



# SASSEUR REIT – Growing in a Sunrise Industry

*First Listed Outlet REIT in Asia*

SGX-SAC Small/Mid Cap Corporate Access Symposium

27 August 2019

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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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# Key Investment Highlights

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## EXPOSURE TO THE PRC'S FAST-GROWING RETAIL OUTLET MALL SECTOR

- ▶ Growing middle-class population in the PRC creates a large potential customer base for the outlet mall market in the PRC
- ▶ Resulting increase in spending power represents a sweet spot for the retail outlet mall industry
- ▶ The PRC's outlet industry expected to become the world's largest outlet market in terms of sales revenue by 2030<sup>2</sup>

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## STRONG GROWTH POTENTIAL

- ▶ Two right of first refusal properties ("ROFR Properties") and three Pipeline Properties
- ▶ Assuming Sasseur REIT acquires the full interest in the ROFR Properties and Pipeline Properties, it will almost triple the total GFA<sup>4</sup> of the Initial Portfolio

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## STRATEGICALLY LOCATED PORTFOLIO IN FAST-GROWING CITIES

- ▶ Leading privately-owned outlet mall operator in the Chinese outlet mall industry<sup>2</sup>
- ▶ First-mover advantage in the Tier-2 PRC cities with an increasing addressable market size<sup>3</sup>
- ▶ Diversified mix of tenants across various trade sectors

(2) Source: China Insights Consultancy

(3) Defined as the sales revenue opportunity available in the outlet industry after considering information such as economic development, population size, residents' disposable income and outlets penetration

(4) Gross Floor Area

Extracted from IPO Prospectus

# Overview of PRC's Outlet Market



1

## **PRC's outlet industry is in the infant growth stage**

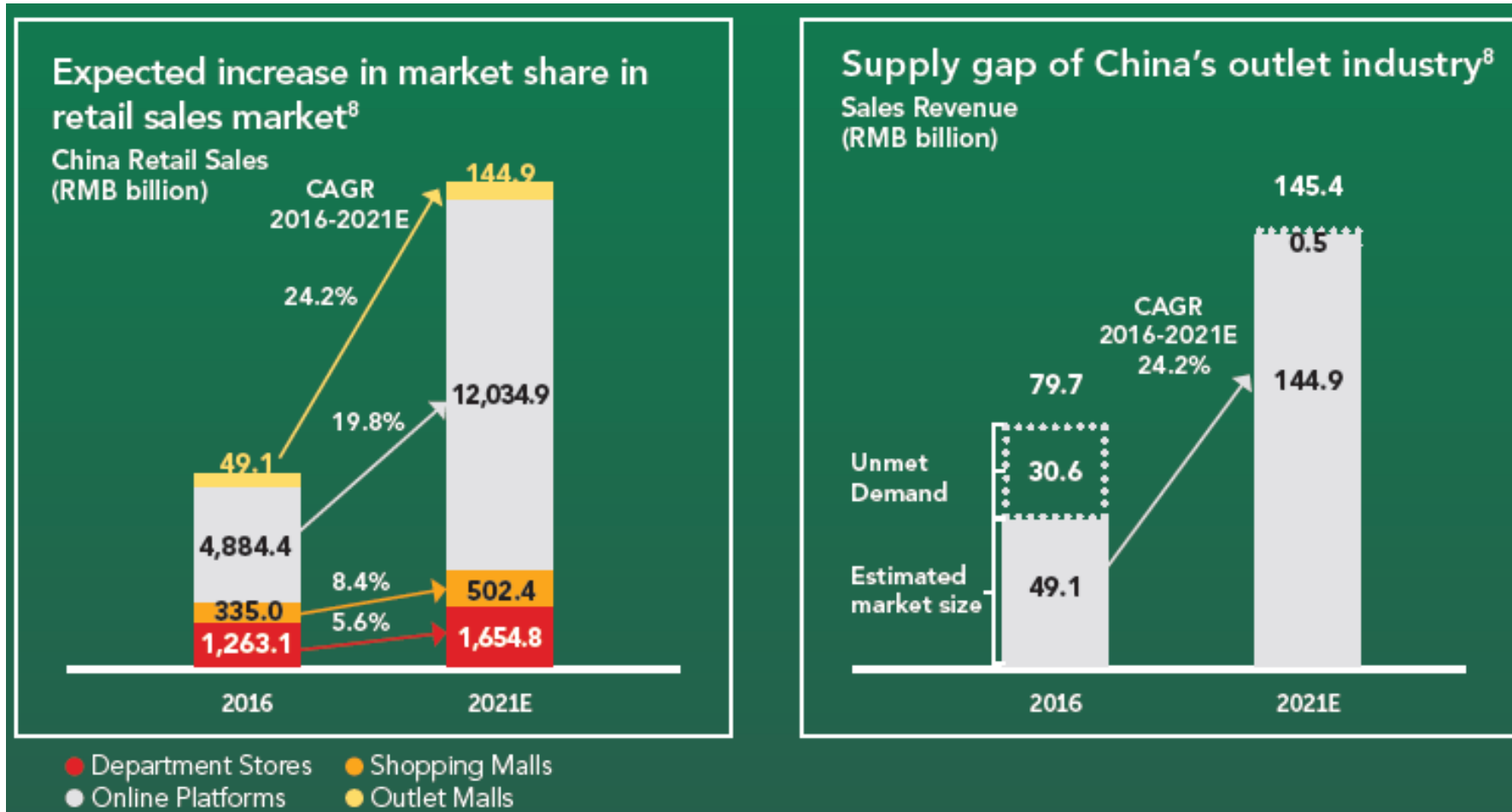
Outlets are popular shopping destinations for middle-class families all over the world. PRC's outlet industry is still at a very early stage of development, and therefore has significant growth potential.

2

## **PRC fast-growing outlet market**

The market is expected to continue growing from 2016 at a CAGR of 24.2% to reach RMB144.9 billion by 2021. By 2030, the PRC could surpass the US to become the largest outlet market in the world, achieving annual sales revenue of ~ RMB640.2 billion (USD 96.2 billion) as compared to the US market ~ USD 91.5 billion.

# Overview of PRC's Outlet Market (Con't)



(8) According to China Insights Consultancy, middle class is defined as adults with net wealth between US\$50,000 and US\$500,000 based on the average/year-end exchange rate for RMB/US\$.



# About Sasseur REIT & Sasseur Group

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## Sasseur REIT was listed on SGX mainboard on 28 March 2018



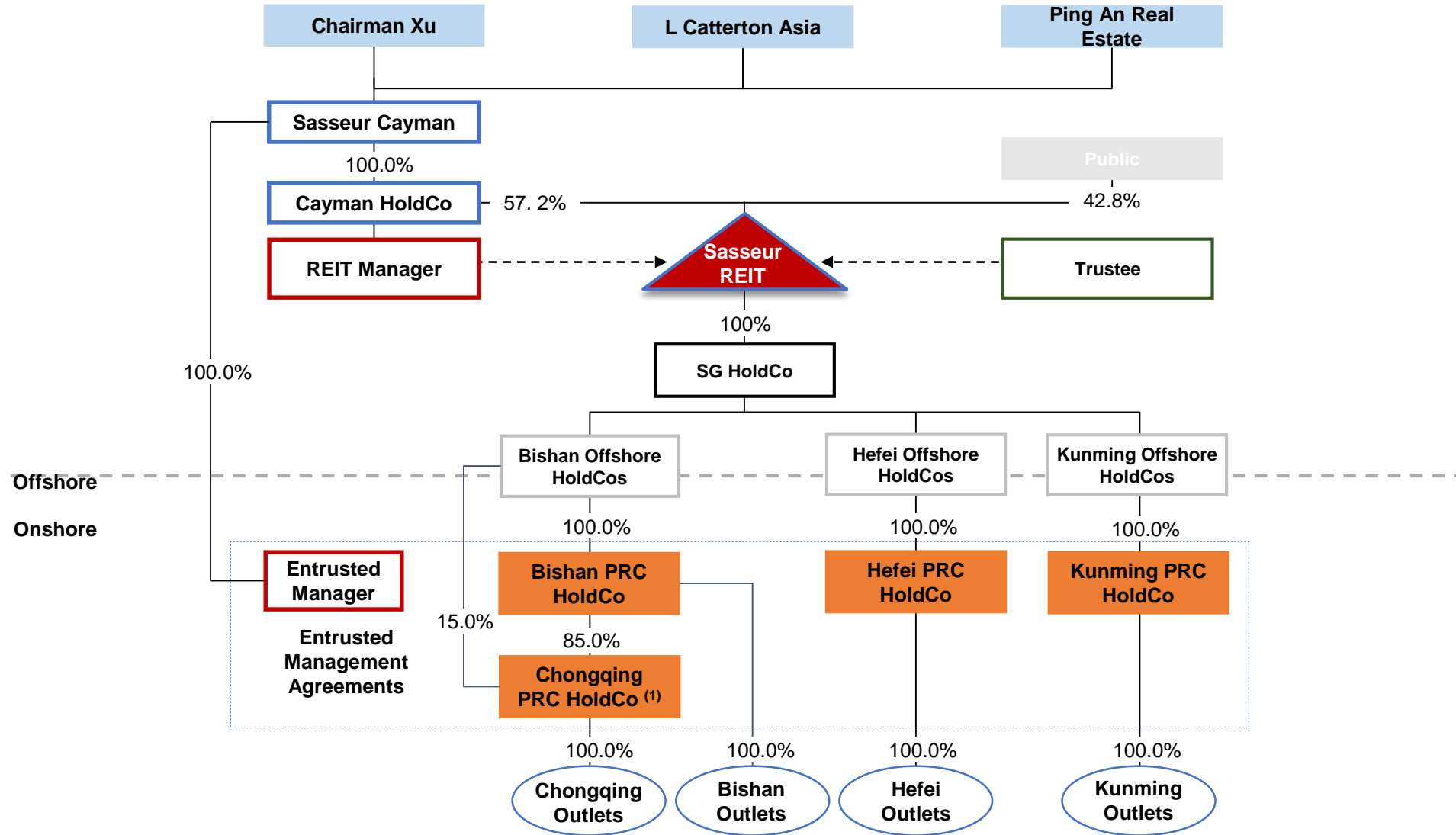
From Left to Right:

- i) **Mr Chew Sutat**, Head of Equities & Fixed Income, SGX;
- ii) **Mr Liu Guiping**, Vice Mayor of the Chongqing Municipal Government of the People’s Republic of China;
- iii) **Mr Xu Rongcan**, Founder of Sasseur Cayman Holding Limited, Chairman and Non-Executive Director of Sasseur Asset Management Pte. Ltd.;
- iv) **Mr Luke Goh**, Deputy Secretary (Trade), Ministry of Trade and Industry





# Sasseur REIT Structure



(1) Holds 40% interest in Chongqing West Outlets Brand Discount Commercial Co., Ltd. and Shanghai Pacific Rehouse Service Chongqing Co., Ltd.. Remaining 60% interest is held by Shanghai Pacific Rehouse Service Co. Ltd., an independent third party unrelated to the Sponsor (Sasseur Cayman Holding Limited) or Sasseur REIT

# About Sasseur Group – Strong Sponsor



## Introduction to Sasseur Group

- Founded in 1989, Sasseur is one of the leading premium outlet groups in the People’s Republic of China (“PRC”), that focuses on the development and operation of retail outlet malls in the PRC
- As of May 2019, Sasseur manages 10 outlet malls in 9 major Chinese cities
- Leverages on the founder’s passion for art and culture to develop and design all of Sasseur’s outlet malls, thus offering a unique lifestyle experience for its customers



**29 years of history**  
**~40%<sup>(1)</sup> sales growth**

## Founded by Chairman Xu



- **Chairman Xu** is the founder and chairman of Sasseur with a wealth of experience in the fashion industry.
- In 1992, he entered the clothing industry and created his own women’s wear fashion line – Sasseur
- In 2008, he built the first Sasseur outlet in Chongqing, an art piece that has won numerous awards
- Recipient of numerous prestigious awards

## Supported by Strategic Shareholders



- Largest pan-Asian consumer-focused private equity firm that operates within a global L Catterton platform
- Manages over USD 1.6 billion AUM (USD 2.6 billion with co-investments)<sup>(2)</sup>
- Affiliate of the Fortune 500 company Ping An Insurance
- Professional real estate investment, development and management platform of Ping An Insurance
- AUM of approximately RMB 300 billion (USD 61 billion)<sup>(3)</sup>

(1) CAGR from 2009 to 2018; Sponsor Data

(2) Provided by L Catterton Asia on 19 September 2017

(3) Extracted from Ping An Real Estate website (<http://realestate.pingan.com/realestate/html/about.html>) on 4 January 2018

# Sponsor's Unique "Super Outlet" Business Model



- ▶ "1" represents the outlet mall business platform and "N" reflects the various lifestyle options offered in each of the outlet malls
- ▶ Unique lifestyle experience based on a combination of art in the design and decoration of its outlet malls, and as a one-stop shopping and lifestyle experience, provides resilience against competition from e-commerce



# How are Sasseur Outlets different from Traditional Outlets?



Traditional Outlets	Sasseur Outlets
Target Customer: mainly tourists	Target Customer: mainly local middle class
Usually 2~3 hours from downtown	Usually 0.5~1 hour from downtown
Usually 1~2 storeys	Usually 4~6 storeys
Usually traditional factory outlet design	Usually iconic castle-like design
Usually only for outlet shopping	Usually also with lifestyle activities



# 2Q FY2019 Key Highlights



SASSEUR (KUNMING) OUTLETS



# 2Q 2019 DPU Exceeds Projection by 10.5%



2Q 2019 and 1H 2019						
SGD'000	2Q2019 Actual <sup>1</sup>	2Q2019 Projection <sup>2</sup>	Change %	1H2019 Actual <sup>1</sup>	1H2019 Projection <sup>2</sup>	Change %
<b>EMA rental income</b> (exclude straight-line adjustment)	29,129	29,222	-0.3%	60,003	59,373	+1.1%
<b>Income available for distribution to Unitholders</b>	19,168	17,339	<b>+10.5%</b>	38,852	35,354	<b>+9.9%</b>
<b>Distribution per Unit (DPU)</b> (SGD cents)	<b>1.608</b>	1.455	<b>+10.5%</b>	<b>3.264</b>	2.970	<b>+9.9%</b>

## Annualised Distribution Yield<sup>3</sup>:

- **2Q 2019: 8.1% exceeds Projection 7.3% by 10.5%**
- **1H 2019: 8.2% exceeds Projection 7.5% by 9.9%**

(1) The actual results of the REIT Group's foreign subsidiaries were translated using the average SGD:RMB rate of 1:5.0094 and 1:4.9880 for 2Q 2019 and 1H 2019 respectively.

(2) The projection figures were derived from the seasonal projection for 2Q 2019, based on the Projection Period 2019 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 projection.

(3) The annualised distribution yield for 2Q 2019 and 1H 2019 was for 91 days and 181 days based on the listing price of S\$0.80.


# Strong Operating Performance



## 2Q 2019 - Key Portfolio Metrics

**NAV per unit**

\$0.863


 7.9% as at IPO

**High Occupancy Rate**

95.8%

**Aggregate Leverage**

29.7%

 from 36.0% as at IPO

**Weighted Average Debt**

**Maturity**

3.24 years

# EMA Rental Income and Distribution



	2Q 2019			1H 2019		
	Actual	Projection	Change %	Actual	Projection	Change %
Fixed Component (RMB mil)	98.5	98.5	-	197.1	197.1	-
Variable Component (RMB mil)	47.5	45.6	+4.2%	102.2	95.6	+6.9%
EMA Rental Income <sup>1</sup> (RMB mil)	146.0	144.1	+1.3%	299.3	292.7	+2.3%
Exchange Rate (RMB/S\$)	5.0094	4.930	+1.6%	4.9880	4.930	+1.2%
EMA Rental Income <sup>1</sup> (S\$ mil)	29.1	29.2	-0.3%	60.0	59.4	+1.1%
Distributable Income (S\$ mil)	19.2	17.3	+10.5%	38.9	35.4	+9.9%
DPU (S cents)	1.608	1.455	+10.5%	3.264	2.967	+9.9%

<sup>1</sup> Excluding straight-line accounting adjustment

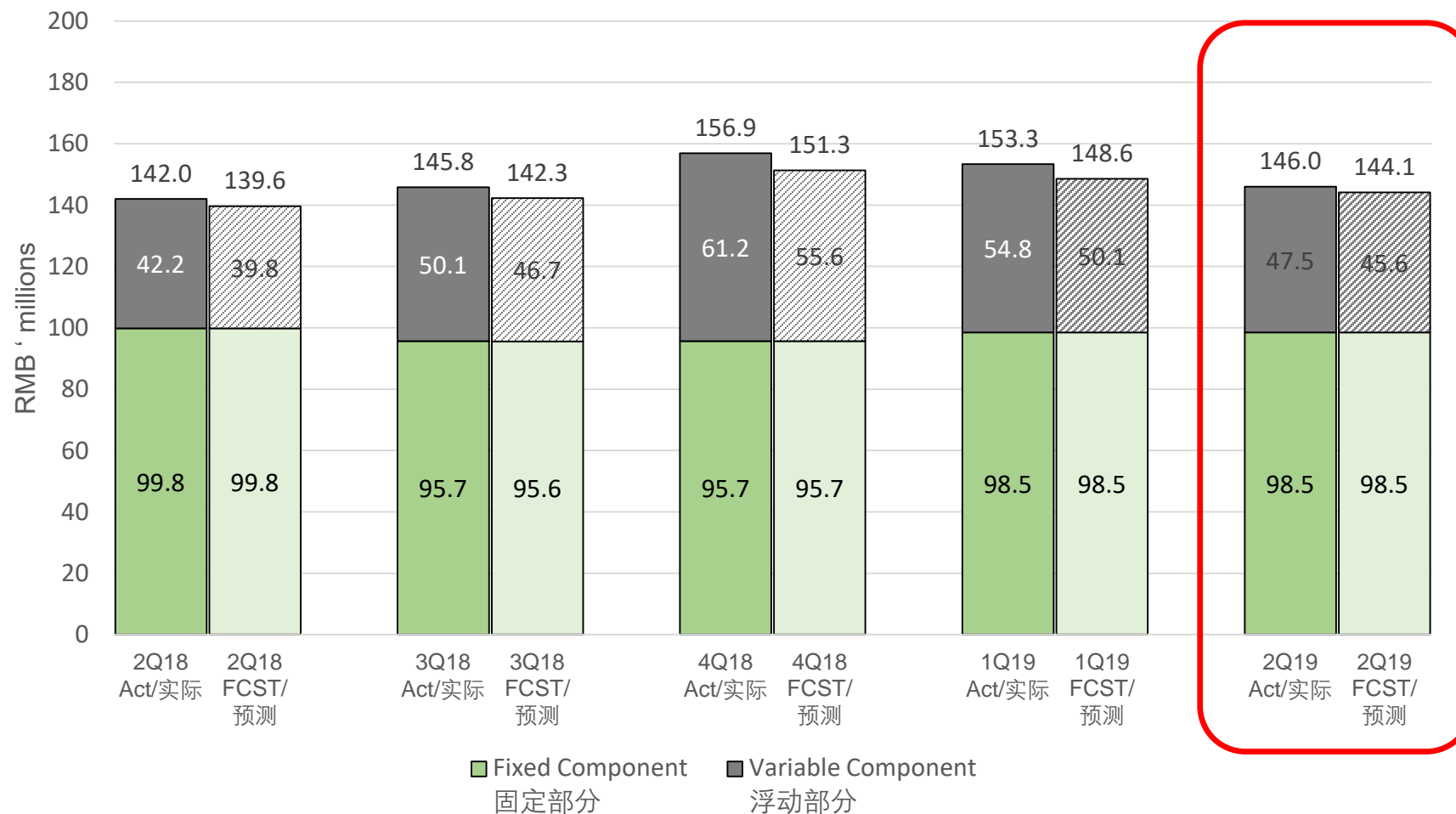
# Healthy Balance Sheet



S\$ mil	Actual 30 June 2019	Actual 31 Dec 2018
Investment properties	1,538.2	1,539.5
Cash and short-term deposits	129.3	203.6
Other assets	27.8	25.6
<b>Total Assets</b>	<b>1,695.3</b>	<b>1,768.7</b>
Loans and borrowings	486.4	493.3
Other liabilities	178.5	201.4
<b>Total Liabilities</b>	<b>664.9</b>	<b>694.7</b>
<b>Net Assets</b>	<b>1,030.5</b>	<b>1,074.0</b>
NAV per unit (cents) <sup>1</sup>	86.30	90.33
Aggregate Leverage	29.7%	29.0%
Debt Headroom	260.0	283.0

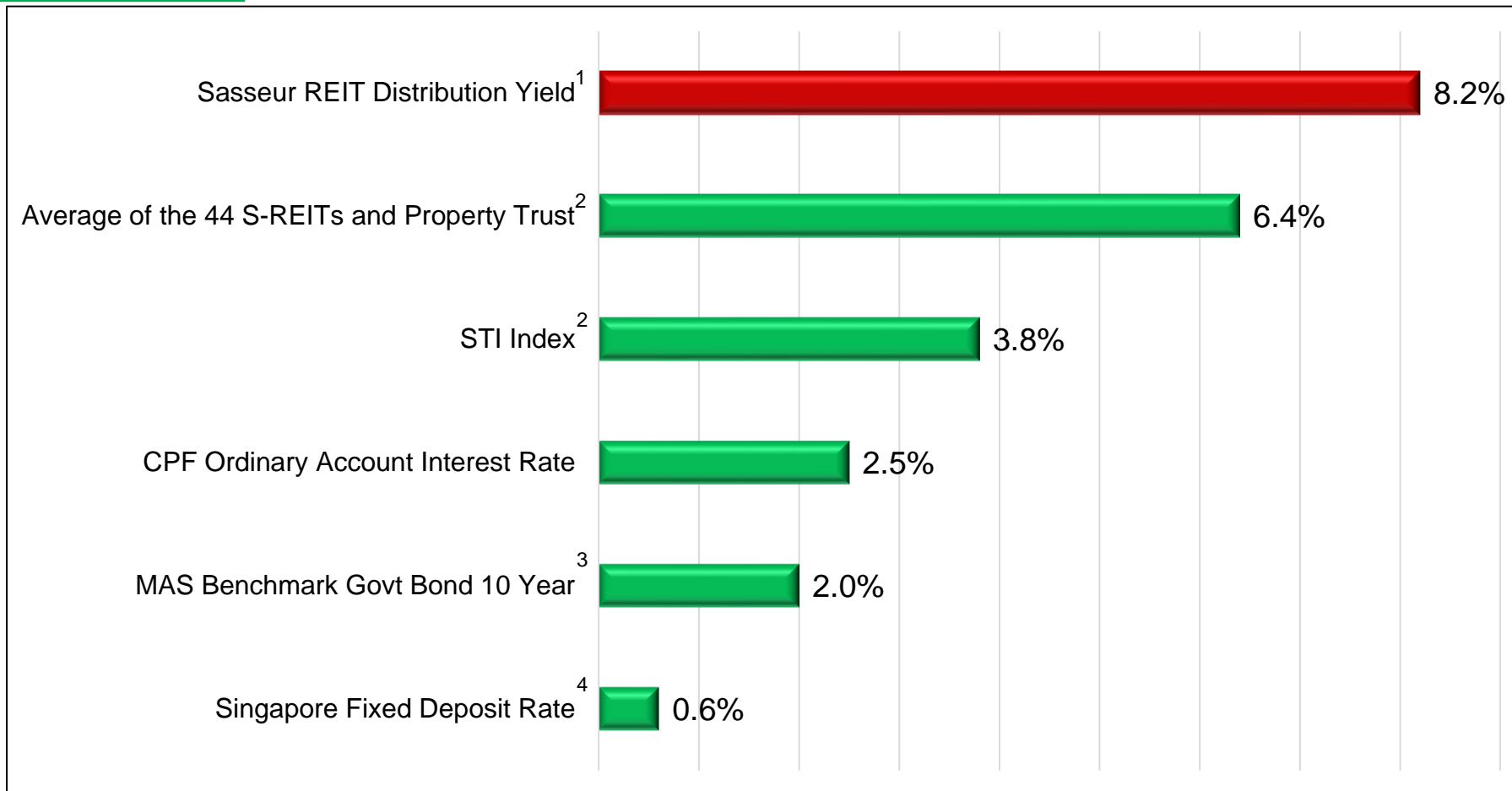
(1) Based on units in issue and issuable of 1,194,037,129 and 1,188,953,352 as at 30 June 2019 and 31 December 2018 respectively.

# EMA Rental Income exceeds projections for five consecutive quarters





# Sasseur REIT has highest yield vs other asset classes



**Notes:**

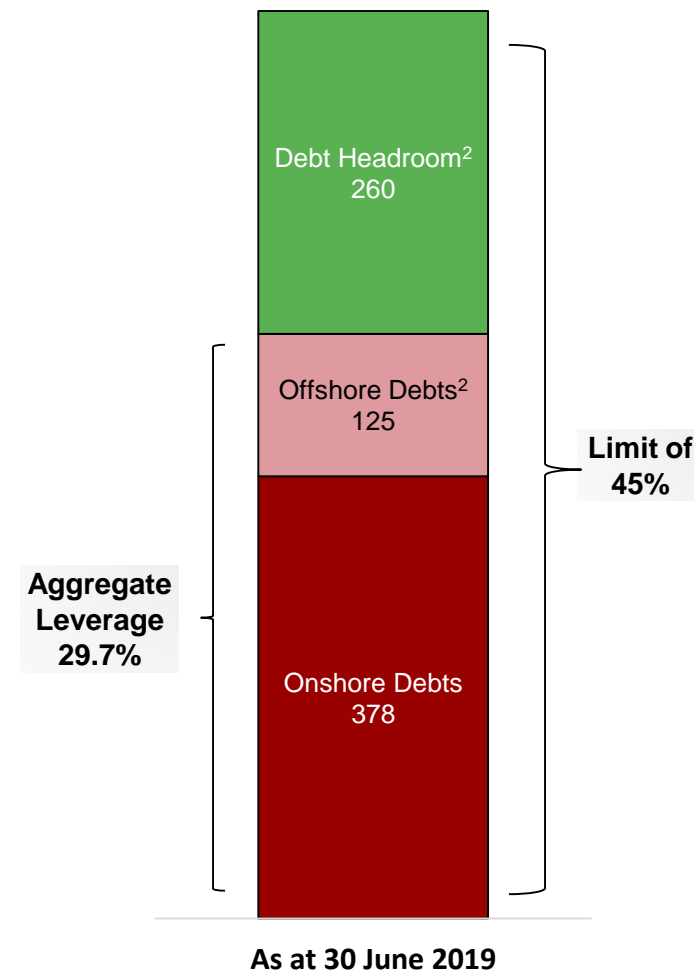
1. Annualised distribution yield for 1H2019 based on the listing price of S\$0.80
2. Based on 12M Average Dividend Yield
3. Based on 10 Year Yield
4. Bank fixed deposit rates from MAS

# Prudent Capital Management



	Onshore Facilities	Offshore Facility	TOTAL
Currency	RMB	SGD	-
Quantum	~SGD 378 million (RMB 1.92 billion)	SGD 125 million <sup>1</sup> (~RMB 0.64 billion)	~SGD 503 million (~RMB 2.56 billion)
Proportion	75.2%	24.8%	100%
Tenure	5 years	3 years	4.5 years (weighted average)
Weighted Average Cost of Borrowings (p.a.) (exclude upfront debt-related costs)	4.75%	3.53%	4.45%
Interest Cover	-	-	1H19: 4.8 times (FY2018: 4.1 times)
Floating Rate	PBOC benchmark 1-5 years lending rate	Singapore SOR	-

## Debt Facilities (SGD million)



1. 50% of Offshore Loan is hedged

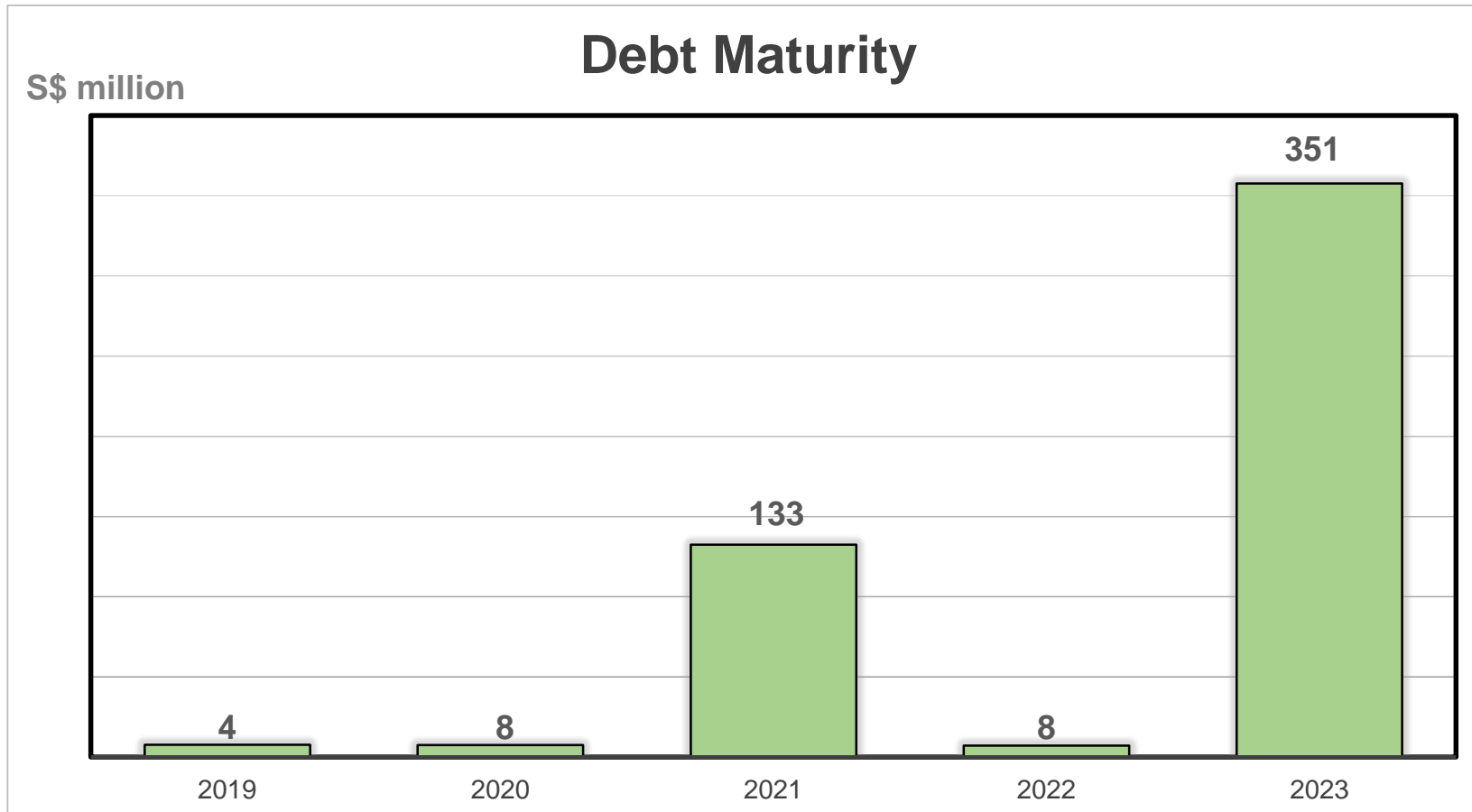
2. Debt headroom is computed based on corresponding periods' deposited property value or total assets value

Note: All calculations are done according to the SGD to RMB exchange rate of 5.0805 as at 30 June 2019

# Debt Maturity Profile



Weighted average debt maturity is 3.24 years with no major re-financing until 2021





# Portfolio Update



SASSEUR (HEFEI) OUTLETS




# Portfolio Summary

Portfolio
Valuation* : 7,810 mil
NLA :312,844 sqm
Occupancy^ : 95.8%




Hefei Outlet Mall
Valuation : 2,624 mil
NLA : 144,583 sqm
Occupancy : 93.3%




Bishan Outlet Mall
Valuation : 790 mil
NLA : 47,308 sqm
Occupancy : 92.7%



Kunming Outlet Mall
Valuation : 1,495 mil
NLA : 70,067 sqm
Occupancy : 97.9%

*\*Based on independent valuation as at 31 Dec 18 by Savills (RMB million) and the average independent valuation as at 28 Feb 2019 by Savills and JLL for the shop units in Hefei Outlet which was acquired on 14 May 19.*

*^Occupancy for 2Q 2019*



Chongqing Outlet Mall
Valuation : 2,901 mil
NLA : 50,885 sqm
Occupancy : 100%



# Q2 2019 Outlets Summary

**1H 2019 Total Outlet Sales Increased 19.9%**

Outlets	NLA (sqm)	Occupancy (%)	Q2 2019 <sup>1</sup> Sales (RMB'mil)	Q2 2019 vs Q2 2018 <sup>2</sup> Change (%)	1H 2019 <sup>3</sup> Sales (RMB'mil)	1H 2019 vs 1H 2018 <sup>4</sup> Change (%)
Chongqing	50,885	100.0	480.2	+4.0	1,089.3	+10.0
Bishan	47,308	92.7	93.1	+22.8	218.0	+28.1
Hefei	144,583	93.3	273.2	+35.4	516.1	+30.5
Kunming	70,067	97.9	180.2	+19.6	409.3	+33.6
<b>Portfolio</b>	<b>312,844</b>	<b>95.8</b>	<b>1,026.7</b>	<b>+15.4</b>	<b>2,232.7</b>	<b>+19.9</b>

<sup>1</sup>Q2 2019: 01 April 2019 – 30 June 2019

<sup>2</sup>Q2 2018: 01 April 2018 – 30 June 2018

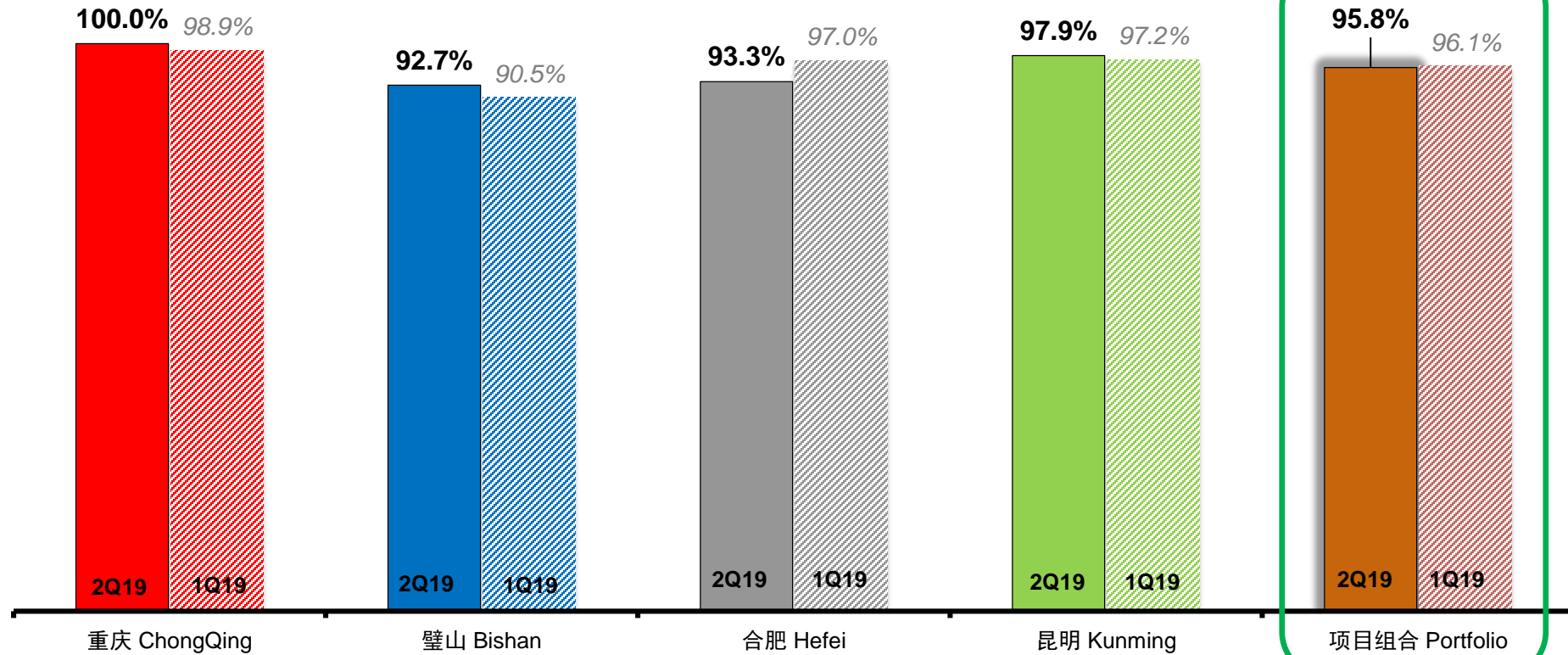
<sup>3</sup>1H 2019: 01 January 2019 – 30 June 2019

<sup>4</sup>1H 2018: 01 January 2018 – 30 June 2018

# Portfolio Occupancy (2Q 2019 vs 1Q 2019)



4 Outlets Malls enjoy high stable occupancy

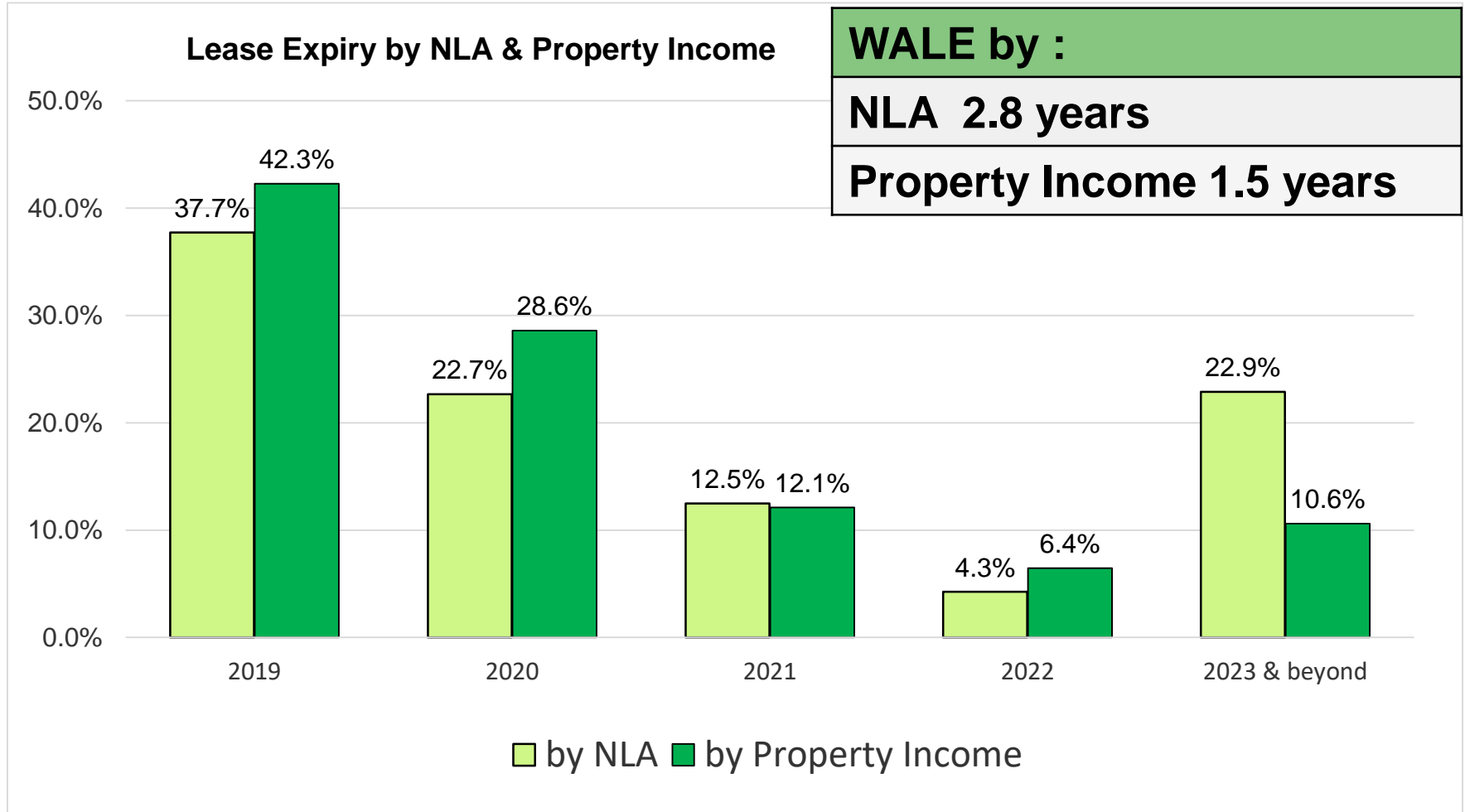


2Q 2019 vs 1Q 2019

# Weighted Average Lease Expiry (WALE)

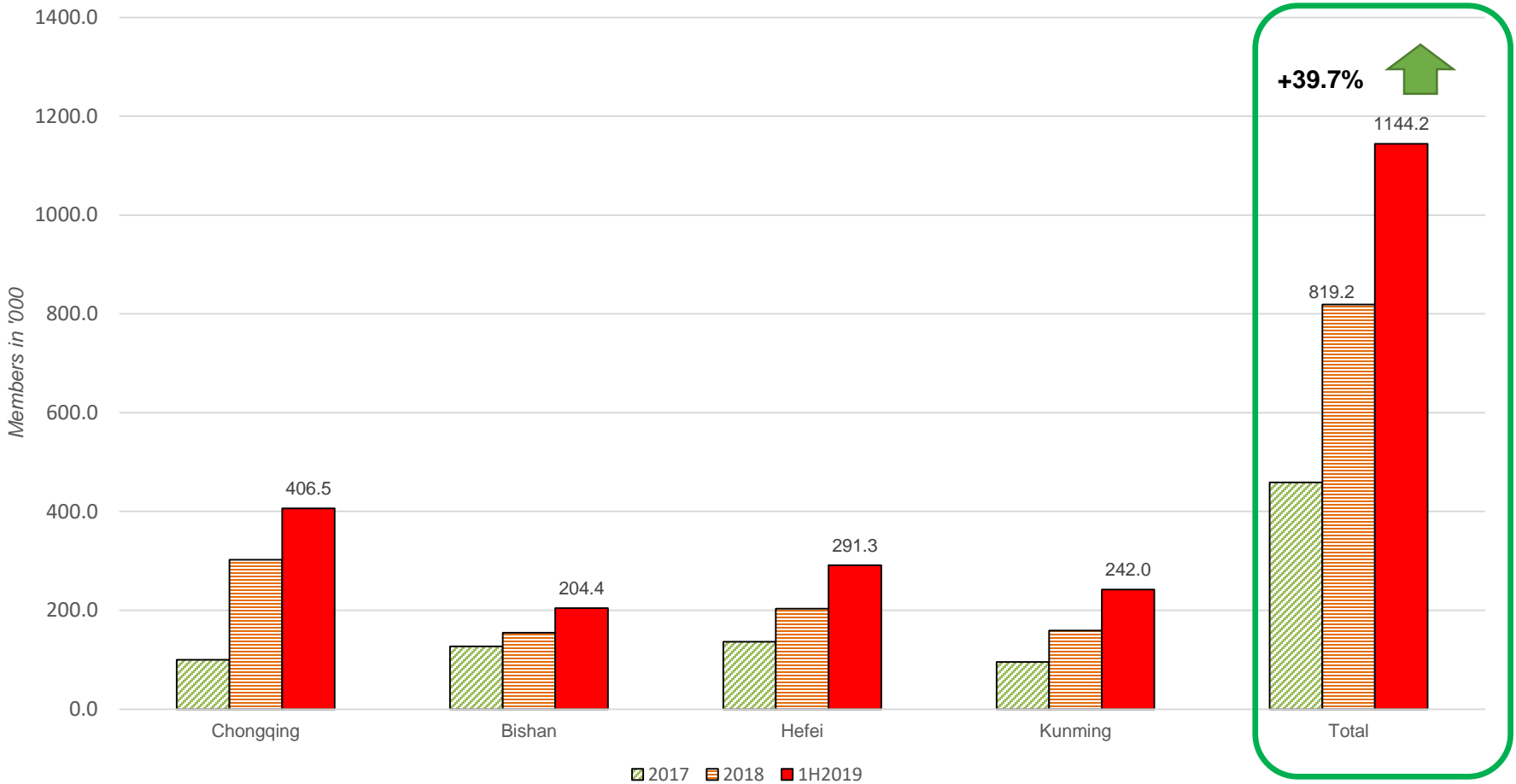


**Deliberate short lease to optimise tenant mix**



As at 30 June 2019

# VIP Members' Growth by Outlets

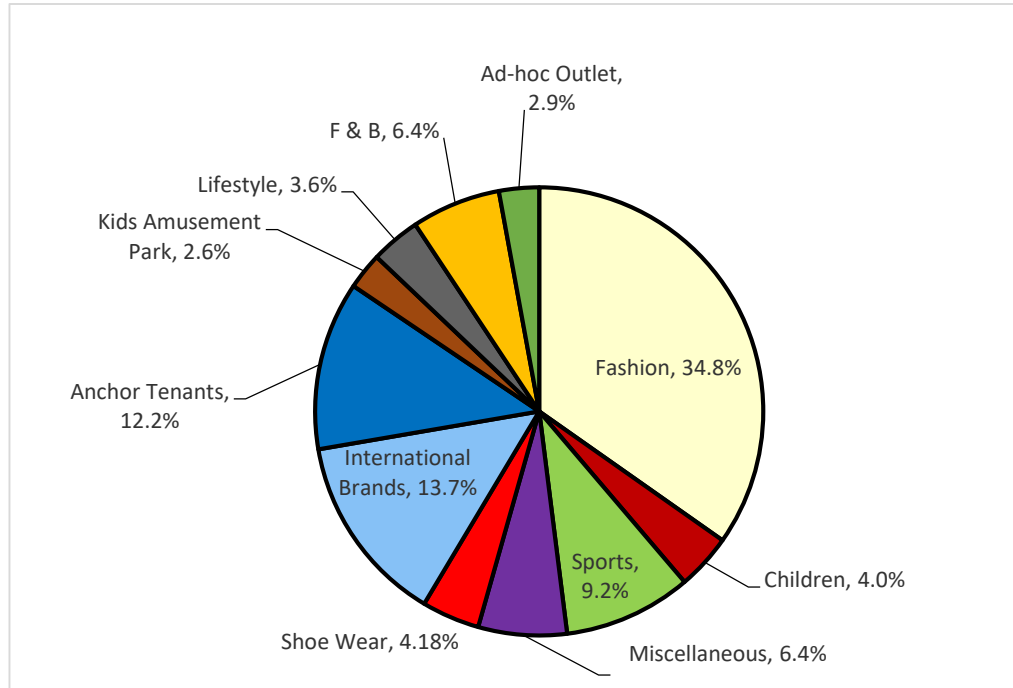


**Total VIP members have jumped 39.7% from end of 2018 to reach 1.1442 million**

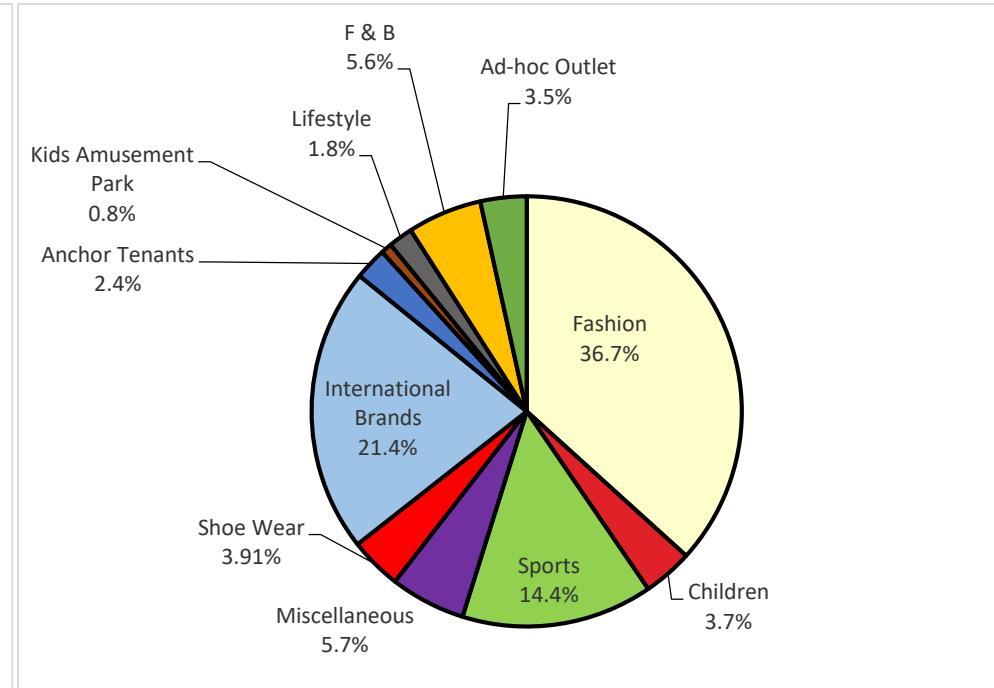
# Well Diversified Portfolio Tenants' Mix



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



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



## Fashion, Sports and International Brands

**57.7%**

**72.5%**

<sup>1</sup>. As percentage of the portfolio's net lettable areas as at 30 June 2019

<sup>2</sup>. As percentage of the portfolio's gross revenue as at 30 June 2019

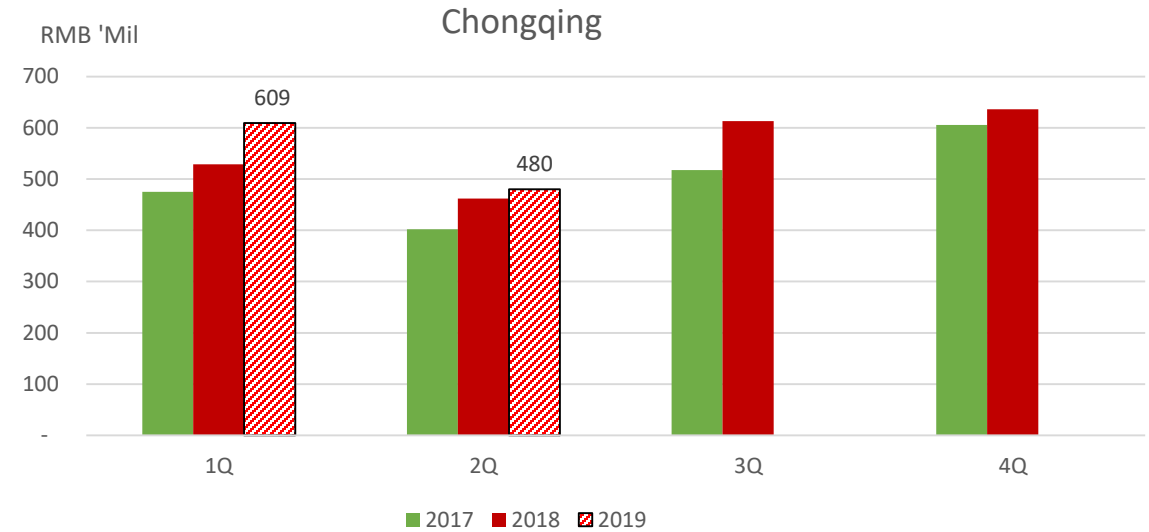


# Chongqing Outlets

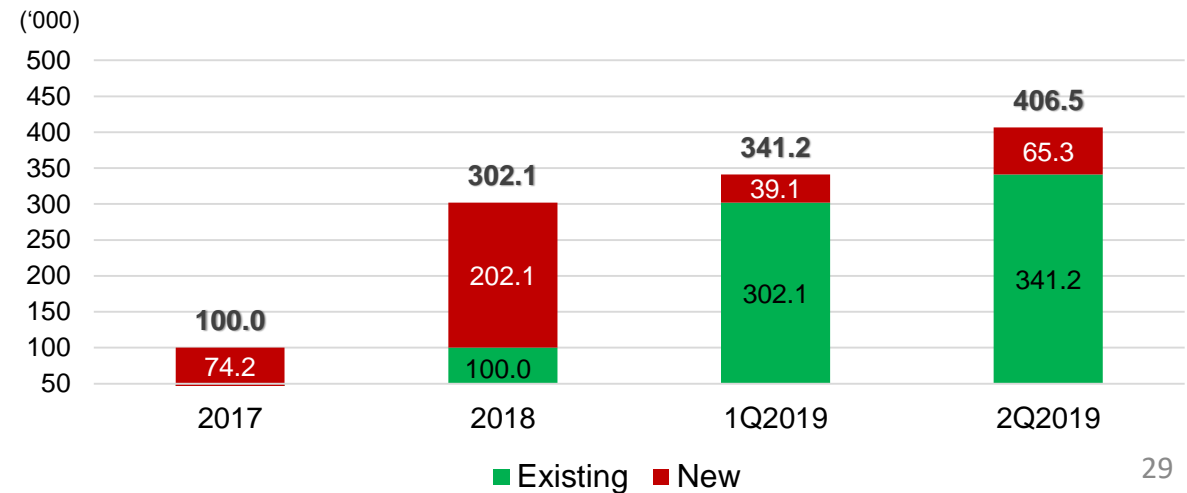


Year Commenced Operations	Sep 2008
GFA (sqm)	73,373
NLA (sqm)	50,885
Occupancy Rate (% , 30 June 19)	100
No. of Tenants (30 June 19)	411
Top Brands	FILA, Adidas, Cartelo, +39 Space, High Wave
Car Park Lots	500
Valuation (RMB mil, 31 Dec 18)	2,901

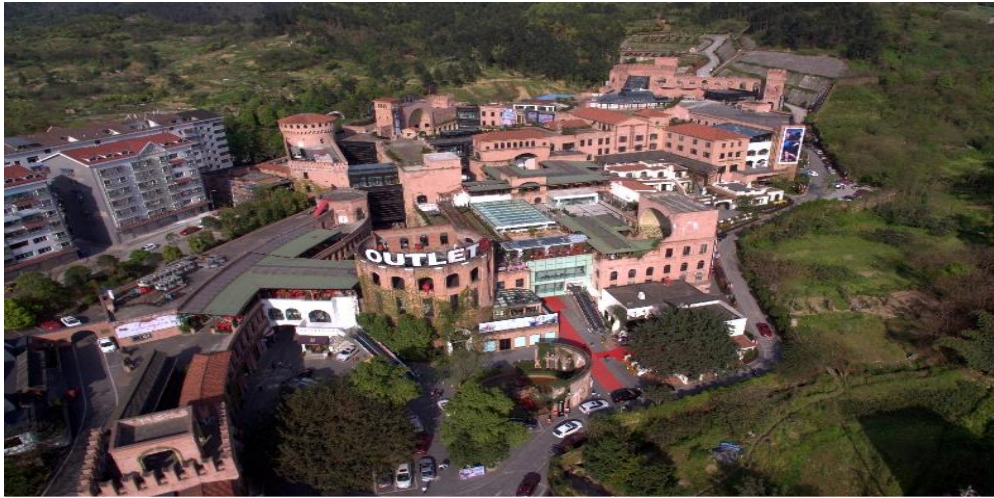
## Sales



## Outlet Members

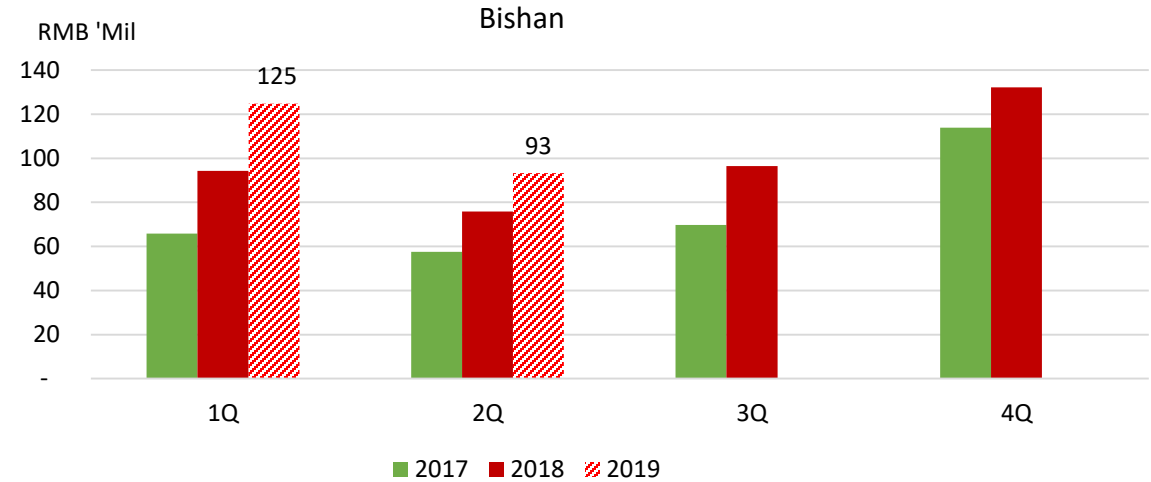


# Bishan Outlets

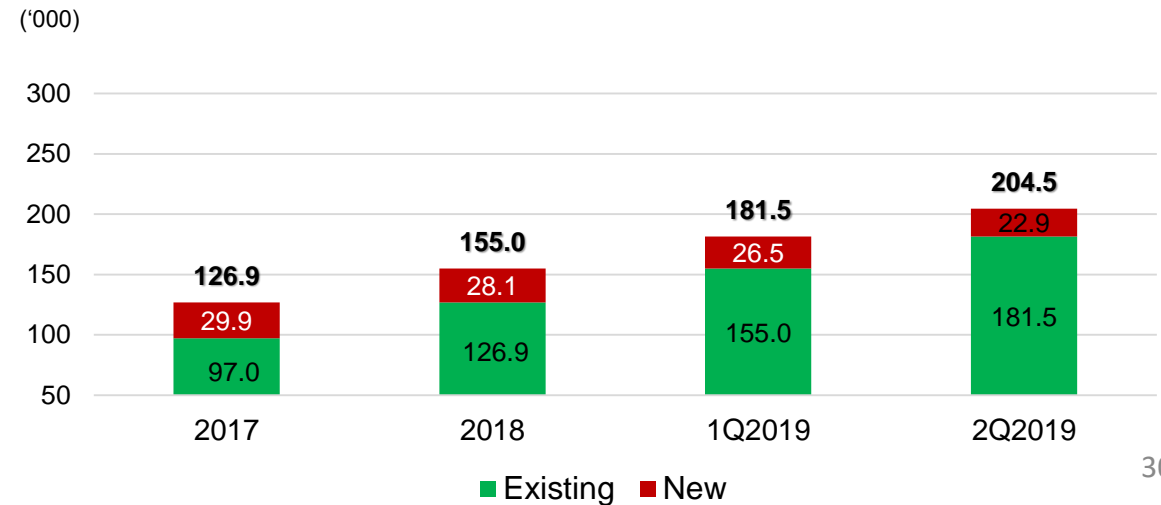


<b>Year Commenced Operations</b>	Oct 2014
<b>GFA (sqm)</b>	68,791
<b>NLA (sqm)</b>	47,308
<b>Occupancy Rate (% , 30 June 19)</b>	92.7
<b>No. of Tenants (30 June 19)</b>	201
<b>Top Brands</b>	Adidas, Nike, Polo Sport, OBEG, +39 Space
<b>Car Park Lots</b>	400
<b>Valuation (RMB mil, 31 Dec 18)</b>	790

## Sales



## Outlet Members

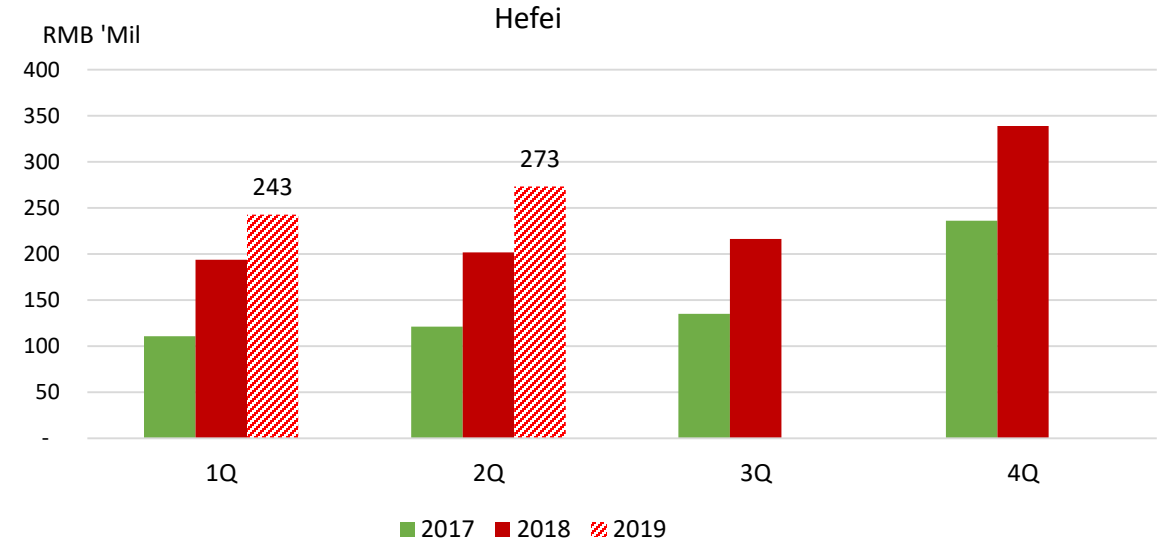


# Hefei Outlets

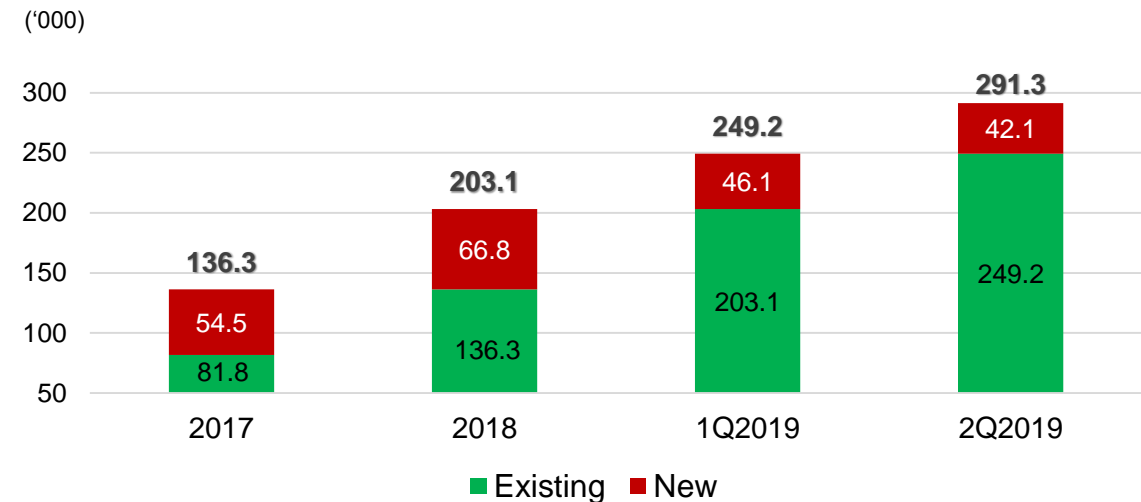


<b>Year Commenced Operations</b>	May 2016
<b>GFA (sqm)</b>	147,316
<b>NLA (sqm)</b>	144,583
<b>Occupancy Rate (% , 30 June 9)</b>	93.3
<b>No. of Tenants (30 June 19)</b>	327
<b>Top Brands</b>	Adidas, Coach, Michael Kors, Nike, Hazzys
<b>Car Park Lots</b>	1,566
<b>Valuation (RMB mil)</b>	2,624

## Sales



## Outlet Members



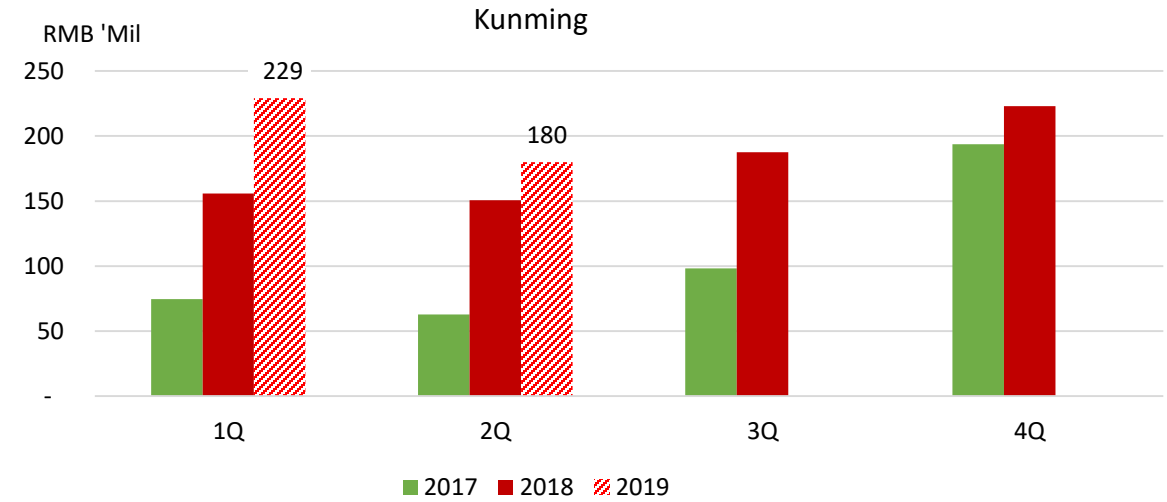


# Kunming Outlets

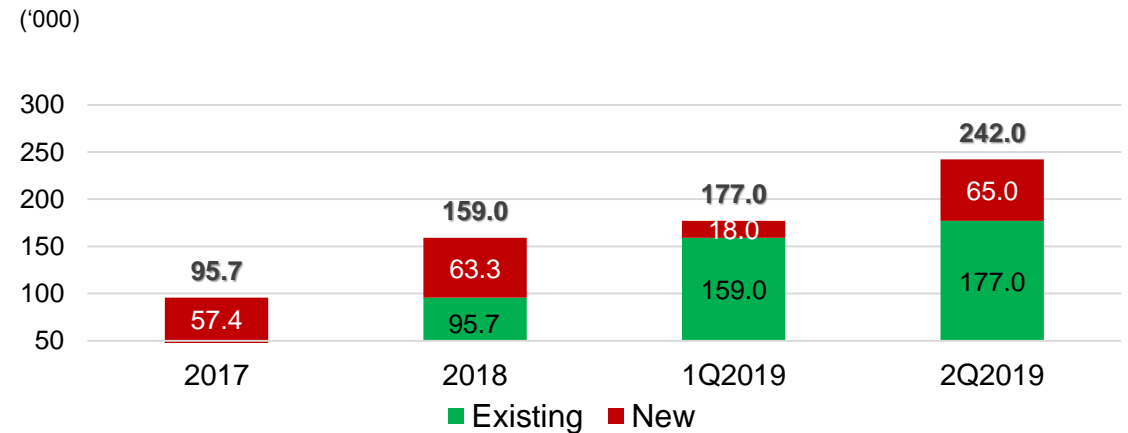


Year Commenced Operations	Dec 2016
GFA (sqm)	88,257
NLA (sqm)	70,067
Occupancy Rate (% , 30 June 19)	97.9
No. of Tenants (30 June 19)	246
Top Brands	Nike, Adidas, Fila, Polo Sport, +39 Space
Car Park Lots	2,000
Valuation (RMB mil, 31 Dec 18)	1,495

## Sales



## Outlet Members



# Potential Pipelines



- All acquisitions must be yield accretive
- First China, then the World
- Pipeline Properties increased from 3 to 7

## ROFR Properties

	Xi'an	Guiyang
Opening Date	Sep 2017	Dec 2017
GFA (sqm)	141,708	193,520
Car Park Lots	c.2,000	c.1,000



## Pipeline Properties

	Nanjing	Hangzhou	Changchun
Opening Date	May 2015	Jun 2011	Sep 2017
GFA (sqm)	149,875	45,873	172,128
Car Park Lots	c.8,000	c.5,000	c.4,000

## New Pipeline Properties

	Changsha	Lanzhou	Yangzhou	Shenzhen
Opening Date	Dec 2018	~4Q 2019	~4Q 2020	~4Q 2020
GFA (sqm)	210,600	~100,000	~85,000	~150,000
Car Park Lots	c.2,084	c.2,500	c.1,200	c.2,200



# Investment Merits



SASSEUR (KUNMING) OUTLETS



# Investment Merits



1

**Market Leadership:** Sasseur Group is the largest operator of outlet malls in China, with 10 malls and over 11 years of operating experience

2

**Unique Art-Commerce Business Model:** Aligns interests of tenants, unitholders and entrusted managers, with potential to share upside

3

**5 Consecutive Quarters of DPU Outperformance Since Listing:** Beating forecast for 2018 and projection for 2019

4

**One of the top-performing S-REITs in 1H2019:** 30.1% return for the first half of 2019

5

**Strong Partnership:** Longstanding business relationships with leading premium international and local retail brands



# Awards and Achievement



1

**The Asset Asian (Triple A) Awards 2018**  
**Best IPO in Singapore 2018**

2

**Fortune Times REITs Pinnacle Awards 2018**  
**Most Promising REIT in Asia**

3

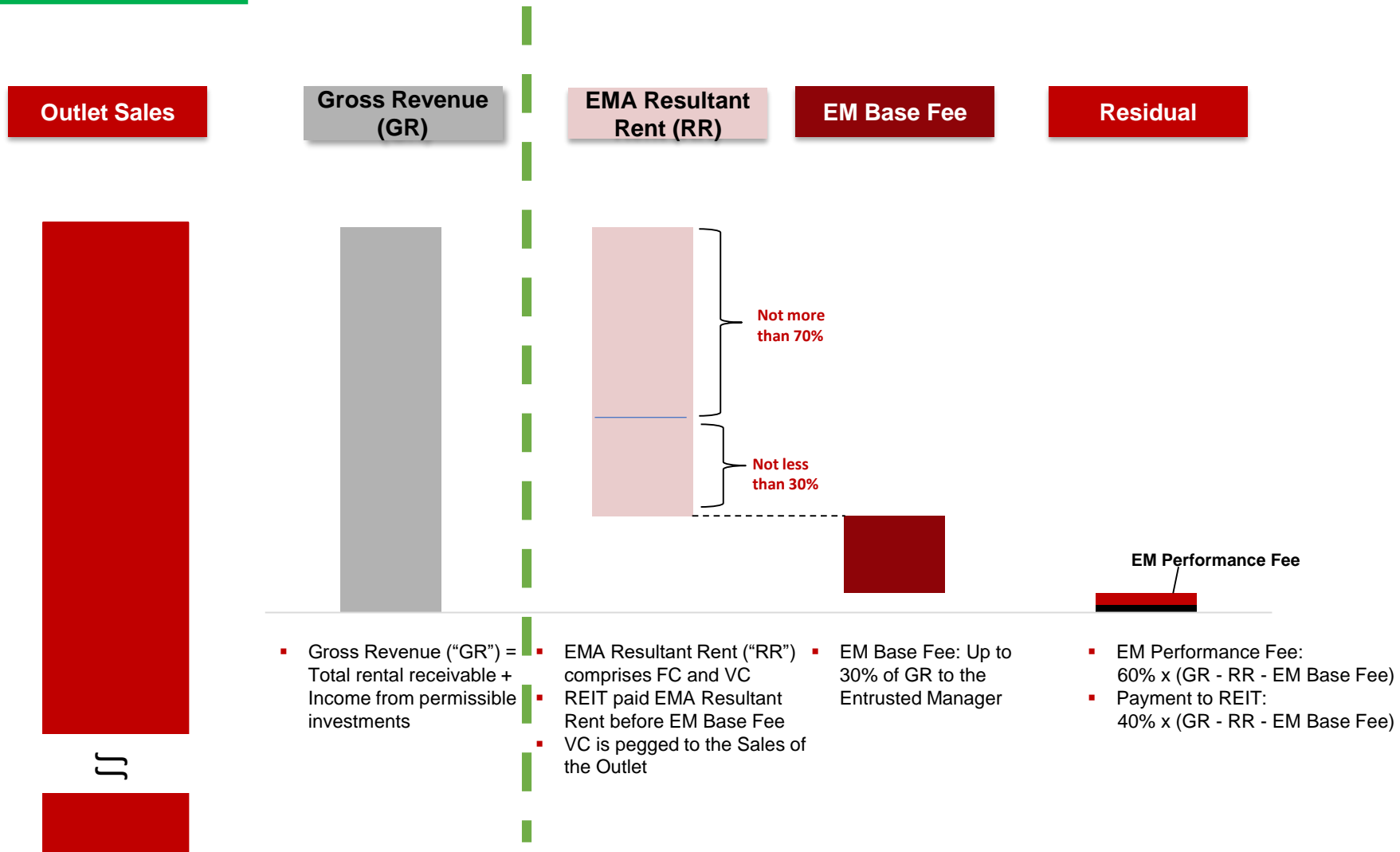
**Award Pacific Best of Breeds REITs**  
**Gold Award Retail REITs (Singapore)**  
**Category for less than USD 1 billion market capitalization**

4

**Alpha Southeast Asia 12<sup>th</sup> Annual Best Deal & Solution Awards 2018**  
**Best REIT Deal in Southeast Asia 2018** for Sasseur REIT's  
**S\$396 mil IPO as Southeast Asia's largest REIT IPO for 2018**



# EMA Model

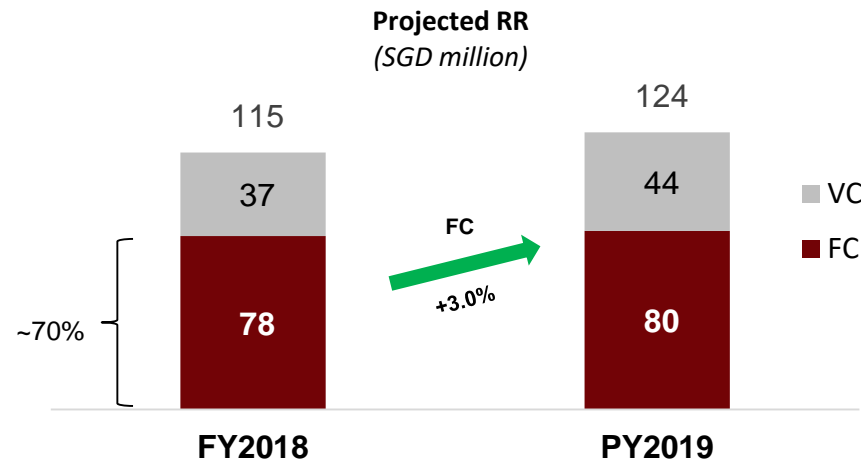
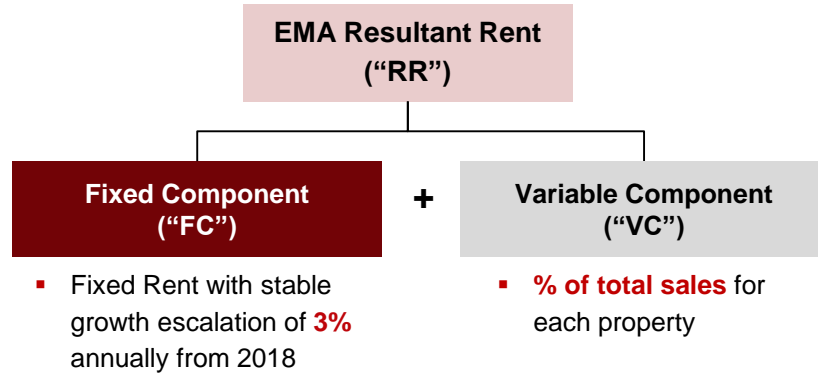


**The EMA Model aligns the interest of the Operating Manager with the REIT.**

# EMA Model



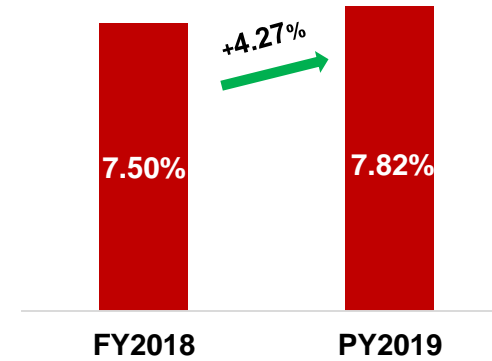
## EMA Resultant Rent ("RR")



Growth in distributable income is driven by:

- (i) 3% annual escalation in FC and
- (ii) VC being % of total sales

## Stable distributable income with growth (Illustrative DPU yield)



Total Return of 11.77% from 2018 to 2019

Stable distributable income guaranteed at 2 levels:

- (i) ~70% of RR locked in at property level via guaranteed FC, and
- (ii) Guaranteed EMA Resultant Rent ("RR") at portfolio level

Outlets	Variable Component (% of Sales)
Chongqing	4.0%
Bishan	4.5%
Hefei	5.5%
Kunming	5.0%



# Thank You

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