



**SASSEUR REAL ESTATE INVESTMENT TRUST**  
**Unaudited Financial Statements Announcement**  
**For the Third Quarter Ended 30 September 2018**

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

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**Introduction**

Sasseur Real Estate Investment Trust (the “Sasseur REIT”) is a Singapore real estate investment trust constituted as a private trust (“Sasseur Trust”) by a trust deed dated 30 October 2017 which was supplemented by a first supplemental deed dated 19 March 2018, entered into by Sasseur Asset Management Pte. Ltd. as Manager of Sasseur REIT (the “Manager”) and DBS Trustee Limited as Trustee of Sasseur REIT (the “Trustee”). Sasseur Real Estate Investment Trust and its subsidiaries are collectively known as the “REIT Group”.

Sasseur REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 28 March 2018 (the “Listing Date”). Sasseur REIT’s investment strategy is investing principally, directly or indirectly, in a diversified portfolio of income-producing real estate, primarily comprised retail outlet mall, as well as real estate related assets in relation to the foregoing, with an initial focus on Asia.

The Sasseur REIT’s initial portfolio comprises the following four retail outlet malls (the “Properties”) strategically located in cities of economic potential in the PRC:

- **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. The Chongqing Outlets is located in the northeast region of the city and is approximately 10 km away from the Chongqing Jiangbei International Airport.

- **Bishan Outlets**

Bishan Outlets 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 (i) a “Super Children’s Centre” (which features retail stores offering a selection of infant and children’s clothing labels, an early childhood education centre, an enrichment centre, a children’s playground, a children’s photography centre and a children’s theatre); and (ii) a “Super Sports Hall” (which houses the outlet stores of sports brands such as Nike, Adidas and Le Coq Sportif and also features a fitness centre). In addition to the foregoing, there are several pubs and bars found in Bishan Outlets and Bishan Outlets is poised to be a trendy meeting point for the young. Bishan Outlets is located in the west of Chongqing. As the closest district to the downtown area of Chongqing, Bishan Outlets can be accessed within a one-hour drive (approximately 37 km) from the downtown area of Chongqing.

- **Hefei Outlets**

Hefei Outlets caters to middle class consumers by offering a wide range of entertainment choices as well as luxury brand stores. 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. Hefei Outlets is located in the High-Tech Industrial Development Zone, which is one of the PRC’s national high-tech industrial development zones.

- **Kunming Outlets**

Kunming Outlets offers a wide array of retail options including outlet mall shopping, healthcare services, entertainment and cultural facilities, thereby providing its customers with a comprehensive lifestyle and entertainment experience intended to promote retail spending and enhance customer loyalty. Kunming Outlets is targeted at middle class consumers, catering to their growing preference for luxury brands such as Burberry. Kunming Outlets also carries popular domestic brands to cater to a wide customer base. Kunming Outlets is located in Taiping New City, a new development platform for urban expansion by the government of Anning City.

Sasseur REIT is presenting its financial results for the third quarter from 1 July 2018 to 30 September 2018 (“**3Q 2018**”) and for the financial period of 187 days from Listing Date to 30 September 2018 (“**YTD 2018**”).

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**Distribution Policy**

Sasseur REIT's distribution policy is to distribute 100.0% of its income available for distribution to Unitholders for the period from the Listing Date to 31 December 2019. Thereafter the Manager will distribute at least 90.0% of Sasseur REIT's income available for distribution with the actual level of distribution to be determined at the discretion of the Board of Directors of the Manager. Distribution to Unitholders will be made semi-annually.

**Summary of Sasseur REIT Group Results**

	3Q 2018			YTD 2018		
	1 July 2018 to 30 September 2018			Listing Date to 30 September 2018		
	Actual <sup>(1)</sup> S\$'000	Forecast <sup>(2)</sup> S\$'000	Variance %	Actual <sup>(1)</sup> S\$'000	Forecast <sup>(2)</sup> S\$'000	Variance %
EMA rental income	30,299	30,090	0.7	62,931	61,442	2.4
Income available for distribution to Unitholders	18,196	17,420	4.5	36,939	35,332	4.5
Distribution per unit ("DPU") (cents) <sup>(3)</sup>	1.542	1.476	4.5	3.130	2.994	4.5
Annualised distribution yield (%) <sup>(4)</sup>						
- Based on IPO listing price of S\$0.80	7.6%	7.3% <sup>(5)</sup>	4.1	7.6%	7.3% <sup>(5)</sup>	4.1
- Based on 3Q 2018 closing price of S\$0.725	8.4%	n.m.	n.m.	8.4%	n.m.	n.m.

n.m. – Not meaningful

In the absence of the Entrusted Management Agreements ("EMA"), the distribution per unit and the annualised distribution yield (based on IPO listing price of S\$0.80) would be 1.239 Singapore cents and 6.1% for 3Q 2018 and 2.327 Singapore cents and 5.7% for YTD 2018, respectively.

**Notes:**

- (1) The actual results of the REIT Group's foreign subsidiaries were translated using the average SGD:RMB rate of 1: 5.012 and 1: 4.906 for 3Q 2018 and YTD 2018 respectively.
- (2) The forecast figures were derived from the seasonal forecast for 3Q 2018 and YTD 2018 respectively, based on the Forecast Period 2018 as disclosed in Sasseur REIT Prospectus dated 21 March 2018 (the "Prospectus"). An exchange rate for SGD:RMB of 1: 4.930 was adopted in the forecast.
- (3) The distribution per unit of 1.542 Singapore cents is equivalent to 7.729 Renminbi cents for 3Q 2018 and 3.130 Singapore cents is equivalent to 15.356 Renminbi cents for YTD 2018, respectively.
- (4) The annualised distribution yield for 3Q 2018 and YTD 2018 was on a pro-rata basis for 92 days and 187 days from the results following the Listing Date based on the listing price of S\$0.80 and closing price of S\$0.725 respectively.
- (5) The forecast annualised distribution yield of 7.3% was derived from the seasonal forecast for both 3Q 2018 and YTD 2018, based on the annualised return of 7.5% for the Forecast Period 2018 as disclosed in the Prospectus.

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**1(a)(i)(ii) Consolidated Statement of Total Return and Distribution Statement**

	Note	3Q 2018			YTD 2018		
		Actual <sup>(1)</sup> S\$'000	Forecast <sup>(2)</sup> S\$'000	Variance %	Actual <sup>(1)</sup> S\$'000	Forecast <sup>(2)</sup> S\$'000	Variance %
<b><u>Consolidated Statement of Total Return</u></b>							
EMA rental income	1	30,299	30,090	0.7	62,931	61,442	2.4
Manager's management fees <sup>(3)</sup>		(1,820)	(1,742)	(4.5)	(3,694)	(3,533)	(4.6)
Trustee's fees		(28)	(75)	62.7	(149)	(154)	3.2
Other trust expenses	2	280	(591)	n.m.	(11,711)	(12,250)	4.4
Finance income		128	142	(9.9)	161	142	13.4
Finance costs	3	(7,128)	(6,906)	(3.2)	(14,621)	(14,049)	(4.1)
Fair value adjustments to investment properties <sup>(4)</sup>	1	(1,218)	(1,218)	—	(4,251)	(4,251)	—
<b>Total return for the period before tax</b>		<b>20,513</b>	<b>19,700</b>	<b>4.1</b>	<b>28,666</b>	<b>27,347</b>	<b>4.8</b>
Tax expenses	4	(5,304)	(5,044)	(5.2)	(9,791)	(9,696)	(1.0)
<b>Total return for the period after tax</b>		<b>15,209</b>	<b>14,656</b>	<b>3.8</b>	<b>18,875</b>	<b>17,651</b>	<b>6.9</b>
Total return after tax attributable to:							
<b>Unitholders</b>		<b>15,209</b>	<b>14,656</b>	<b>3.8</b>	<b>18,875</b>	<b>17,651</b>	<b>6.9</b>
<b><u>Distribution Statement</u></b>							
Total return attributable to Unitholders		15,209	14,656	3.8	18,875	17,651	6.9
Distribution adjustments	5	2,987	2,764	8.1	18,064	17,681	2.2
<b>Total return available for distribution to Unitholders</b>		<b>18,196</b>	<b>17,420</b>	<b>4.5</b>	<b>36,939</b>	<b>35,332</b>	<b>4.5</b>

n.m. – Not meaningful

Footnotes:

- (1) The actual results of the REIT Group's foreign subsidiaries were translated using the average SGD:RMB rate of 1: 5.012 and 1: 4.906 for 3Q 2018 and YTD 2018 respectively.
- (2) The forecast figures were derived from the seasonal forecast for 3Q 2018 and YTD 2018 respectively, based on the Forecast Period 2018 as disclosed in the Prospectus. An exchange rate for SGD:RMB of 1: 4.930 was adopted in the forecast.
- (3) The Manager has elected to receive 100% of its base fee in the form of units for the period from Listing Date to 31 December 2018.
- (4) Fair value adjustment was related to straight-line rental accounting adjustment.

**Notes:**

- 1 EMA rental income is accounted for on a straight-line basis over the lease term. EMA rental income excludes straight-line rental accounting adjustment is as follows:

	3Q 2018			YTD 2018		
	Actual S\$'000	Forecast S\$'000	Variance %	Actual S\$'000	Forecast S\$'000	Variance %
EMA rental income	30,299	30,090	0.7	62,931	61,442	2.4
Straight-line rental accounting adjustment	(1,218)	(1,218)	—	(4,251)	(4,251)	—
EMA rental income (exclude straight-line adjustment)	29,081	28,872	0.7	58,680	57,191	2.6

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- 2 Other trust expenses for YTD 2018 of S\$11.7 million included S\$10 million IPO transaction costs and the remaining are recurring audit, tax compliance and other corporate expenses. Lower other trust expenses of S\$0.5 million is mainly contributed by lower IPO transaction costs as compared to forecast.
- 3 Finance costs comprised the following:

	3Q 2018			YTD 2018		
	Actual S\$'000	Forecast S\$'000	Variance %	Actual S\$'000	Forecast S\$'000	Variance %
Interest expense on borrowings	(5,774)	(5,668)	(1.9)	(11,883)	(11,519)	(3.2)
Amortisation of transaction costs	(1,354)	(1,238)	(9.4)	(2,738)	(2,530)	(8.2)
	(7,128)	(6,906)	(3.2)	(14,621)	(14,049)	(4.1)

- 4 Tax expenses comprised income tax, deferred tax and withholding tax relating to the REIT Group's foreign subsidiaries.

	3Q 2018			YTD 2018		
	Actual S\$'000	Forecast S\$'000	Variance %	Actual S\$'000	Forecast S\$'000	Variance %
Current period:						
- Income tax	(4,003)	(4,192)	4.5	(7,167)	(7,113)	(0.8)
- Deferred tax	(1,301)	(784)	(65.9)	(2,624)	(2,456)	(6.8)
- Withholding tax	-	(68)	n.m.	-	(127)	n.m.
	(5,304)	(5,044)	(5.2)	(9,791)	(9,696)	(1.0)

- 5 Included in distribution adjustments are the following:

	3Q 2018			YTD 2018		
	Actual S\$'000	Forecast S\$'000	Variance %	Actual S\$'000	Forecast S\$'000	Variance %
<u>Distribution adjustments</u>						
Manager's management fees payable in Units	1,820	1,742	4.5	3,694	3,533	4.6
Amortisation of upfront debt-related transaction costs	1,354	1,238	9.4	2,738	2,530	8.2
Straight lining rental adjustment	(1,218)	(1,218)	-	(4,251)	(4,251)	-
Fair value adjustments to investment properties	1,218	1,218	-	4,251	4,251	-
Statutory reserves	(684)	(1,000)	31.6	(1,117)	(1,882)	40.6
Deferred tax expense	1,301	784	65.9	2,624	2,456	6.8
IPO transaction costs	(1,121)	-	n.m.	10,010	11,044	(9.4)
Foreign exchange loss	317	-	n.m.	115	-	n.m.
Total distribution adjustments	2,987	2,764	8.1	18,064	17,681	2.2

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**1(b)(i) Statements of Financial Position**

<b>As at 30 September 2018</b>		
<b>Note</b>	<b>REIT Group S\$'000</b>	<b>REIT S\$'000</b>
<b><u>Assets</u></b>		
<b>Non-current assets</b>		
	Investment properties	1,347,651
1	Investment in subsidiaries	–
	Deferred tax assets	951,558
		3,555
		–
		1,351,206
		951,558
<b>Current assets</b>		
	Trade receivables	3,301
	Prepayments, deposits and other receivables	9,798
	Cash and bank balances	206,293
		219,392
		77,214
		1,570,598
		1,028,772
<b>Total assets</b>		
<b><u>Liabilities</u></b>		
<b>Non-current liabilities</b>		
	Loans and borrowings	482,498
	Deferred tax liabilities	1,270
	Derivative financial instrument	53
		121,266
		–
		53
		483,821
		121,319
<b>Current liabilities</b>		
	Trade payables	83,860
	Other payables and accruals	75,444
	Loans and borrowings	7,675
	Tax payables	5,588
		–
		–
		172,567
		3,392
		656,388
		124,711
		914,210
		904,061
<b>Total liabilities</b>		
<b>Net assets</b>		
		914,210
		904,061
<b>Represented by:</b>		
	Unitholders' funds	914,210
		904,061

Footnotes:

(1) The results of the REIT Group's foreign subsidiaries were translated using the closing SGD: RMB rate of 1: 5.032 as at 30 September 2018.

**Note:**

1 Investment properties are stated at implied acquisition price based on valuation report in the Prospectus.

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**1(b)(ii) Aggregate Amount of Borrowings and Debt Securities**

	<b>As at 30 September 2018</b>	
	<b>REIT Group</b>	<b>REIT</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Secured loans and borrowings</b>		
- Amount repayable within one year	7,674	–
- Amount repayable after one year	502,976	125,000
Less: Unamortised upfront debt-related transaction costs	(20,478)	(3,734)
<b>Total secured loans and borrowings</b>	<b>490,172</b>	<b>121,266</b>

**Details of any collateral**

The REIT Group has put in place an aggregate amount of RMB 1,960 million (S\$389.7 million) onshore term loans (the “Onshore Facilities”) and S\$125.0 million offshore term loan (the “Offshore Facility”). On 27 September 2018, RMB 19.6 million (S\$4.0 million) has been repaid for onshore facilities.

The Onshore Facilities are secured by:

- (a) an unconditional and irrevocable guarantee from Sasseur (Hefei) Investment Consultancy Co., Ltd. and Sasseur (Kunming) Investment Consultancy Co., Ltd. on a joint and several basis;
- (b) a first ranking mortgage over the Properties;
- (c) a pledge of all sales receivables and proceeds, rental income, rental deposits, and other revenue derived from the Properties by the PRC Property Companies and the Onshore Guarantors;
- (d) an assignment of all material agreements including property management agreements, asset management agreements and Entrusted Management Agreements, in relation to the Properties;
- (e) an assignment of all the insurance policies in relation to the Properties with the onshore security agent named as the first beneficiary;
- (f) assignment of all present and future rights and interests of the PRC Property Companies and the Onshore Guarantors in relation to inter-company debts and shareholder loans made to and by the BVI Holding Companies, the HK Holding Companies and the Singapore Holdco (the “Offshore Holding Companies”) and/or the Trustee; and
- (g) any other security as may be reasonably required by the Onshore Lenders and agreed by the PRC Property Companies.

The Offshore Facility is secured by:

- (a) an unconditional and irrevocable guarantee from the Offshore Holding Companies, the Bishan PRC Property Company and the Onshore Guarantors on a joint and several basis;
- (b) first ranking charges or, as the case may be, mortgages over the entire issued share capital of each of the Offshore Holding Companies;
- (c) first ranking pledges over the entire equity interest of each of the PRC Property Companies, Sasseur (Kunming) Investment Consultancy Co., Ltd. and Sasseur (Hefei) Investment Consultancy Co., Ltd.;
- (d) a debenture over all of the assets of the Trustee and the Offshore Holding Companies (only in the case of the Trustee) directly or indirectly relating to and/or directly or indirectly in connection with the Properties and any proceeds relating to the Properties and incorporating security over the Master Entrusted Management Agreement and each Performance Reserve Bank Guarantee provided in connection therewith; and
- (e) any other security that may at any time be given as security or assurance for any of the liabilities pursuant to or in connection with any secured document.

As at 30 September 2018, these term loans were fully drawn down. 50% of the offshore term loan had been hedged using floating-for-fixed interest rate swaps. The overall weighted average cost of borrowings for YTD 2018 was 5.4%. The aggregate leverage for the REIT Group as at the end of the period was 32.5%.

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**1(c) Consolidated Statement of Cash Flows**

	REIT Group	
	3Q 2018	28 March 2018 to 30 September 2018
Note	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Total return for the period before tax	20,513	28,666
<u>Adjustments for:</u>		
Straight-lining rent adjustment	(1,218)	(4,251)
Manager's management fee paid in units	1,820	3,694
Change in fair value of investment properties	1,218	4,251
Amortisation of borrowing costs	1,354	2,738
Finance costs	5,774	11,883
Finance income	(128)	(161)
Unrealised translation differences	3,247	16,251
<b>Cash flows before changes in working capital</b>	<b>32,580</b>	<b>63,071</b>
<b>Changes in working capital:</b>		
Trade receivables	(61)	(1,800)
Prepayments, deposits and other receivables	1,266	(1,108)
Trade payables	32,215	47,259
Other payables and accruals	13,708	(3,933)
<b>Cash generated from operations</b>	<b>79,708</b>	<b>103,489</b>
Tax paid	(3,990)	(6,311)
Interest received	121	163
<b>Net cash generated from operating activities</b>	<b>75,839</b>	<b>97,341</b>
<b>Cash flows from financing activities</b>		
Increase in restricted cash	(200)	(2,125)
Proceeds from bank loans	–	125,000
Repayments of bank loans	(3,995)	(3,995)
Proceeds from issuance of units	–	396,000
Redemption of sponsor units	–	(396,000)
Payment of IPO related expenses	(15,164)	(23,324)
Payment of transaction costs relating to loans and borrowings	–	(20,858)
Distribution to unitholders	(18,731)	(18,731)
Interest paid	(5,608)	(11,905)
<b>Net cash (used in)/generated from financing activities</b>	<b>(43,698)</b>	<b>44,062</b>
<b>Net increase in cash and cash equivalents</b>	<b>32,141</b>	<b>141,403</b>
Cash and cash equivalents at beginning of the period	167,918	58,015
Effect on exchange rate changes on cash and cash equivalents	(2,249)	(1,608)
<b>Cash and cash equivalents at end of the period</b>	<b>197,810</b>	<b>197,810</b>

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**Notes:**

- 1 For the purpose of the Consolidated Statement of Cash Flows, the cash and cash equivalents comprised the following:

	<b>As at 30 September 2018 S\$'000</b>
Cash and bank balances	206,293
Less: Restricted cash	(8,483)
Cash and cash equivalents	197,810

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

**1(d)(i) Statements of Changes in Unitholders' Funds**

	<b>3Q 2018</b>		<b>30 October 2017 to 30 September 2018</b>	
	<b>REIT Group S\$'000</b>	<b>REIT S\$'000</b>	<b>REIT Group S\$'000</b>	<b>REIT S\$'000</b>
<b>At 30 October 2017 (Date of Constitution)</b>	–	–	– <sup>(1)</sup>	– <sup>(1)</sup>
<b>At the beginning of the period</b>	<b>950,985</b>	<b>919,650</b>	<b>–</b>	<b>–</b>
<b>Operations</b>				
Change in Unitholders' funds resulting from operations before distribution	14,525	(1,300)	17,758	(16,502)
Transfer to statutory reserve	684	–	1,117	–
<b>Net increase/(decrease) in net assets resulting from operations</b>	<b>15,209</b>	<b>(1,300)</b>	<b>18,875</b>	<b>(16,502)</b>
<b>Unitholders' transactions</b>				
Movement during the period				
- Issuance of Consideration Units	–	–	1,062,289	1,062,289
- Loss arising from initial public offering	–	–	(110,731)	(110,731)
- Issuance of new Units at Initial Public Offering	–	–	396,000	396,000
- Redemption of Units	–	–	(396,000)	(396,000)
Issue costs <sup>(2)</sup>	2,622	2,622	(15,958)	(15,958)
Manager's base fee payable in Units	1,820	1,820	3,694	3,694
Distribution to unitholders	(18,731)	(18,731)	(18,731)	(18,731)
<b>Net (decrease)/increase in net assets resulting from Unitholders' transactions</b>	<b>(14,289)</b>	<b>(14,289)</b>	<b>920,563</b>	<b>920,563</b>
<b>Movement in foreign currency translation reserve</b>	<b>(37,695)</b>	<b>–</b>	<b>(25,228)</b>	<b>–</b>
<b>Total Unitholders' funds as at end of the period</b>	<b>914,210</b>	<b>904,061</b>	<b>914,210</b>	<b>904,061</b>

Footnotes:

(1) Less than S\$1,000.

(2) Issue cost comprised underwriting and selling commission, professional and other fees, and miscellaneous issue expenses.

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**1(d)(ii) Details of Any Change in Units**

	<b>3Q 2018</b>	<b>30 October 2017 to 30 September 2018</b>
	<b>Units</b>	<b>Units</b>
<b>Units in issue:</b>		
At 30 October 2017 (Date of Constitution)	–	1
At the beginning of the period	1,180,280,000	–
<b>New Units issued:</b>		
Movement during the period		
- Issuance of Consideration Units	–	1,062,289
- Sub-division of Units	–	1,179,217,710
- Issuance of new Units at Initial Public Offering	–	495,000,000
- Redemption of Units	–	(495,000,000)
Total new Units issued as at end of the period	–	<b>1,180,279,999</b>
Total issued Units as at end of the period	<b>1,180,280,000</b>	<b>1,180,280,000</b>
<b>Units to be issued:</b>		
At the beginning of the period <sup>(1)</sup>	2,531,748	–
Manager's base fee payable in Units <sup>(2)</sup>	2,548,306	5,080,054
Total issuable Units as at end of the period	<b>5,080,054</b>	<b>5,080,054</b>
<b>Total units issued and to be issued as at end of period</b>	<b>1,185,360,054</b>	<b>1,185,360,054</b>

Footnote:

- (1) There are 2,531,748 units to be 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 S\$0.740.
- (2) There are 2,548,306 units to be issued in satisfaction of the Manager's management fee for the 3Q 2018 based on the volume weighted average price for the last 10 Business Days immediately preceding 30 September 2018 of S\$0.714.

**1(d)(iii) To show the total number of issued units excluding treasury shares at the end of the current financial period, and as at the end of the immediately preceding year**

Sasseur REIT does not hold any treasury units as at 30 September 2018. The total number of issued units in Sasseur REIT was 1,180,280,000.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable.

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited nor reviewed by our auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

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**4 Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been complied**

The REIT Group has applied the same accounting policies and methods of computation as described in the Prospectus in the preparation of the consolidated financial statements for the current reporting period.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what had changed, as well as the reasons for, and the effect of, the change**

Not applicable.

**6 Consolidated Earnings Per Unit ("EPU") and Distribution Per Unit ("DPU")**

	3Q 2018	28 March to 30 September 2018
<b>EPU</b>		
Weighted average number of Units in issue and issuable	1,182,839,447	1,181,552,732
Net income for the period (S\$'000)	15,209	18,875
Basic and diluted EPU <sup>(1)(2)</sup> (cents)	1.286	1.597
<b>DPU</b>		
Number of units in issue at end of period	1,180,280,000	1,180,280,000
Income available for distribution to Unitholders (S\$'000)	18,196	36,939
DPU <sup>(3)</sup> (cents)	1.542	3.130

Footnotes:

- (1) The computation of basic EPU is based on the weighted number of units for the respective reporting period. This comprises of:
  - (i) The weighted average number of units in issue for the respective reporting period; and
  - (ii) The estimated weighted average number of units issuable as payment of Manager's base fees for the respective reporting period.
- (2) The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue at the end of the respective reporting period.
- (3) The DPU was computed and rounded based on the number of units entitled to distribution at the end of the period.

**7 Net Asset Value ("NAV") and Net Tangible Asset ("NTA") Per Unit**

	As at 30 September 2018	
	REIT Group	REIT
Number of units in issue and issuable at end of period	1,185,360,054	1,185,360,054
Net asset (S\$'000)	914,210	904,061
NAV and NTA per unit <sup>(1)</sup> (cents)	77.13	76.27

Footnote:

- (1) The computation of NAV and NTA is based on number of units in issue and to be issued as at the end of the period. NAV and NTA is the same as there is no intangible asset as at the end of the period.

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**8 Review of the performance**

Total outlet sales for YTD 2018 was S\$416.1 million, 7.5% higher than forecast for the same period. The outlet sales were better than forecast mainly due to the successful anniversary celebrations in September across all four outlet malls with record breaking sales achieved on a single day. Portfolio occupancy rate was 94.4% as at 30 September 2018.

Total income available for distribution was S\$36.9 million for YTD 2018 which was S\$1.6 million or 4.5% above forecast. Distribution per unit was 3.130 Singapore cents and annualised distribution yield was 7.6% based on IPO listing price of S\$0.80.

Total gross borrowings was S\$510.7 million, comprising S\$385.7 million (RMB 1.94 billion) onshore loans to the PRC Property Companies and S\$125.0 million offshore loan to Sasseur REIT. The aggregate leverage was 32.5% and overall weighted average cost of borrowings for YTD 2018 was 5.4%, with an interest cover of 3.0 times.

The net current assets as at 30 September 2018 was S\$46.8 million, representing a healthy current ratio of 1.3 times.

**9 Variance between Actual and Forecast Results**

In RMB terms, EMA rental income for 3Q 2018, after excluding the straight-line effect, were RMB 3.5 million or 2.4% higher as compared to forecast and YTD 2018, after excluding the straight-line effect, was RMB 5.9 million or 2.1% higher as compared to forecast. This was mainly contributed by the successful anniversary celebrations across all the four outlet malls, which attracted a good turnout with strong purchases.

In SGD terms, EMA rental income for 3Q 2018, after excluding the straight-line effect, were S\$0.2 million or 0.7% higher as compared to forecast and YTD 2018, after excluding the straight-line effect, was S\$1.5 million or 2.6% higher as compared to forecast. For 3Q 2018, the RMB depreciated by about 1.7% against the SGD.

Manager's base fee is calculated at 10.0% per annum of the Distributable Income of the REIT Group. Manager's base fee for 3Q 2018 and YTD 2018 were S\$0.08 million and S\$0.2 million higher than forecast, which was in line with higher distributable income as of 30 September 2018.

Other trust expenses for 3Q 2018 and YTD 2018 were S\$0.9 million and S\$0.5 million lower than forecast mainly due to lower IPO transaction costs incurred.

Finance costs for 3Q 2018 and YTD 2018 were S\$0.2 million and S\$0.6 million higher than forecast mainly due to higher interest rate on offshore loan.

Consequently, the total return before tax for 3Q 2018 of S\$20.5 million was above forecast by S\$0.8 million or 4.1% and, the YTD 2018 of S\$28.7 million was S\$1.3 million or 4.8% respectively.

Tax expenses for 3Q 2018 and YTD 2018 were S\$0.3 million and S\$0.1 million higher than forecast due to higher EMA rental income.

Overall, income available for distribution to Unitholders for 3Q 2018 of S\$18.2 million was higher than forecast by S\$0.8 million or 4.5%, and YTD 2018 of S\$36.9 million was higher than forecast by S\$1.6 million or 4.5%.

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**10 Commentary on the competitive conditions of the industry in which the Trust and its investees operates and any known factors or events that may affect the Trust and its investees in the next reporting period and the next 12 months**

The 2nd quarter GDP growth for 2018 was 6.7%<sup>1</sup>. This is slightly slower than the 6.8% gain in the first quarter. This is the weakest pace of GDP growth in China since the 3rd quarter of 2016, and is mainly attributed to the trade war with the US, but it is still on track to meet or exceed the full year GDP growth forecast of 6.6%<sup>2</sup> for 2018.

For 2019, the forecast for GDP growth is 6.3%<sup>3</sup>. Urban household per capita disposable income grew 7.9%<sup>4</sup> for the 2nd quarter of 2018 on a Year-on-Year (YoY) basis compared to the same period in 2017. Based on data from the China's National Bureau of Statistics, total retail sales of consumer goods continue to grow strongly in July and August 2018 to reach RMB 3,073 billion and RMB 3,154 billion, up by 9.3% and 9.0% YoY nominal growth rate respectively.

Chongqing Market Update

In term of competition, 0.3 million sqm of traditional retail space was added to Chongqing's stock of 5.7 million sqm. International brands such as Marie Eile, Hip and Bone, Denham, Max Mara, Pinko, etc had also increased their presence. To meet the challenges ahead, our Entrusted Manager would link up with new brands entering the Chongqing market to attract them to our outlet stores and fine-tune our tenants' mix to accommodate changing consumer tastes.

Hefei Market Update

In Hefei, Capital Outlet (首创奥莱) recently opened for business on 22 September 2018. It has about 80,000 sqm of space located around 23km which is some distance away from Sasseur Hefei Outlet and is not expected to affect business at the Hefei Outlet.

Kunming Market Update

In Kunming, there is around 3.7 million sqm shopping mall space in the city centre. In the city centre, there is a small 30,000 sqm outlet mall which is more an ordinary shopping mall. There is also a "departmental outlet" (百货奥特莱斯) in Kunming, ran by a department store operator that has a hybrid departmental cum discounted store positioning whereby many products are sold at full price or with relatively unattractive discounts. The mall also has many education services tenants.

Overall, total sales for Sasseur REIT's portfolio of outlet malls in China had performed better than their seasonality-adjusted budgets for the quarter (i.e. for the period from July to end September). At the same time, the supply of outlets continues to grow to meet the demand from the expanding Chinese middle class.

Despite the trade war, the strong growth potential of outlets industry in China is unaffected as the domestic consumption by the middle class in China remained robust and resilient, with the Chinese government also promoting domestic consumption to sustain economic growth. This is favorable for Sasseur REIT as its EMA income comprises of a fixed component that is stepped up annually and a variable component that is pegged to sales generated by its tenants at the respective outlet malls. Sasseur's double destination shopping positioning: Outlets' value-for-money discounted positioning and Sasseur's lifestyle & experiential "Super Outlet 1+N" positioning will further strengthen our outlets and drive our growth ahead.

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<sup>1</sup> Bloomberg News 16 July 2018

<sup>2</sup> Bloomberg News 22 August 2018

<sup>3</sup> Bloomberg News 22 August 2018

<sup>4</sup> China's National Bureau of Statistics

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**11 Distribution**

(a) Current financial period

Any distribution declared for the current financial period?

No.

(b) Corresponding period of the preceding financial period

Any distribution declared for the corresponding period of the immediate preceding financial period?

Not applicable.

(c) Books closure date

Not applicable.

(d) Date payable

Not applicable.

**12 If no distribution has been declared/recommendeded, a statement to that effect**

No distribution for the current financial period was declared. Sasseur REIT will make distributions to the Unitholders on a semi-annual basis.

**13 If the Group has obtained a general mandate from Unitholders for interested person transactions ("IPT"), the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The REIT Group has not obtained a general mandate from Unitholders for interested person transactions.

**14 Confirmation Pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited financial results of the Sasseur REIT for the period from 28 March 2018 to 30 September 2018 to be false or misleading, in any material aspect.

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**15 Confirmation Pursuant to Rule 720(1) of the Listing Manual**

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

**16 Use of Proceeds from Initial Public Offering**

The use of proceed raised from the initial public offering, 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	49,236	5,078
General corporate and working capital purposes	70,686	21,296	49,390
	<b>918,566</b>	<b>864,098</b>	<b>54,468</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>
Finance costs	2,414
Trustee fee	67
Other trust expenses	84
Distribution for the period from Listing Date to 30 June 2018	18,731
	<b>21,296</b>

The Manager will make further announcements via SGXNET on the distribution on the utilisation of the remainder of the IPO proceeds as and when such funds are substantially disbursed.

For and on behalf of the Board of Directors of  
 Sasseur Asset Management Pte. Ltd.

Mr Cheng Heng Tan  
 Director

Dr Gu Qingyang  
 Director

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*This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.*

*The value of units in Sasseur REIT ("Units") and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, DBS Trustee Limited (as trustee of Sasseur REIT) or any of their respective affiliates.*

*An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units ("Unitholders") have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.*

*The past performance of Sasseur REIT is not necessarily indicative of the future performance of Sasseur REIT.*

By Order of the Board of Directors of  
Sasseur Asset Management Pte. Ltd.  
(Company registration no. 201707259N)  
As Manager of Sasseur Real Estate Investment Trust

Anthony Ang  
Chief Executive Officer

12 November 2018