



# Sasseur REIT Results Presentation

## *Third Quarter 2018*

12 November 2018

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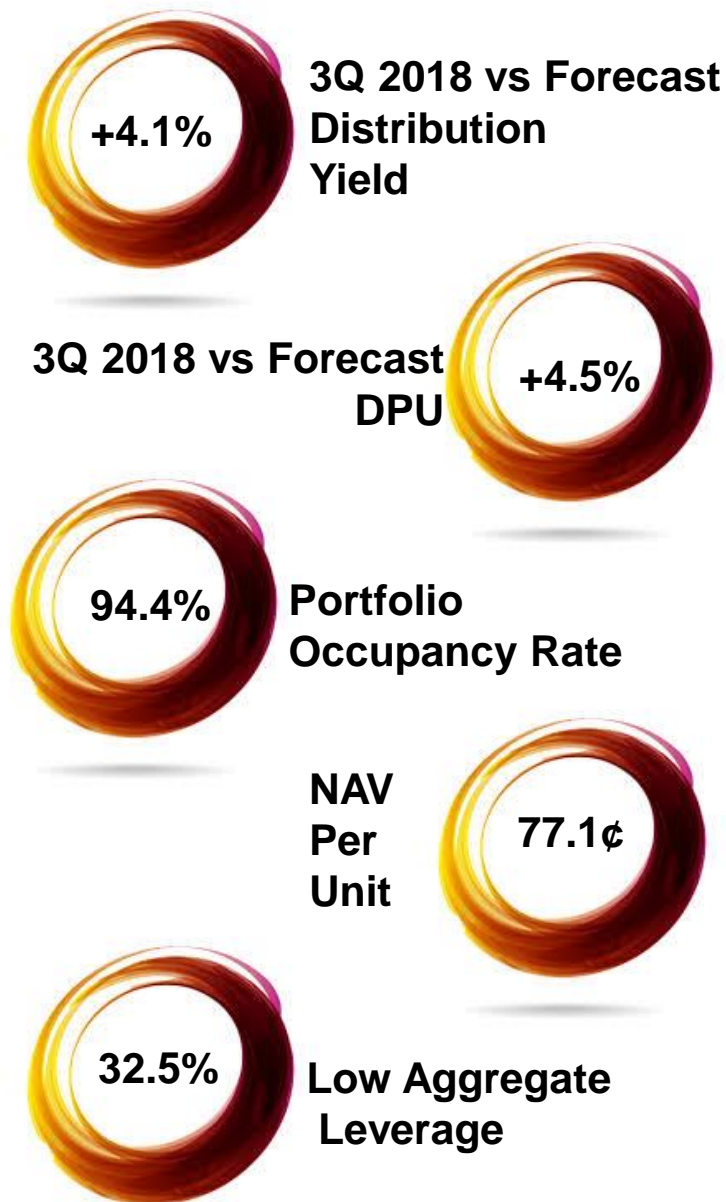
## Sponsorship Statement:

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

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# Key Financial Highlights



## 3Q 2018 and YTD 2018<sup>1</sup> Performance Beat Forecast

- Annualised Distribution Yield<sup>2</sup> of **7.6% / 8.4%**<sup>3</sup> for both 3Q 2018 and YTD 2018 beat forecast of 7.3% by **4.1%**
- 3Q 2018 DPU of **1.542 cents** beats forecast of 1.476 cents by **4.5%** and YTD 2018 DPU of **3.130 cents** beats forecast of 2.994 cents by **4.5%**
- 3Q2018 EMA Rental Income<sup>4</sup> of **S\$29.1m**, beats forecast of S\$28.9m by **0.7%** and YTD 2018 EMA Rental Income<sup>4</sup> of **S\$58.7m**, beats forecast of S\$57.2m by **2.6%**
- 3Q 2018 Distributable Income of **S\$18.2m**, beats forecast of S\$17.4m by **4.5%** and YTD 2018 Distributable Income of **S\$36.9m**, beats forecast of S\$35.3m by **4.5%**

## Strong Portfolio Performance

- Stable portfolio occupancy rate of 94.4%
- Higher Sales<sup>5</sup> achieved above forecast by **7.9%** for 3Q 2018 and increased by **35.7%** comparing to same period last year

1 For period from 28 March 2018 (Listing Date) to 30 September 2018  
 2 Annualised on a pro-rata basis for 92 days and 187 days from the results following the Listing Date  
 3 Based on IPO listing price of S\$0.80 / 3Q 2018 closing price of S\$0.725  
 4 Exclude straight-line adjustment  
 5 In RMB terms

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# Financial Performance



| <b>3Q 2018</b>   |                              |                                |               |
|--|------------------------------|--------------------------------|---------------|
| <b>S\$'000</b>   | <b>Actual <sup>(1)</sup></b> | <b>Forecast <sup>(2)</sup></b> | <b>Change</b> |
| EMA rental income <sup>(3)</sup>   | 29,081                       | 28,872                         | +0.7%         |
| Income available for distribution  | 18,196                       | 17,420                         | +4.5%         |
| Distribution per Unit (DPU) (cents)  | 1.542 <sup>(4)</sup>         | 1.476                          | +4.5%         |
| Annualised distribution yield (%) <sup>(5)</sup><br>- Based on IPO listing price of S\$0.80      | 7.6%                         | 7.3% <sup>(6)</sup>            | +4.1%         |
| Annualised distribution yield (%) <sup>(5)</sup><br>- Based on 3Q 2018 closing price of S\$0.725 | 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.

- (1) The actual results of the REIT Group's foreign subsidiaries were translated using the average SGD:RMB rate of 1:5.012 for 3Q 2018
- (2) The forecast figures were derived from the seasonal forecast for 3Q 2018, based on the Forecast Period 2018 as disclosed in Sasseur REIT's Prospectus dated 21 March 2018 (the "Prospectus"). An exchange rate for SGD:RMB of 1:4.930 was adopted in the forecast
- (3) Exclude straight-line adjustment
- (4) The distribution per unit for 3Q 2018 of 1.542 Singapore cents is equivalent to 7.729 Renminbi cents
- (5) The annualised distribution yield for 3Q 2018 was on a pro-rata basis for 92 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
- (6) The forecast annualised distribution yield of 7.3% was derived from the seasonal forecast for 3Q 2018, based on the annualised return of 7.5% for the Forecast Period 2018 as disclosed in the Prospectus

# Financial Performance

| For the period from 28 March 2018 to 30 September 2018 (“YTD 2018”)                              |                       |                         |        |
|--|-----------------------|-------------------------|--------|
| S\$'000  | Actual <sup>(1)</sup> | Forecast <sup>(2)</sup> | Change |
| EMA rental income <sup>(3)</sup>   | 58,680                | 57,191                  | +2.6%  |
| Income available for distribution  | 36,939                | 35,332                  | +4.5%  |
| Distribution per Unit (DPU) (cents)  | 3.130 <sup>(4)</sup>  | 2.994                   | +4.5%  |
| Annualised distribution yield (%) <sup>(5)</sup><br>- Based on IPO listing price of S\$0.80      | 7.6%                  | 7.3% <sup>(6)</sup>     | +4.1%  |
| Annualised distribution yield (%) <sup>(5)</sup><br>- Based on 3Q 2018 closing price of S\$0.725 | 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 2.327 Singapore cents and 5.7% for YTD 2018.

- (1) The actual results of the REIT Group’s foreign subsidiaries were translated using the average SGD:RMB rate of 1:4.906 for YTD 2018
- (2) The forecast figures were derived from the seasonal forecast for YTD 2018, based on the Forecast Period 2018 as disclosed in Sasseur REIT’s Prospectus dated 21 March 2018 (the “Prospectus”). An exchange rate for SGD:RMB of 1:4.930 was adopted in the forecast
- (3) Exclude straight-line adjustment
- (4) The distribution per unit for YTD 2018 of 3.130 Singapore cents is equivalent to 15.356 Renminbi cents
- (5) The annualised distribution yield for YTD 2018 was on a pro-rata basis for 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
- (6) The forecast annualised distribution yield of 7.3% was derived from the seasonal forecast for YTD 2018, based on the annualised return of 7.5% for the Forecast Period 2018 as disclosed in the Prospectus

# Financial Position as at 30 September 2018



| S\$'000                                       | Actual<br>30 Sep 18 | Actual<br>30 Jun 18 |
|---|---------------------|---------------------|
| Investment properties                         | 1,347,651           | 1,401,378           |
| Cash and bank balances                        | 206,293             | 176,454             |
| Other assets                                  | 16,654              | 19,034              |
| <b>Total Assets</b>                           | <b>1,570,598</b>    | <b>1,596,866</b>    |
| Loans and borrowings                          | 490,173             | 507,665             |
| Other liabilities                             | 166,215             | 138,216             |
| <b>Total Liabilities</b>                      | <b>656,388</b>      | <b>645,881</b>      |
| <b>Net Assets</b>                             | <b>914,210</b>      | <b>950,985</b>      |
| <b>Net Assets attributable to unitholders</b> | <b>914,210</b>      | <b>950,985</b>      |

|   | Actual<br>30 Sep 18 | Actual<br>30 Jun 18 |
|---|---------------------|---------------------|
| No. of units in issue and issuable ('000) | 1,185,360           | 1,180,280           |
| Net assets value per unit (cents)         | 77.1                | 80.6                |
| Current Ratio                             | 1.3                 | 1.3                 |

**Note:**

Singapore Dollar ("SGD") had strengthened against Chinese Renminbi ("RMB") by about 4.0% in 3Q 2018. Accordingly, 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 as compared to 1: 4.839 as at 30 June 2018, and a loss in foreign currency translation reserve of S\$37.7 million was recorded in 3Q 2018.

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# Portfolio Summary

## Portfolio

Valuation : 7,338 mil

NLA : 304,573 sq m

Occupancy : 94.4%



Hefei Outlet Mall

Valuation : 2,435 mil

NLA : 138,449 sqm

Occupancy : 96.5%

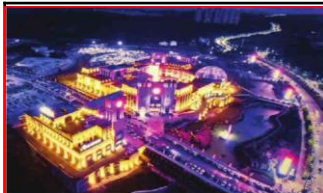


Bishan Outlet Mall

Valuation : 789 mil

NLA : 45,172 sqm

Occupancy : 87.5%



Kunming Outlet Mall

Valuation : 1,461 mil

NLA : 70,067 sqm

Occupancy : 94.2%



Chongqing Outlet Mall

Valuation : 2,654 mil

NLA : 50,885 sqm

Occupancy : 98.3%

Based on independent valuation from JLL & Savills (with Entrusted Manager's Agreement )  
Valuation in RMB

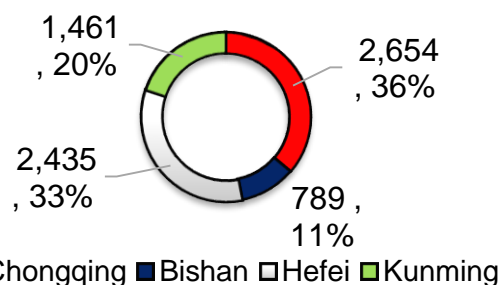
^Occupancy as 3Q 2018

# Key Information

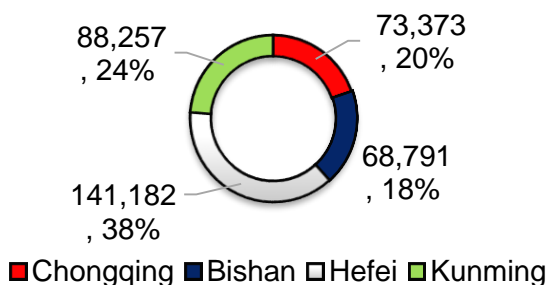
## 4 Outlets Malls located strategically in high-growth Tier 2 cities

|  | Chongqing     | Bishan        | Hefei           | Kunming       | Portfolio                |
|--|---------------|---------------|-----------------|---------------|--------------------------|
| <b>GFA/NLA (sqm)</b>                             | 73,373/50,885 | 68,791/45,172 | 141,182/138,449 | 88,257/70,067 | <b>371,603/304,573</b>   |
| <b>Valuations<sup>1</sup><br/>(RMB millions)</b> | 2,654         | 789           | 2,434.5         | 1,460.5       | <b>7,338</b>             |
| <b>Car Park Lots</b>                             | 500           | 400           | 1,566           | 2,000         | <b>4,466</b>             |
| <b>Commencement<br/>of Operations</b>            | Sep 2008      | Jan 2014      | May 2016        | Dec 2016      | <b>28 Mar 2018 (IPO)</b> |
| <b>Occupancy at<br/>30 Sep 2018</b>              | 98.3%         | 87.5%         | 96.5%           | 94.2%         | <b>94.4%</b>             |

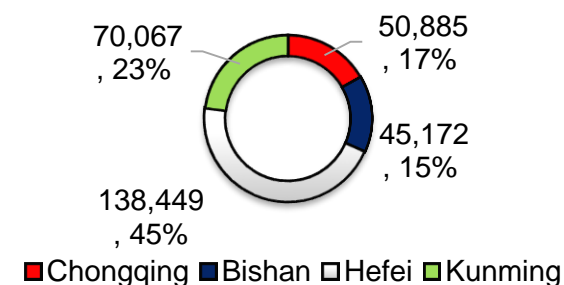
Valuation (RMB mil)



GFA (in sqm)



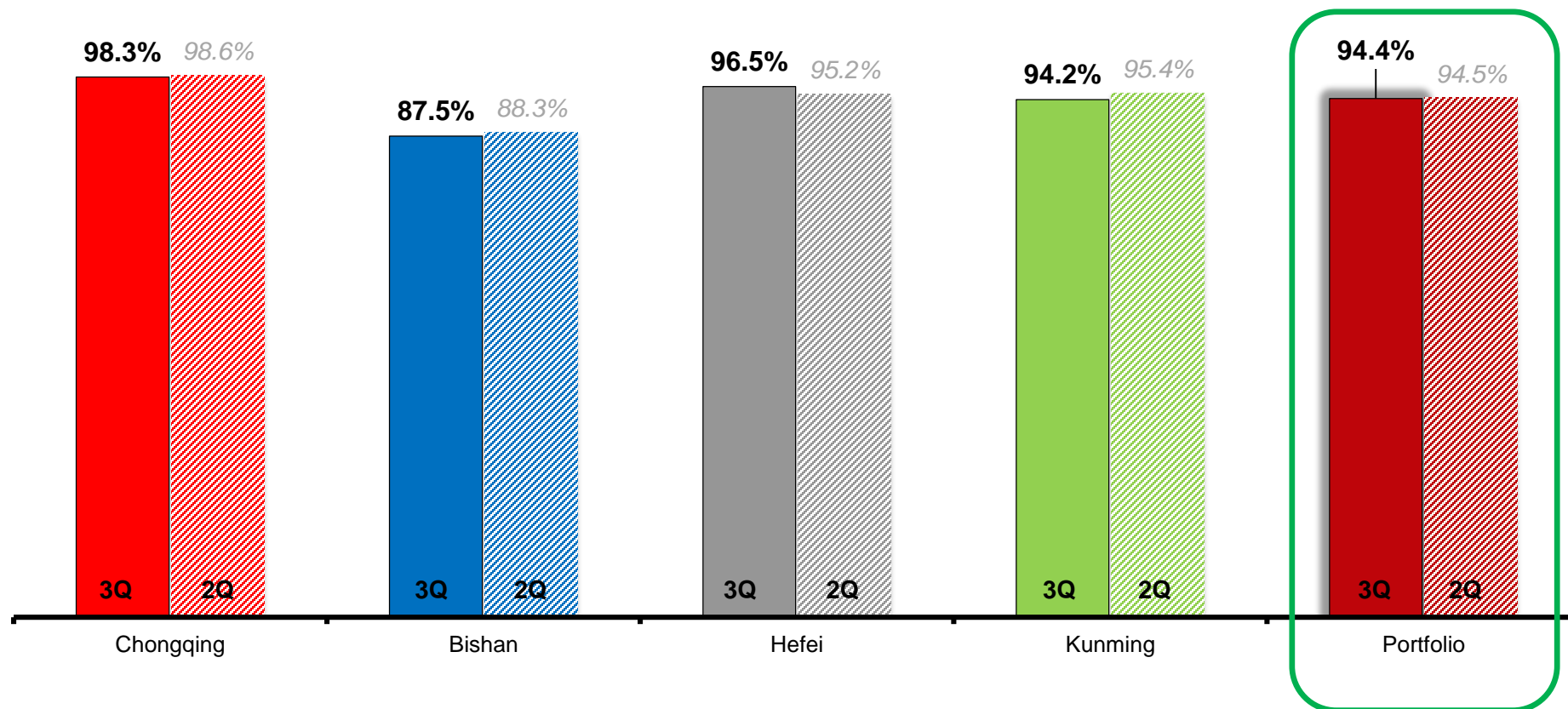
NLA (in sqm)



<sup>1</sup> Based on independent valuations by JLL & Savills (with EMA)

# Occupancy

## Occupancy (%)

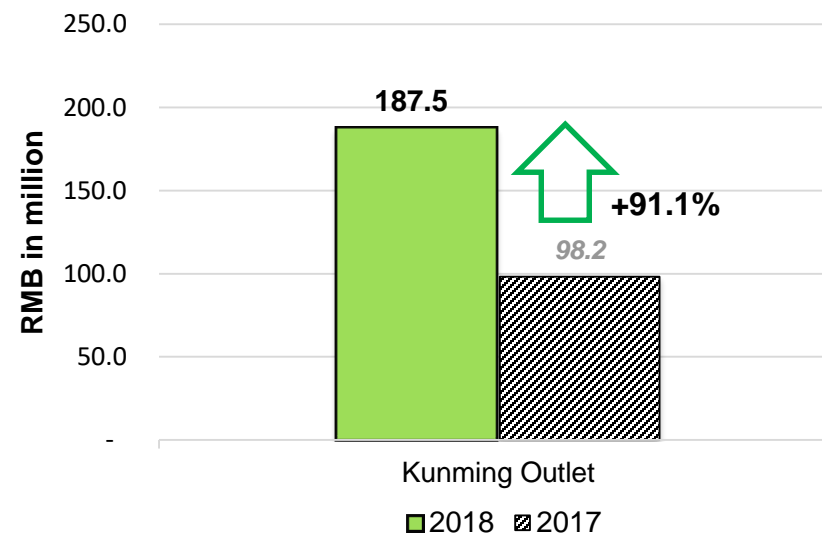
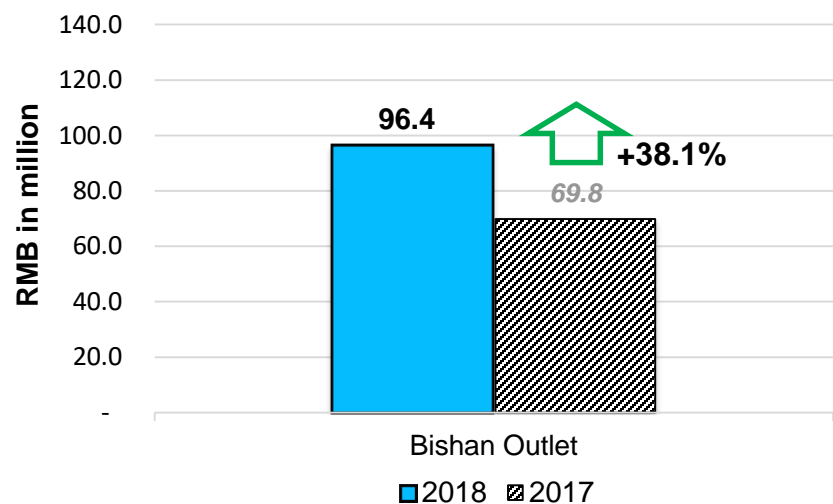
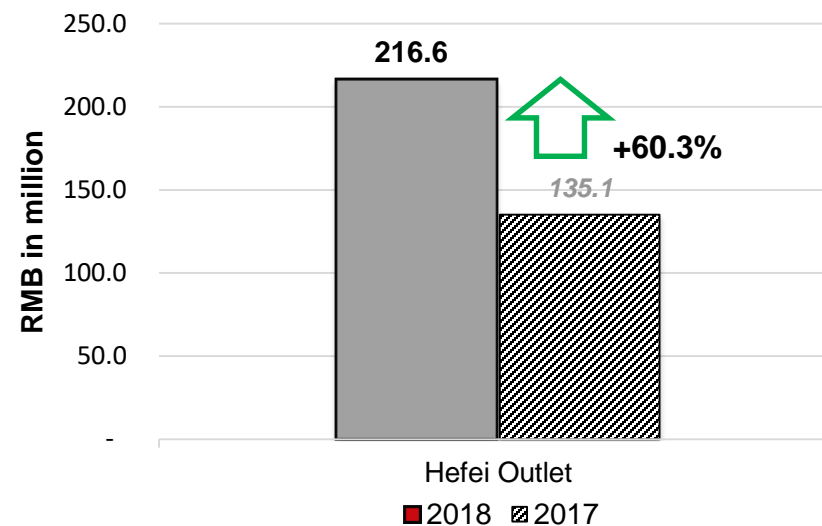
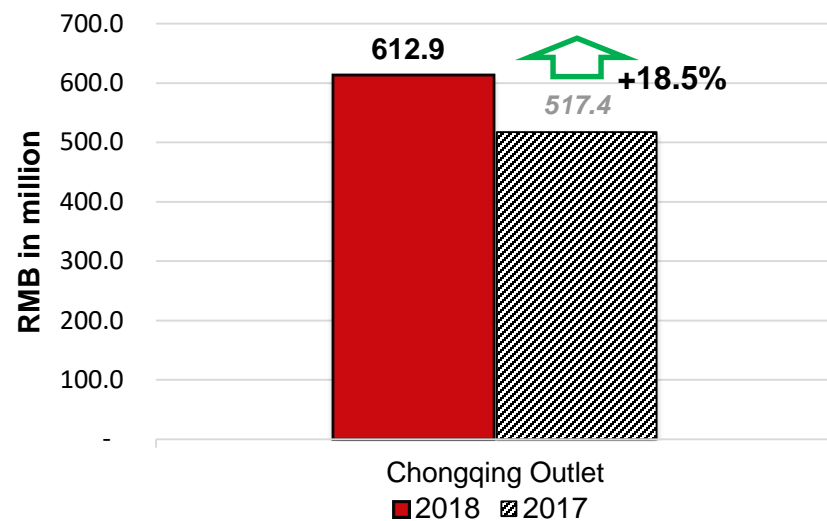


Note:

Portfolio occupancy rate was 94.4% as at 30 September 2018 marginally lower than 2Q18 by 0.1% due mainly to annual tenant reshuffle exercise in September which accounted for some temporary frictional vacancy.

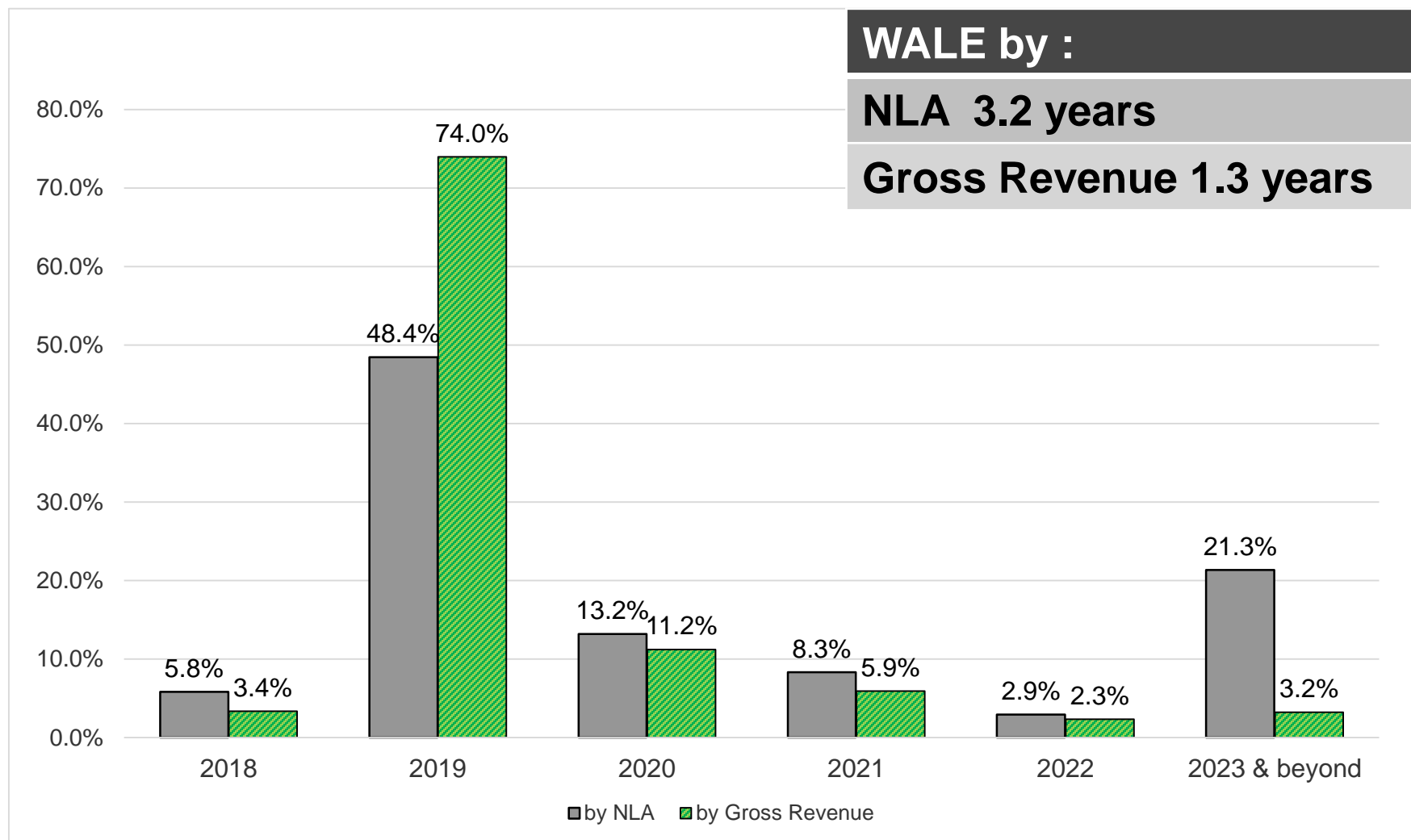
As at 3Q 2018

# Y-o-Y Total Sales Growth (RMB million)



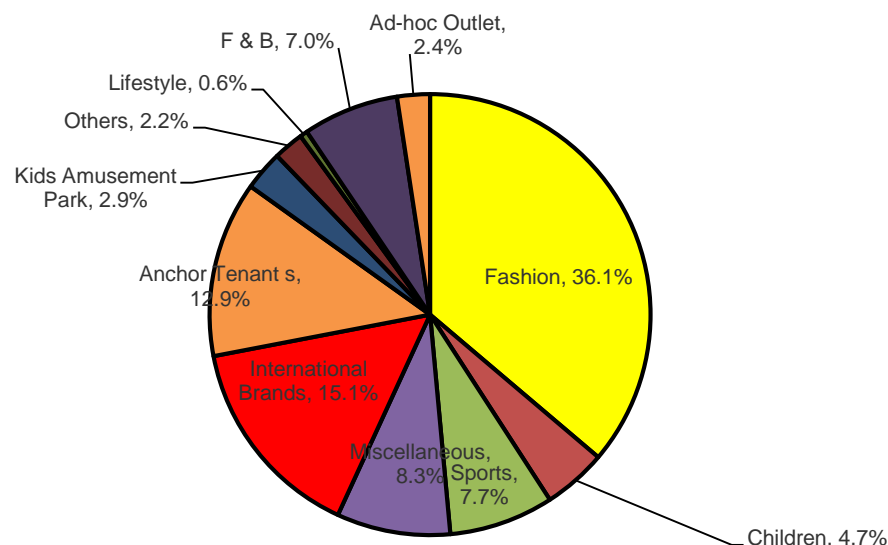
**Portfolio Sales increased by 35.7% Y-o-Y**

# Weighted Average Lease Expiry (WALE)



# Well Diversified Portfolio Tenants' Mix

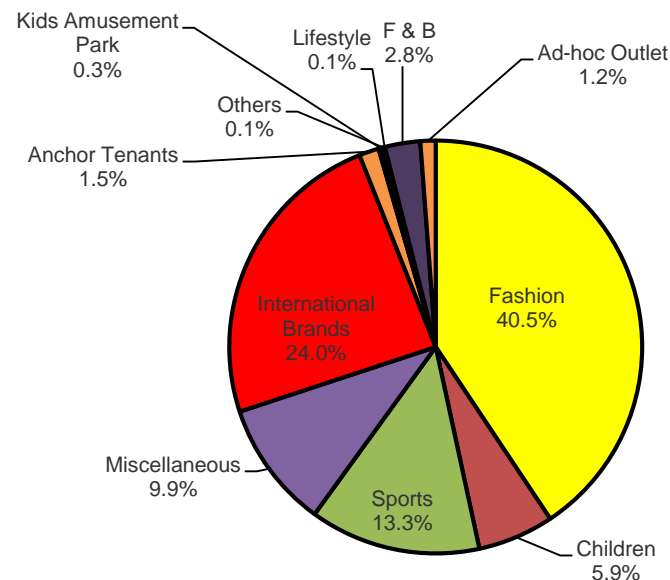
## Breakdown of NLA<sup>1</sup> by Trade Sector



**48.4%**

**Fashion, Sports & Children wear and accessories**

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



**59.8%**





**Fashion, Sports & Children wear and accessories**

<sup>1</sup>. As percentage of the portfolio's net lettable areas as at 30 Sep 2018

<sup>2</sup>. As percentage of the portfolio's gross revenue as at 30 Sep 2018

# Anniversary Celebrations : Record Breaking Sales on The First Day



|      | Chongqing  | Bishan  | Hefei   | Kunming   |
|------|--|---|---|---|
| 2018 | RMB 130 million  | RMB 16.8 million  | RMB 28 Million  | RMB 24 million  |
| 2017 | RMB 90.4 million   | RMB 10.4 million  | RMB 11.7 million  | RMB 10.8 million  |
| %    | +44%  | +62%  | +139%  | +122%  |

# Exciting Events to Drive Shoppers' Traffic



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## Risk Factor #01: Macro-economic Slowdown in China

**US' empirical evidence showed outlet is recession-resilient, even during the global financial crisis**

Tanger Factory Outlet Centers record good sales growth even during global financial crisis when traditional retail business severely suffered

Famous quote from Tanger's CEO Steven Tanger: "***In good times, people love a bargain, and in tough times, people need a bargain***"

**The outlet business in China as of now is better than that in the US during the global financial crisis**

The economy growth in China is much faster than that in the US

The middle class is growing in a much faster pace in China and will eventually exceed the US

The outlet industry is still very young and under-supplied, with ample room to grow further

## Risk Factor #02: Trade War between China and USA

- ❑ Sasseur REIT's business exposure is Chinese middle class' domestic consumption, not the international trade
- ❑ In the event of escalated trade war, we expect measures to promote domestic consumption which would benefit Sasseur REIT

**Income tax reform to stimulate consumption**

**E-commerce law, which cracks down shuttle traders (daigou)**

**The enforcement of official overseas tariff-free spending limit (RMB 5000 per pax)**

**Reducing the import tariff to narrow the price differential from overseas**



BEIJING (Reuters) - China's parliament moved on Friday to raise the threshold for collecting income taxes, the first major adjustment in seven years, in a bid to boost incomes and personal spending power in a slowing economy.



# Thank You

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