted via email to the Manager at email address [sassueur-agm@complete-corp.com.sg](mailto:sasseur-agm@complete-corp.com.sg),in either case not less than seventy-two (72) hours before the time appointed for holding the AGM.

A Unitholder who wishes to submit instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed proxy forms by post, Unitholders are strongly encouraged to submit completed proxy forms electronically via email.**

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument (failing previous registration with the Manager), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, it must be emailed with the instrument, failing which the instrument may be treated as invalid.

## PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the Meeting a proxy, the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 2 June 2020.

## GENERAL:

The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form lodged if the Unitholder, being the appointor, is not shown to have Units entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by CDP to the Manager.

# CORPORATE INFORMATION

## THE MANAGER

Sasseur Asset Management Pte. Ltd.  
Company Registration Number: 201707259N

## BUSINESS OFFICE ADDRESS (THE MANAGER)

7 Temasek Boulevard  
#06-05 Suntec Tower One  
Singapore 038987  
Telephone: +65 6255 2953  
Fax: +65 6873 0930

## REGISTERED OFFICE ADDRESS (THE MANAGER)

50 Raffles Place #32-01  
Singapore Land Tower  
Singapore 048623  
Telephone: +65 6536 5355  
Fax: +65 6536 1360

## BOARD OF DIRECTORS (THE MANAGER)

### Non-Executive:

Xu Rongcan (*Chairman*)  
Yang Xue  
Wang Jun  
Zhou Yimin  
Gu Qingyang (*Lead Independent Director*)  
Mario Boselli (*Independent Director*)  
Cheng Heng Tan (*Independent Director*)  
Wu Geng (*Independent Director*)

## AUDIT AND RISK COMMITTEE (THE MANAGER)

Cheng Heng Tan (*Chairman*)  
Gu Qingyang  
Wu Geng

## NOMINATING AND REMUNERATION COMMITTEE (THE MANAGER)

Gu Qingyang (*Chairman*)  
Xu Rongcan  
Wu Geng

## COMPANY SECRETARIES (THE MANAGER)

Marilyn Tan Lay Hong  
Kevin Cho  
(Appointed on 11 October 2019)

## TRUSTEE

**DBS Trustee Limited**  
12 Marina Boulevard Level 44  
Marina Bay Financial Centre  
Tower 3  
Singapore 018982  
Telephone: +65 6878 8888  
Fax: +65 6878 3977

## UNIT REGISTRAR

**Boardroom Corporate & Advisory Services Pte. Ltd.**  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623  
Telephone: +65 6536 5355  
Fax: +65 6536 1360

## AUDITOR

**Ernst & Young LLP**  
One Raffles Quay  
Level 18, North Tower  
Singapore 048583

## AUDIT PARTNER-IN-CHARGE

Low Yen Mei  
(Appointed with effect from financial year ended  
31 December 2018)

## STOCK CODE

CRPU



**SASSEUR ASSET MANAGEMENT PTE. LTD.**

As Manager of Sasseur REIT  
Company Registration No.: 201707259N

7 Temasek Boulevard,  
#06-05, Suntec Tower One,  
Singapore 038987

Tel: +65 6255 2953  
Fax: + 65 6873 0930

[www.sasseurreit.com](http://www.sasseurreit.com)