



# SASSEUR REIT – Growing in a Sunrise Industry

*First Listed Outlet Mall REIT in Asia*

ALC-SGX Investment Webinar 2020

25 Sep 2020

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# Key Investment Highlights



## 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>(1)</sup>**



## STRONG GROWTH POTENTIAL

- ▶ Two right of first refusal properties ("ROFR Properties") and nine Pipeline Properties
- ▶ Assuming Sasseur REIT acquires the full interest in the ROFR Properties and Pipeline Properties, it will almost quadruple the total gross floor area of the Initial Portfolio



## STRATEGICALLY LOCATED PORTFOLIO IN FAST-GROWING CITIES

- ▶ Leading privately-owned outlet mall operator in the Chinese outlet mall industry<sup>1</sup>
- ▶ First-mover advantage in the Tier-2 PRC cities with an increasing addressable market size<sup>(2)</sup>
- ▶ Diversified mix of tenants across various trade sectors

(1) Source: China Insights Consultancy

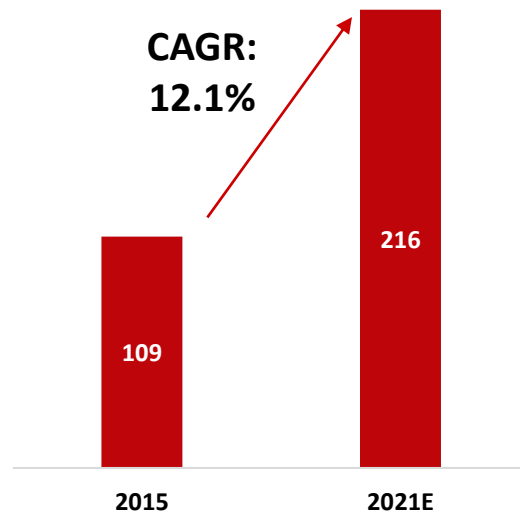
(2) Defined as the sales revenue opportunity available in the outlet industry after considering information such as economic development, population size, residents' disposable income and outlets penetration

# Overview of PRC's Outlet Market



## 1 Riding on the aspiration of PRC's fast growing middle class

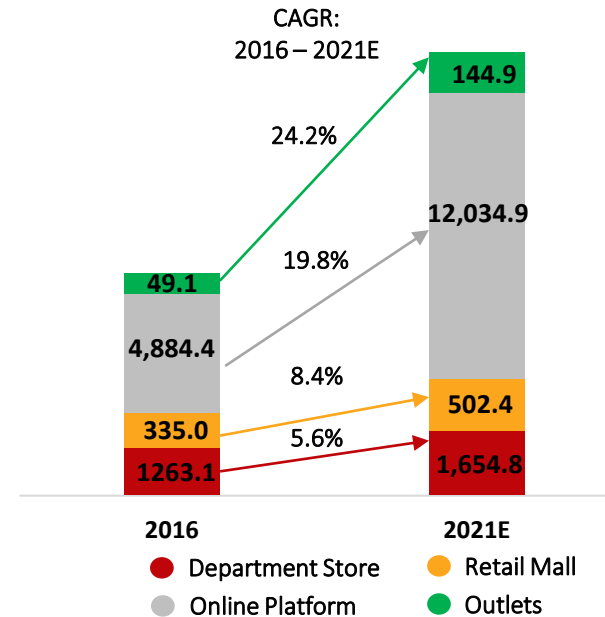
Middle class population in China (million)



Higher urbanization rates to help shift the economy towards a consumption-based model of economic growth

## 2 Retail Market Growth Projection

Total Sales in China Retail (RMB billion)

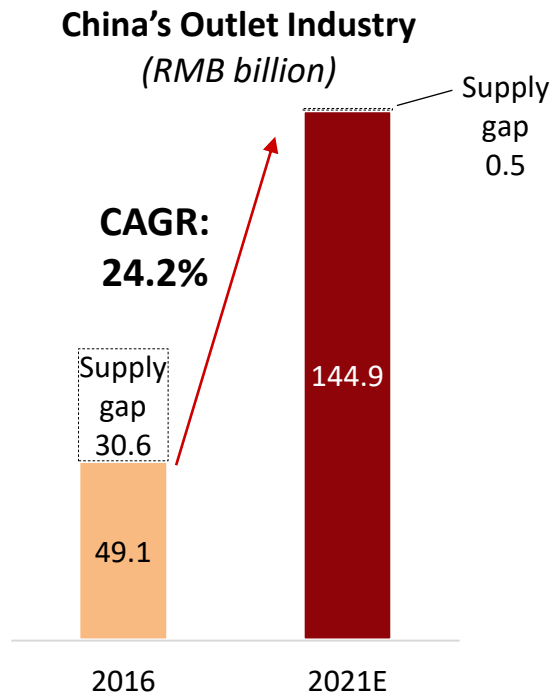


A young industry – outlet market size is only approximately 1% of online platform.

# Overview of PRC's Outlet Market

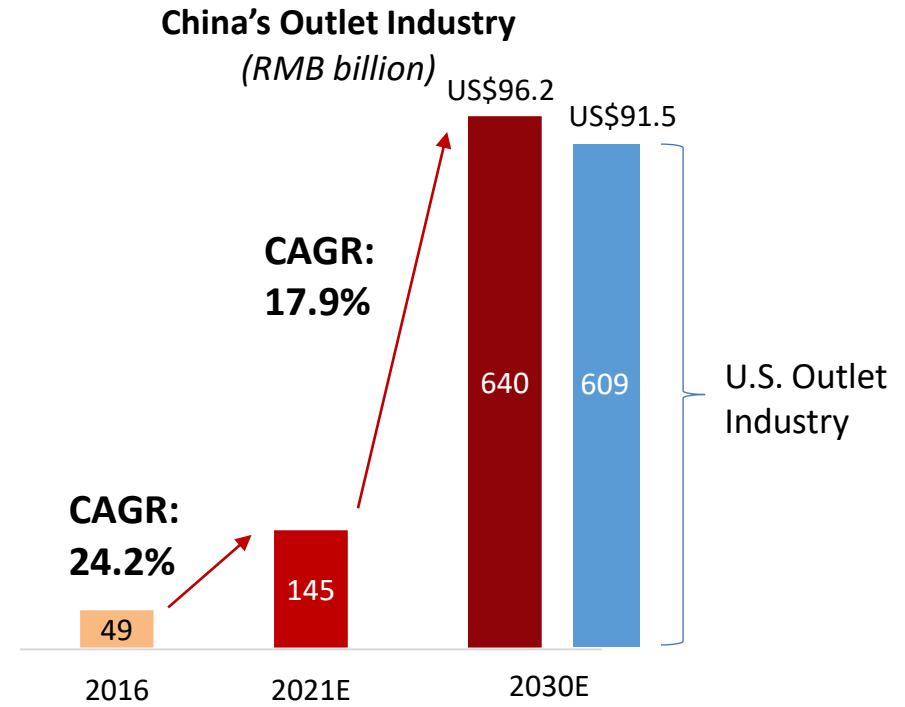


## 3 Large supply gap presenting upside opportunity



Supply gap represents market opportunity for the outlet industry

## 4 Young industry with ample room to grow further



Year 2030  
Projected PRC vs U.S. outlet industry  
US\$96.2B vs US\$91.5B

# About Sasseur REIT

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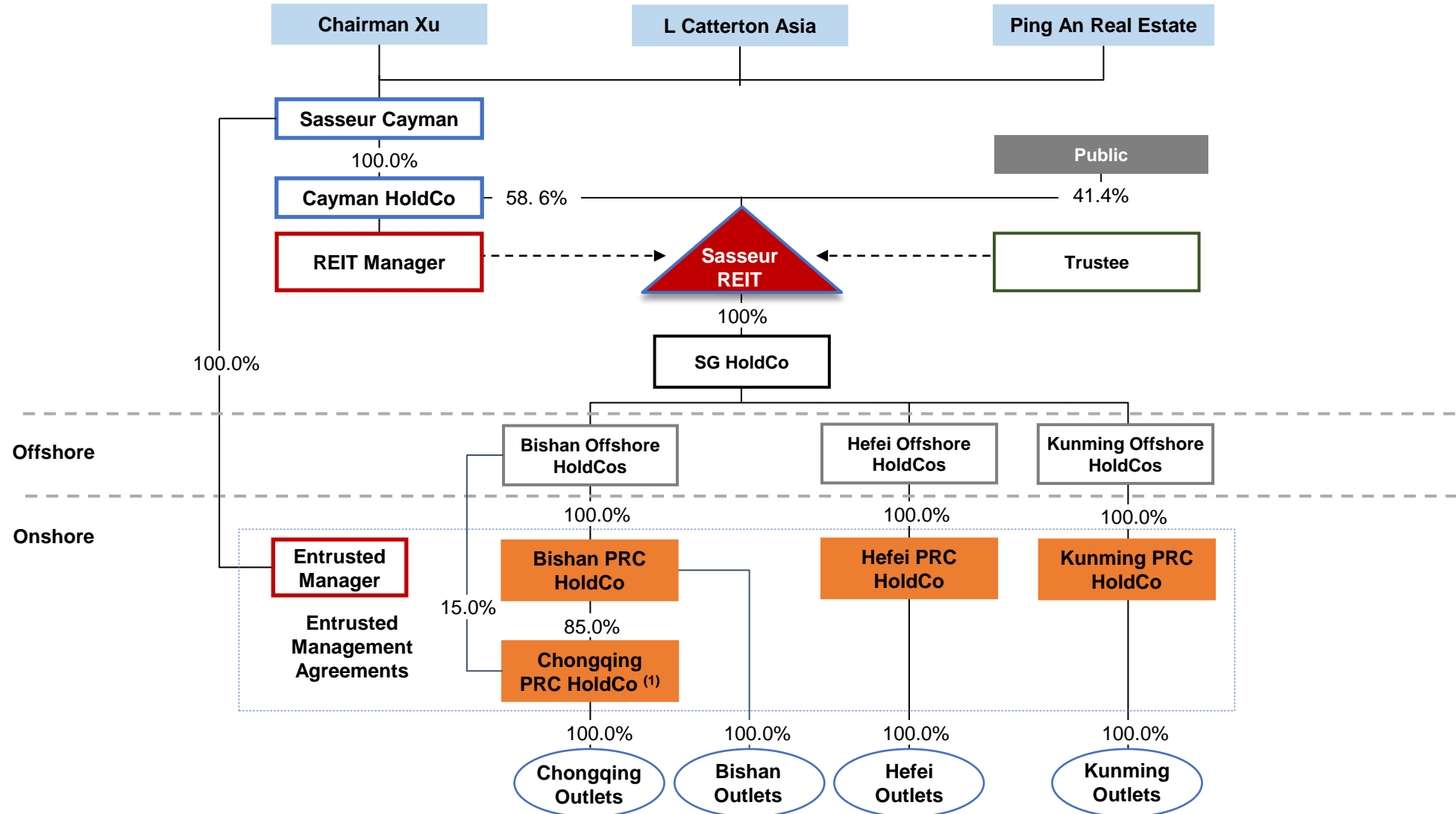
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**First  
Outlet Mall REIT  
listed in Asia**

A grey silhouette map of the Asian continent is centered on the slide. Two horizontal red lines are drawn across the map, one above and one below the text.

# 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 25 Sep 2020, Sasseur manages 12 outlet malls in 11 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



**31** years of history

## Founded by Vito Xu



- **Vito 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 420 billion (USD 60 billion)<sup>(3)</sup>

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

(2) Extracted from Ping An Real Estate website (<http://realestate.pingan.com/realestate/html/about.html>) on 2 January 2020

# Sponsor's Unique "Super Outlet" Business Model



$$A \times (1+N) \times DT$$

- ▶ "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



# Outlet's Competitive Edge Against Other Retail Channels



	Outlets	Department Store	Shopping Mall	Online Platform
Product Mix	Luxury and high-end brands	Middle to high-end brands	Middle to high-end brands	Low priced products
Pricing Strategy	Large Discounts	Normal	Normal	Low
Consumer Experience	✓	✗ (small area with compact layout)	✓	✗ (no in-store shopping experience)
Location	Suburbs	City Center	City Center	-
Segment	Middle Class	Mass Market	Mass Market	Mass Market
Authenticity	✓	✓	✓	Possibility of counterfeit goods



## Why outlet is generally not impacted by e-commerce

- Product mix - per transaction via online platform ~ RMB200 vs per transaction at the outlet malls ~ RMB800/1000 => minimal product overlap
- Economics – online sales of outlet brands incur ~ 20% commission vs 10-16% commission at the outlets.
- Authenticity – 10X penalty / reward for selling by merchants / reporting by customers, of fake goods ensure no fakes goods at outlet

# Entrusted Management Agreement (EMA) Model



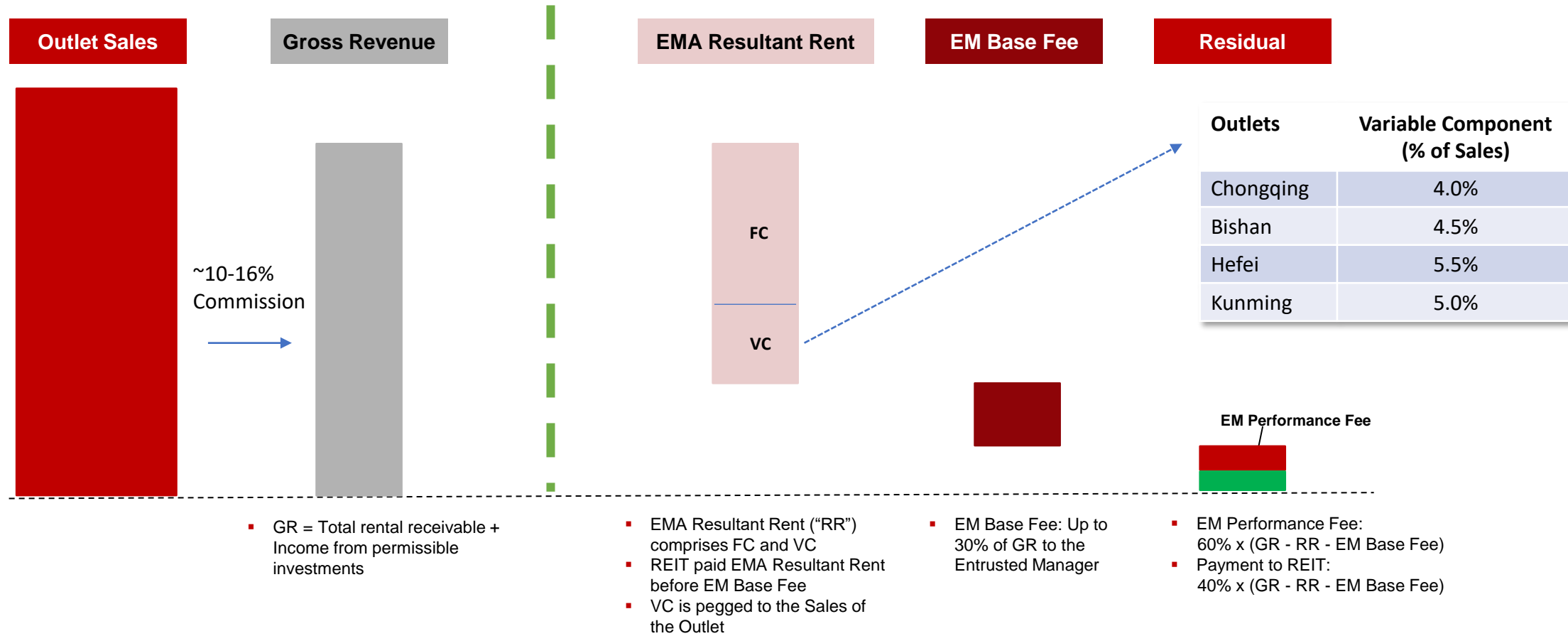
SASSEUR (BISHAN) OUTLETS

# Entrusted Management Agreement Model



## Business Model

## REIT Income Model



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

# 2Q 2020 Financial Results

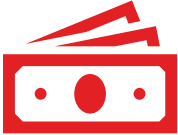





SASSEUR (KUNMING) OUTLETS

# 2Q 2020 Key Highlights



DPU yield 8.2% based on closing price \$0.740 as at 30 Jun 2020

 <b>EMA Rental Income<sup>1</sup></b>	 <b>Distributable Income</b>	 <b>Distribution Per Unit<sup>2</sup></b>	 <b>NAV Per Unit</b>
<b>S\$28.0</b> million	<b>S\$18.2</b> million	<b>1.512</b> SG Cents	<b>90.30</b> SG Cents
↑ 10.7% q-o-q <sup>3</sup>	↑ 13.6% q-o-q <sup>3</sup>	↑ 13.3% q-o-q <sup>3</sup>	↓ 2.5% q-o-q <sup>3</sup>

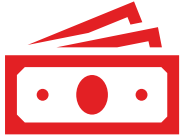



1. Excluding straight-line accounting adjustments

2. For 2Q 2020, Sasseur REIT continues to distribute 100% of the distributable income to Unitholders

3. Q-o-Q comparison refers to 2Q 2020 vs 1Q 2020

# 2Q 2020 Key Highlights



 <b>EMA Rental Income<sup>1</sup></b>	 <b>Distributable Income</b>	 <b>Distribution Per Unit<sup>2</sup></b>	 <b>NAV Per Unit</b>
<b>S\$28.0</b> million	<b>S\$18.2</b> million	<b>1.512</b> SG Cents	<b>90.30</b> SG Cents
↓ 4.0% y-o-y <sup>3</sup>	↓ 5.2% y-o-y <sup>3</sup>	↓ 6.0% y-o-y <sup>3</sup>	↑ 12.9% vs IPO

1. Excluding straight-line accounting adjustments







2. For 2Q 2020, Sasseur REIT continues to distribute 100% of the distributable income to Unitholders

3. Y-o-Y comparison refers to 2Q 2020 vs 2Q 2019



# 2Q 2020 Key Highlights



 <p><b>EMA Fixed Component</b> <b>+3.9%</b> vs 2Q 2019</p>	 <p><b>Sales</b> <b>RMB 835.7</b> million 1Q 2020: RMB 534.5 million</p>	 <p><b>Aggregate Leverage</b> <b>28.1%</b> 1Q 2020: 28.5%</p>
 <p><b>EMA Variable Component</b> <b>-18.8%</b> vs 2Q 2019</p>	 <p><b>Weighted Average Lease Expiry<sup>1</sup></b> <b>2.7</b> years</p>	 <p><b>Occupancy</b> <b>93.6%</b> 1Q 2020: 94.8%</p>

1. Weighted average lease expiry by net lettable area.

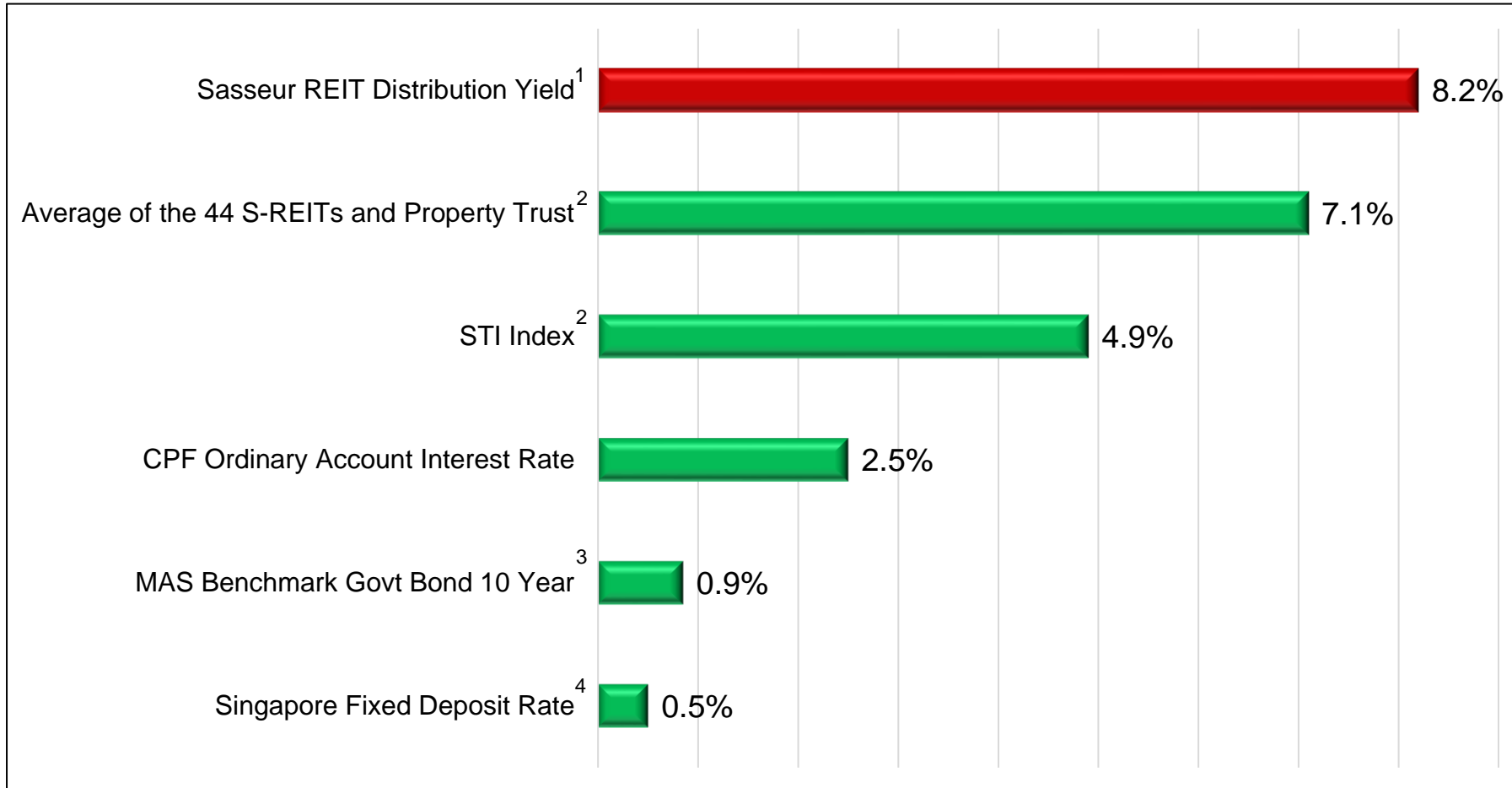
# Distribution History



**Maintain 100% payout of distributable income since IPO listing**

<b>Quarter</b>	<b>DPU (SG Cents)</b>	<b>Ex-dividend Date</b>
28 Mar to 30 Jun 2019	<b>1.587</b>	20 Aug 2018
1 Jul to 31 Dec 2018	<b>3.541</b>	4 Mar 2019
2018 Total Distribution	<b>5.128</b>	-
1Q 2019	<b>1.656</b>	27 May 2019
2Q 2019	<b>1.608</b>	22 Aug 2019
3Q 2019	<b>1.640</b>	28 Nov 2019
4Q 2019	<b>1.629</b>	5 Mar 2020
2019 Total Distribution	<b>6.533</b>	-
1Q 2020	<b>1.334</b>	28 May 2020
2Q 2020	<b>1.512</b>	28 Aug 2020

# Sasseur REIT Yield vs Other Asset Classes



**Notes:**

- 1. Distribution yield based on annualised DPU and closing price of S\$0.740 as at 30 June 2020
- 2. Based on 12M Average Dividend Yield
- 3. Based on 10 Year Yield
- 4. 12M Bank fixed deposit rates from MAS as of 30 June 2020

Source: Bloomberg, SGX, Central Provident Fund (CPF) Board, data as of 30 June 2020

# Capital Management






SASSEUR (HEFEI) OUTLETS

# Prudent Capital Management



After refinancing:  
2.74 years

	 <b>Aggregate Leverage</b>	 <b>Average Debt Maturity</b>	 <b>Interest Coverage Ratio</b>	 <b>Weighted Average Cost of Debt</b>
2Q 2020	<b>28.1%</b>	<b>2.23 years</b>	<b>5.0 times</b>	<b>4.17% p.a.</b>
4Q 2019	<b>27.8%</b>	<b>2.73 years</b>	<b>4.8 times</b>	<b>4.41% p.a.</b>

After completion of refinancing on 10 Sep 2020 and partial repayment of onshore loans by 30 Sep 2020

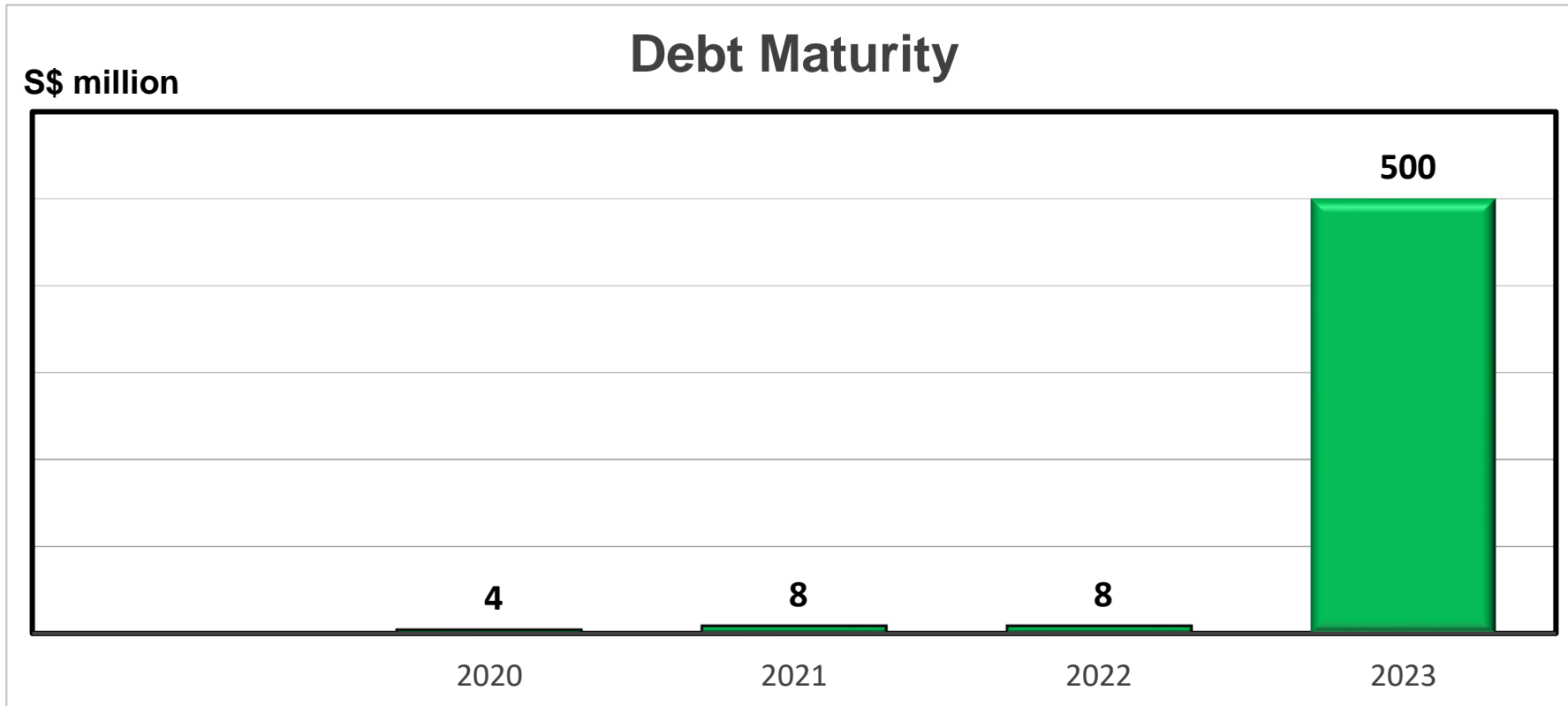
Loan Facilities	Onshore	Offshore
<b>Currency</b>	RMB	SGD/USD
<b>Outstanding Quantum<sup>1</sup></b>	~SGD 270 million (RMB 1.35 billion)	~SGD 250 million (~RMB 1.25 billion)
<b>Maturity</b>	March 2023	March 2023
<b>Floating Rate</b>	PBOC benchmark 1-5 years lending rate	Singapore SOR/ LIBOR

1. Based on SGD to RMB exchange rate of 4.9975 as at 10 September 2020

# Debt Maturity Profile



**Weighted average debt maturity is 2.74 years**  
after completion of refinancing on 10 Sep 2020 and  
partial repayment of onshore loans by 30 Sep 2020



# Portfolio Update



SASSEUR (HEFEI) OUTLETS

# Portfolio Summary

## Portfolio

Valuation\* : 8,212 mil

NLA : 312,844 sqm

Occupancy ^ : 93.6%

*\*Based on independent valuation as at 31 Dec 19 by JLL (RMB million).*

*^Occupancy for 2Q 2020*



Hefei Outlet Mall
Valuation : 2,795 mil
NLA : 144,583 sqm
Occupancy : 94.7%



Bishan Outlet Mall
Valuation : 824 mil
NLA : 47,308 sqm
Occupancy : 84.2%



Kunming Outlet Mall
Valuation : 1,620 mil
NLA : 70,067 sqm
Occupancy : 97.3%



Chongqing Outlet Mall
Valuation : 2,973 mil
NLA : 50,885 sqm
Occupancy : 100%



# 2Q 2020 Outlet Sales Summary

Significant sales improvement 56.3% as compared to 1Q 2020

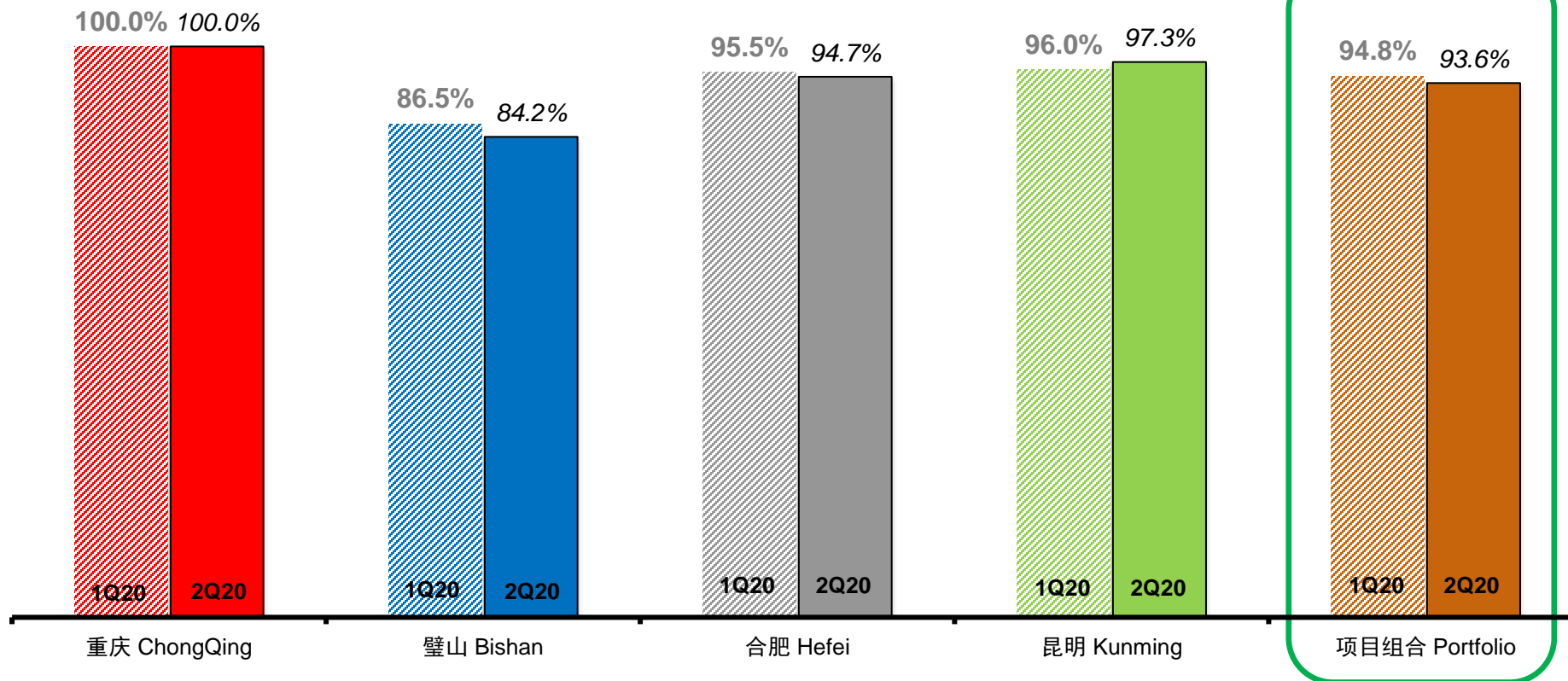
Outlets	2Q 2020 Sales (RMB'mil)	2Q 2020 vs 1Q 2020 (%)	2Q 2020 vs 2Q 2019 (%)	1Q 2020 vs 1Q 2019 (%)	1H 2020 Sales (RMB'mil)	1H 2020 vs 1H 2019 (%)
Chongqing	396.0	+70.3	-17.5	-61.8	628.4	-42.3
Bishan	78.6	+51.5	-15.7	-58.4	130.5	-40.1
Hefei	217.7	+69.6	-20.3	-47.2	346.1	-32.9
Kunming	143.4	+17.7	-20.4	-46.8	265.2	-35.2
<b>Portfolio</b>	<b>835.7</b>	<b>+56.3</b>	<b>-18.6</b>	<b>-55.7</b>	<b>1370.2</b>	<b>-38.6</b>

1. 2Q 2019: 01 April 2019 – 30 Jun 2019
2. 1Q 2020: 01 Jan 2020 - 31 Mar 2020
3. 2Q 2020: 01 Apr 2020 - 30 Jun 2020
4. 1H 2019: 01 Jan 2019 - 30 Jun 2019
5. 1H 2020: 01 Jan 2020 - 30 Jun 2020

# Portfolio Occupancy



4 outlet malls enjoy stable occupancy

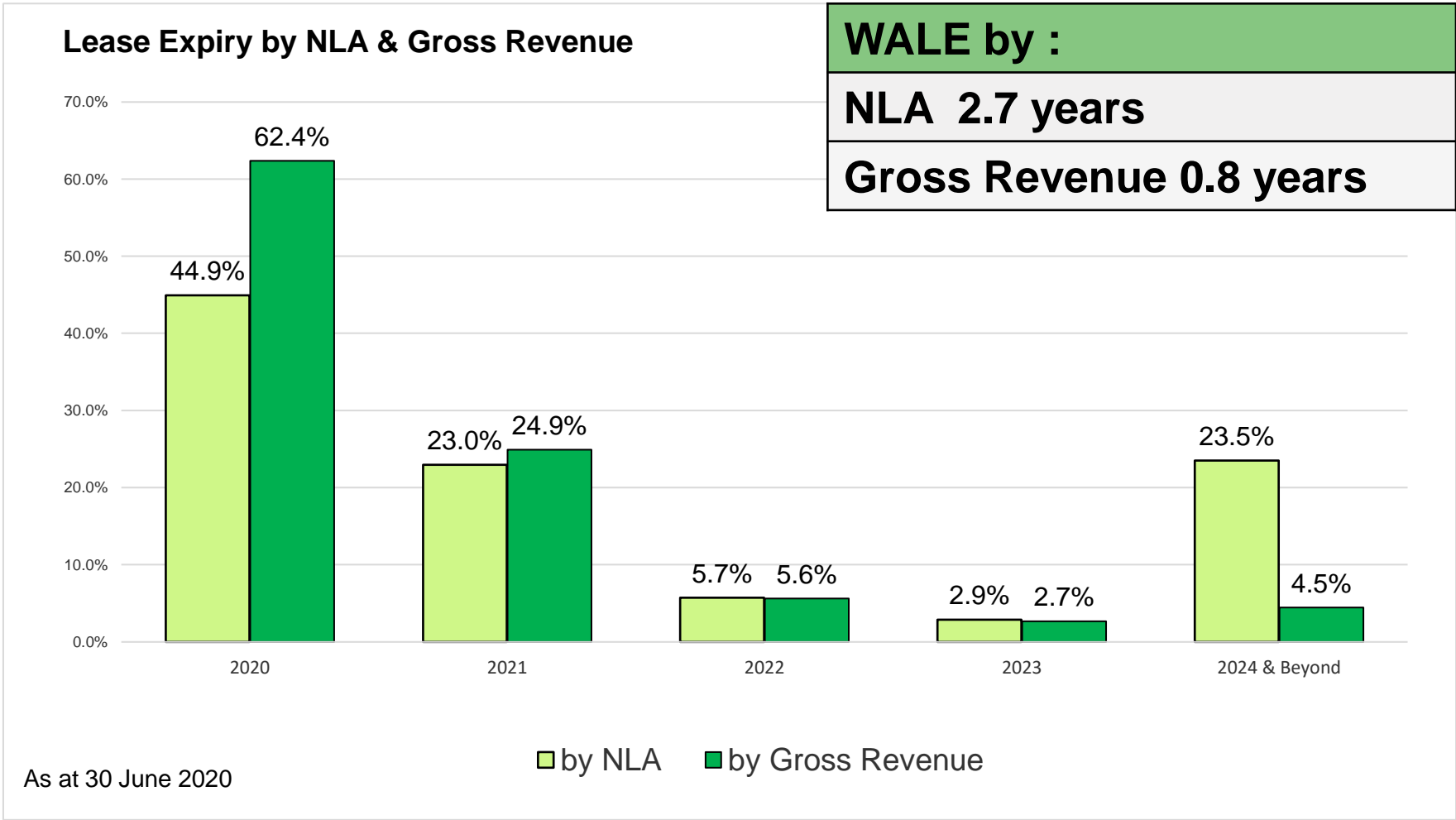


2Q 2020 vs 1Q 2020

# Weighted Average Lease Expiry (WALE)



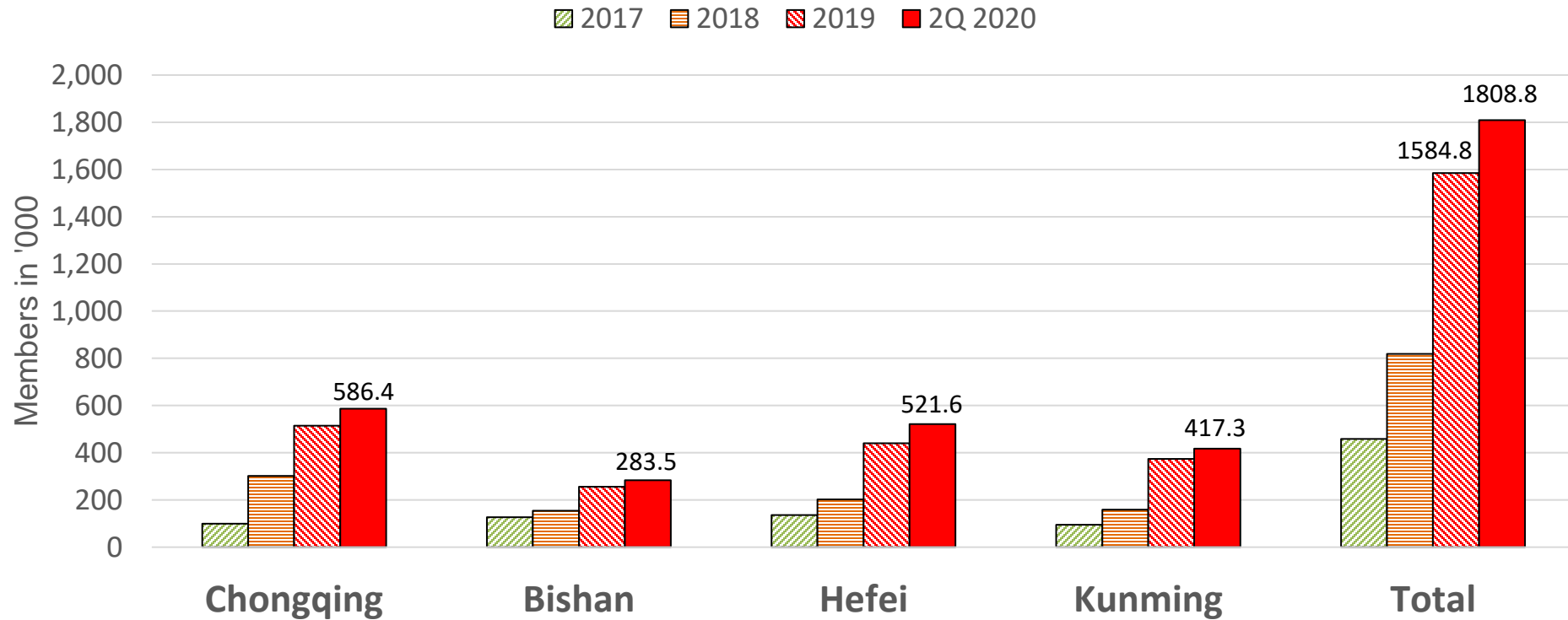
**Deliberate short lease to optimise tenant mix**



# VIP Members - Growth by Outlets



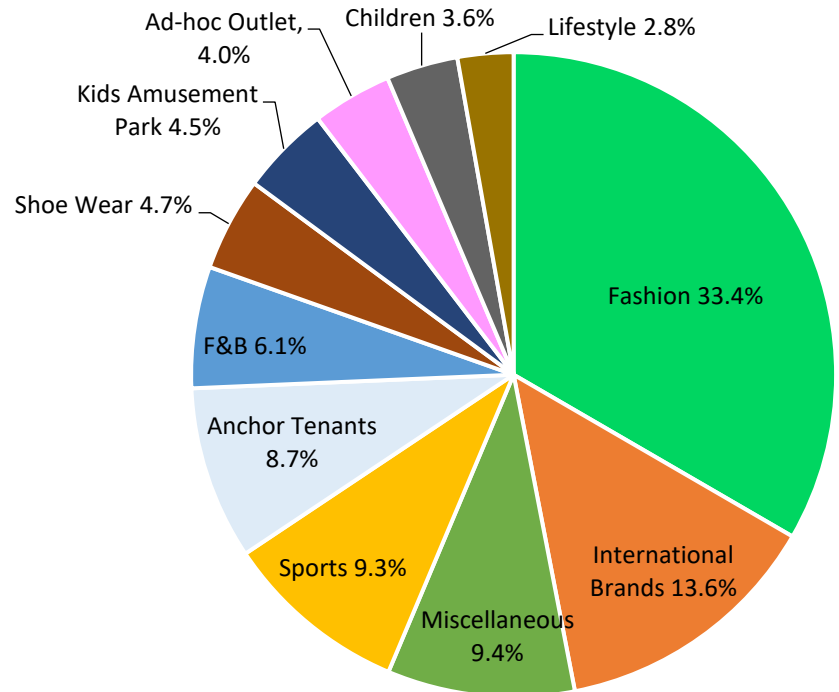
Total VIP members increased 14.1% from end 2019 to reach 1.8 million



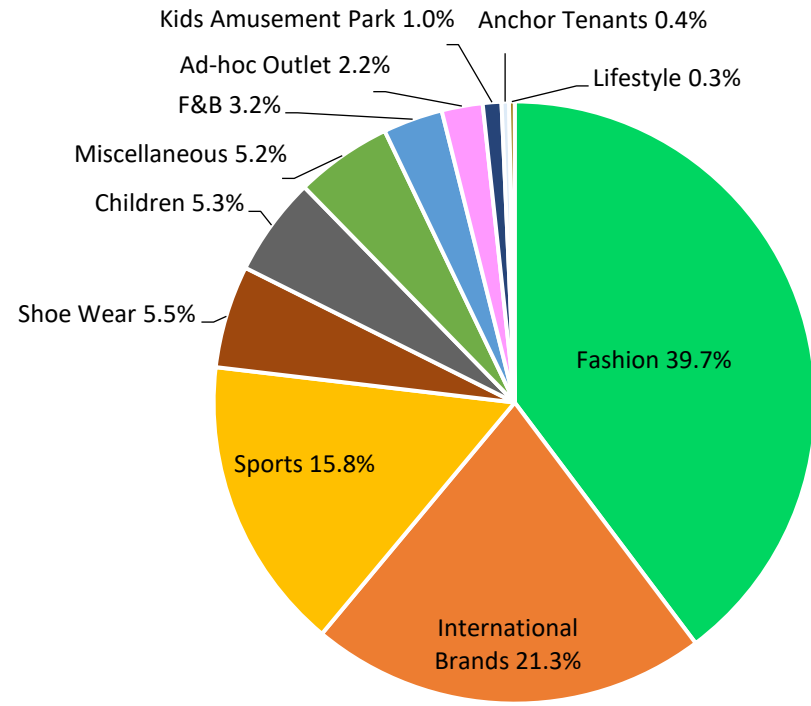
# Well Diversified Trade Mix



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



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



<b>Fashion, Sports and International Brands</b>
<b>56.3%</b>
<b>76.9%</b>

1. As percentage of the portfolio's net lettable areas as at 30 June 2020  
 2. As percentage of the portfolio's gross revenue as at 30 June 2020

# Potential Pipelines



- All acquisitions must be yield accretive
- Reduce concentration risk, explore other parts of the World
- Pipeline Properties increased from 3 to 9



## 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	Changsha	Lanzhou	Yangzhou	Xiamen	Shanghai	Shenzhen
Opening Date	May 2015	Jun 2011	Sep 2017	Dec 2018	Dec 2019	Sep 2020	Sep 2020	~3Q2021	~2022
GFA (sqm)	149,875	45,873	172,128	210,600	~100,000	~85,000	~75,000	~109,000	~150,000
Car Park Lots	c.8,000	c.5,000	c.4,000	c.2,084	c.2,500	c.1,200	c.1,500	c.2,500	c.2,200

Opening Soon

# Investment Merits



SASSEUR (KUNMING) OUTLETS

# Investment Merits



1

**Market Leadership:** Sasseur Group is one of the largest operator of outlet malls in China, with 12 malls and over 12 years of operating experience

2

**Unique Art-Commerce Business Model :** Full alignment of interests of tenants, REIT unitholders, the REIT and entrusted managers, with the potential for sharing upsides

3

**Proactive Asset Management Strategy :** Focus on asset enhancement, organic growth and yield accretive acquisitions

4

**Resilient Retail Segment :** High growth sector offering attractive value-for-money branded products that cater to the rising aspirations and demand of the expanding Chinese middle class

5

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



# Key Milestone and Awards



**FTSE EPRA NAREIT Global Emerging Market Index Inclusion<sup>1</sup>**

**1**

**Best IPO in Singapore  
2018**

By: The Asset Asian (Triple A) Awards  
2018

**2**

**Most Promising REIT in  
Asia**

By: Fortune Times REITs Pinnacle  
Awards 2018

**3**

**Gold Award Retail REITs  
(Singapore)**

(less than USD 1 billion market cap)  
By: Asia Pacific Best of the Breeds REITs  
Awards™ 2018

**4**

**Best REIT Deal in  
Southeast Asia 2018**

By: Alpha Southeast Asia 12th Annual  
Best Deal & Solution Awards 2018

**5**

**REIT Company of The  
Year – Singapore 2019**

By: International Investor Magazine

**6**

**Best Retail REIT (Platinum)  
Best CEO (Platinum)  
Best Investor Relations (Gold)**  
By: Asia Pacific Best of the Breeds REITs  
Awards™ 2019

1. Since 23 December 2019.



# Thank You

For enquiries, please contact:

Ms Wong Siew Lu, CFA, CA (Singapore)

Head, Investor Relations and Corporate Affairs

Email: [wongsl@sasseurreit.com](mailto:wongsl@sasseurreit.com)

Tel: +65 6360 0290

Address: 7 Temasek Boulevard, #06-05, Suntec Tower One,

Singapore 038987

