

**Sasseur Real Estate Investment Trust and its subsidiaries**

(Constituted in the Republic of Singapore pursuant to a trust deed dated  
30 October 2017)

Condensed Interim Financial Statements  
for the six months and full year ended 31 December 2022

## Sasseur Real Estate Investment Trust and its subsidiaries

### Table of Contents

---

	<b>Page</b>
Condensed Interim Statements of Financial Position	1
Condensed Interim Consolidated Statement of Total Return	2
Condensed Interim Consolidated Distribution Statement	3
Condensed Interim Statements of Changes in Unitholders' Funds	4
Condensed Interim Consolidated Statement of Cash Flows	5
Statement of Portfolio	6
Notes to the Condensed Interim Financial Statements	8

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Condensed Interim Statements of Financial Position  
As at 31 December 2022**

	Note	Group		Trust	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b><u>Assets</u></b>					
<b>Non-current assets</b>					
Investment properties	3	1,638,981	1,801,013	-	-
Interests in subsidiaries		-	-	1,080,917	1,101,028
		<b>1,638,981</b>	<b>1,801,013</b>	<b>1,080,917</b>	<b>1,101,028</b>
<b>Current assets</b>					
Prepayments, deposits and other receivables		28,104	29,065	224	877
Cash and short-term deposits	4	100,755	159,761	33,214	47,852
		<b>128,859</b>	<b>188,826</b>	<b>33,438</b>	<b>48,729</b>
<b>Total assets</b>		<b>1,767,840</b>	<b>1,989,839</b>	<b>1,114,355</b>	<b>1,149,757</b>
<b><u>Liabilities</u></b>					
<b>Non-current liabilities</b>					
Loans and borrowings	5	-	508,115	-	237,151
Deferred tax liabilities		111,667	115,805	-	-
		<b>111,667</b>	<b>623,920</b>	<b>-</b>	<b>237,151</b>
<b>Current liabilities</b>					
Other payables and accruals		69,635	123,177	1,257	791
Loans and borrowings	5	487,355	2,457	240,099	-
Derivative financial instruments		23	93	23	93
Tax payables		31,361	30,984	29	28
		<b>588,374</b>	<b>156,711</b>	<b>241,408</b>	<b>912</b>
<b>Total liabilities</b>		<b>700,041</b>	<b>780,631</b>	<b>241,408</b>	<b>238,063</b>
<b>Net assets</b>		<b>1,067,799</b>	<b>1,209,208</b>	<b>872,947</b>	<b>911,694</b>
<b>Represented by:</b>					
Unitholders' funds		<b>1,067,799</b>	<b>1,209,208</b>	<b>872,947</b>	<b>911,694</b>
<b>Units in issue and to be issued ('000)</b>	6	<b>1,233,752</b>	<b>1,222,205</b>	<b>1,233,752</b>	<b>1,222,205</b>
<b>Net asset value per unit (\$)</b>		<b>0.87</b>	<b>0.99</b>	<b>0.71</b>	<b>0.75</b>

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

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Condensed Interim Consolidated Statement of Total Return  
For the six months and full year ended 31 December 2022**

	Note	Group			
		6 months ended 31 December		Year ended 31 December	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
EMA rental income <sup>1</sup>	7	60,059	68,727	125,932	134,850
Manager's management fees		(4,343)	(6,546)	(8,850)	(11,083)
Trustee's fees		(168)	(173)	(342)	(340)
Other trust expenses		(712)	(261)	(1,296)	(1,217)
Finance income		113	110	171	162
Finance costs	8	(13,942)	(12,171)	(26,280)	(24,109)
Exchange differences		1,069	137	110	3,354
Change in fair value of financial derivatives		(294)	(29)	70	183
<b>Total return before fair value adjustments to investment properties and tax</b>		<b>41,782</b>	<b>49,794</b>	<b>89,515</b>	<b>101,800</b>
Fair value adjustments to investment properties		(6,952)	65,987	(9,328)	62,355
<b>Total return for the period/year before tax</b>		<b>34,830</b>	<b>115,781</b>	<b>80,187</b>	<b>164,155</b>
Tax expense	9	(8,473)	(32,983)	(18,089)	(41,298)
<b>Total return for the period/year attributable to Unitholders</b>		<b>26,357</b>	<b>82,798</b>	<b>62,098</b>	<b>122,857</b>

<sup>1</sup> The Group receives EMA rental income under the Entrusted Management Agreement (EMA), and all the operating expenses of the properties are borne by the Entrusted Manager.

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

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Condensed Interim Consolidated Distribution Statement  
For the six months and full year ended 31 December 2022**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
Income available for distribution to Unitholders at 1 January	-	7
Total return for the period attributable to Unitholders	62,098	122,857
Distribution adjustments (Note A)	26,405	(28,952)
	88,503	93,905
Less: Amount retained for asset enhancement initiatives and working capital	(8,181)	(7,713)
Amount available for distribution to Unitholders	80,322	86,199
Distribution to Unitholders:		
Distribution of 1.822 cents per Unit for the period from 1/1/2022 to 31/3/2022	(22,269)	-
Distribution of 1.588 cents per Unit for the period from 1/4/2022 to 30/6/2022	(19,456)	-
Distribution of 1.838 cents per Unit for the period from 1/7/2022 to 30/9/2022	(22,568)	-
Distribution of 1.302 cents per Unit for the period from 1/10/2022 to 31/12/2022	(16,029) <sup>1</sup>	-
Distribution of 1.759 cents per Unit for the period from 1/1/2021 to 31/3/2021	-	(21,274)
Distribution of 1.614 cents per Unit for the period from 1/4/2021 to 30/6/2021	-	(19,564)
Distribution of 1.831 cents per Unit for the period from 1/7/2021 to 30/9/2021	-	(22,236)
Distribution of 1.900 cents per Unit for the period from 1/10/2021 to 31/12/2021	-	(23,125) <sup>2</sup>
Total distribution to Unitholders	(80,322)	(86,199)
<b>Distribution per Unit (DPU) (cents)<sup>3</sup>:</b>	<b>6.550</b>	<b>7.104</b>
<b>Note A – Distribution adjustments comprise:</b>		
- Manager's management fees paid/payable in Units	8,850	11,083
- Amortisation of borrowing-related transaction costs	6,423	6,367
- Straight-line adjustments	(4,608)	(7,343)
- Fair value adjustments to investment properties	9,328	(62,355)
- Deferred tax expense	6,624	26,259
- Exchange differences	(142)	(2,780)
- Change in fair value of financial derivatives	(70)	(183)
Distribution adjustments	26,405	(28,952)

<sup>1</sup> Distribution relating to the period from 1 October 2022 to 31 December 2022 will be made subsequent to the reporting date (Note 15).

<sup>2</sup> Distribution relating to the period from 1 October 2021 to 31 December 2021 was made in March 2022.

<sup>3</sup> The DPU relates to the distributions in respect of the relevant financial period.

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

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Condensed Interim Statements of Changes in Unitholders' Funds  
For the six months and full year ended 31 December 2022**

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>At 1 January</b>	1,209,208	1,105,414	911,694	891,837
<b>Operations</b>				
Total return for the period attributable to Unitholders	62,098	122,857	39,821	95,195
<b>Net increase in net assets resulting from operations</b>	62,098	122,857	39,821	95,195
<b>Unitholders' transactions</b>				
Units in issue				
- Manager's management fees paid in Units	6,858	6,861	6,858	6,861
- Distribution to Unitholders	(87,418)	(86,421)	(87,418)	(86,421)
	(80,560)	(79,560)	(80,560)	(79,560)
Units to be issued				
Manager's management fees payable in Units	1,992	4,222	1,992	4,222
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	(78,568)	(75,338)	(78,568)	(75,338)
<b>Foreign currency translation reserve</b>				
Movement in foreign currency translation reserve	(124,939)	56,275	-	-
<b>At 31 December</b>	<b>1,067,799</b>	<b>1,209,208</b>	<b>872,947</b>	<b>911,694</b>

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

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Condensed Interim Consolidated Statement of Cash Flows  
For the six months and full year ended 31 December 2022**

	Note	Group 2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Total return for the year before tax		80,187	164,155
<u>Adjustments for:</u>			
Manager's management fees paid/payable in units		8,850	11,083
Straight-line adjustments	3	(4,608)	(7,343)
Change in fair value of investment properties	3	9,328	(62,355)
Change in fair value of financial derivatives		(70)	(183)
Finance costs	8	26,280	24,109
Finance income		(171)	(162)
		<b>119,796</b>	<b>129,304</b>
<b>Cash flows before changes in working capital</b>			
<u>Changes in working capital:</u>			
Prepayments, deposits and other receivables (excluding mid-term deposits)		(8,271)	2,450
Mid-term deposits		6,405	23,251
Other payables and accruals		(43,730)	(23,681)
		<b>74,200</b>	<b>131,324</b>
<b>Cash generated from operations</b>			
Tax paid		(7,237)	(11,370)
Interest received		163	161
		<b>67,126</b>	<b>120,115</b>
<b>Net cash generated from operating activities</b>			
<b>Cash flows from investing activity</b>			
Capital expenditure on investment properties	3	(4,078)	(5,821)
		<b>(4,078)</b>	<b>(5,821)</b>
<b>Net cash used in investing activity</b>			
<b>Cash flows from financing activities</b>			
Repayments of bank loans		(5,592)	(12,603)
Distribution to Unitholders		(87,418)	(86,421)
Interest paid		(19,382)	(17,254)
(Increase)/decrease in restricted cash		(3,016)	2,342
		<b>(115,408)</b>	<b>(113,936)</b>
<b>Net cash used in financing activities</b>			
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		152,421	146,550
Effect of exchange rate changes on cash and cash equivalents		(9,228)	5,513
		<b>90,833</b>	<b>152,421</b>
<b>Cash and cash equivalents at end of the year</b>			

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

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Statement of Portfolio  
As at 31 December 2022**

Description of Property	Location	Tenure of Land	Remaining Term of Lease (Year)	Lease Expiry	Valuation as at	Valuation as at	Percentage of
					31 December 2022 RMB'000	31 December 2022 \$'000	Total Net Assets attributable to Unitholders as at 31 December 2022 %
Sasseur (Chongqing Liangjiang) Outlets	No. 1 Aotelaisi Road, Beibuxin District, Chongqing	Leasehold	24.4	2047	3,129,000	603,693	56.5
Sasseur (Chongqing Bishan) Outlets	No. 9 Baiyang Road, Bishan District, Chongqing	Leasehold	28.8	2051	834,000	160,908	15.1
Sasseur (Hefei) Outlets	No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province	Leasehold	30.6	2053	2,880,000	555,652	52.0
Sasseur (Kunming) Outlets	No. 181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province	Leasehold	31.3	2054	1,652,000	318,728	29.8
Investment properties, at valuation					8,495,000	1,638,981	153.4
Other assets and liabilities (net)						(571,182)	(53.4)
Net assets attributable to Unitholders						1,067,799	100.0

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



**Sasseur Real Estate Investment Trust and its subsidiaries**

**Statement of Portfolio  
As at 31 December 2022**

Description of Property	Location	Tenure of Land	Remaining Term of Lease (Year)	Lease Expiry	Valuation as at	Valuation as at	Percentage of
					31 December 2021 RMB'000	31 December 2021 \$'000	Total Net Assets attributable to Unitholders as at 31 December 2021 %
Sasseur (Chongqing Liangjiang) Outlets	No. 1 Aotelaisi Road, Beibuxin District, Chongqing	Leasehold	25.4	2047	3,121,000	661,523	54.7
Sasseur (Chongqing Bishan) Outlets	No. 9 Baiyang Road, Bishan District, Chongqing	Leasehold	29.8	2051	838,000	177,621	14.7
Sasseur (Hefei) Outlets	No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province	Leasehold	31.6	2053	2,883,000	611,077	50.5
Sasseur (Kunming) Outlets	No. 181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province	Leasehold	32.3	2054	1,655,000	350,792	29.0
Investment properties, at valuation					8,497,000	1,801,013	148.9
Other assets and liabilities (net)						(591,805)	(48.9)
Net assets attributable to Unitholders						1,209,208	100.0

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

## **Sasseur Real Estate Investment Trust and its subsidiaries**

### **Notes to the Condensed Interim Financial Statements For the six months and full year ended 31 December 2022**

---

#### **1. Corporate Information**

Sasseur Real Estate Investment Trust (the “Trust”) is a Singapore real estate investment trust constituted pursuant to a trust deed dated 30 October 2017, as supplemented and amended by the First Supplemental Deed dated 19 March 2018 (the “Trust Deed”) made between Sasseur Asset Management Pte. Ltd. (the “Manager”) and DBS Trustee Limited (the “Trustee”). The trust deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the Unitholders of the Trust.

The Trust was constituted as a private trust on 30 October 2017 (“date of constitution”) and admitted to the Official List of Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 28 March 2018 (the “Listing Date”). The Trust was established to acquire an initial portfolio of four outlet malls located in People’s Republic of China (“PRC”) comprising Sasseur (Chongqing Liangjiang) Outlets, Sasseur (Chongqing Bishan) Outlets, Sasseur (Hefei) Outlets and Sasseur (Kunming) Outlets (collectively, the “Initial Portfolio” or “Properties”). The Properties were acquired through the following steps.

On 16 November 2017, Sasseur Cayman Holding II Ltd. (the “Cayman Holdco”) and Sasseur Cayman Holding Limited (the “Sponsor”) entered into a sales and purchase agreement where the Cayman Holdco purchased the BVI Holding Companies and in return, the Cayman Holdco issued its shares to the Sponsor as consideration for the BVI Holding Companies. On the same day, the Cayman Holdco then transferred the shares of the BVI Holding Companies to the Trust by entering into sales and purchase agreement where the Trust issued Consideration Units to the Cayman Holdco as purchase consideration for the BVI Holding Companies. The Trust then incorporated a wholly-owned subsidiary, Sasseur Singapore Holdings Pte. Ltd. (“Singapore Holdco”) and Singapore Holdco issued its shares as consideration for the transfer of shares of the BVI Holding Companies. As a result, the Trust owns 100% interest in the Singapore Holdco, which in turns owns 100% of the interest in the BVI Holding Companies, which indirectly owns the Properties.

The registered office of the Manager is located at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632. The principal place of business is located at 7 Temasek Boulevard, #06-05, Suntec Tower One, Singapore 038987.

The principal activity of the Trust is to invest principally, directly or indirectly, in a diversified portfolio of income-producing real estate, primarily comprised outlet malls, as well as real estate related assets, with an initial focus in Asia.

#### **2. Basis of preparation**

The condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with Financial Reporting Standard (“FRS”) 34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore, the recommendations of Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Investment Funds* applicable to interim financial statements issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards.

## Sasseur Real Estate Investment Trust and its subsidiaries

### Notes to the Condensed Interim Financial Statements For the six months and full year ended 31 December 2022

---

#### 2. Basis of preparation (continued)

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with FRSs, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Trust's functional currency.

#### *Going concern*

As at 31 December 2022, the current liabilities of the Group and the Trust exceeded the current assets by \$460 million and \$208 million respectively due to the reclassification of all the loans and borrowings as current liabilities. Notwithstanding, the condensed interim financial statements are prepared on a going concern basis, as the Group has entered into the following secured facility agreements subsequent to 31 December 2022:

- (i) On 31 January 2023, the Group through its wholly-owned subsidiaries, Sasseur Bishan (BVI) Limited and Sasseur Hefei Limited, entered into a 3-year secured facility agreement, consisting of a term loan facility of \$125.0 million and US\$54.1 million, and a \$10.0 million revolving credit facility, with a group of lenders; and
- (ii) On 3 February 2023, the Group through its PRC wholly-owned subsidiaries, Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd., Sasseur (Chongqing) Business Co., Ltd., and Hefei Sasseur Commercial Management Co., Ltd., entered into a 5-year secured facility agreement for an onshore term loan of RMB975.0 million with a group of China-based lenders.

Separately, a wholly-owned subsidiary of the Sponsor has on 3 February 2023 entered into a 1-year loan agreement (which can be extended up to another year on mutual agreement) under which an unsecured interest-bearing loan of RMB308.0 million has been granted to Kunming Sasseur Commercial Management Co., Ltd., which is a wholly owned subsidiary of the Group.

## Sasseur Real Estate Investment Trust and its subsidiaries

### Notes to the Financial Statements

For the six months and full year ended 31 December 2022

---

#### 2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The Group and the Trust have adopted the following amendments to FRS, that is effective for the financial periods beginning on 1 January 2022:-

Description	Effective for annual periods beginning on or after
Amendments to FRS 103: <i>Reference to the Conceptual Framework</i>	1 January 2022
Annual Improvements to FRS 2018-2020	1 January 2022

The adoption of the amendments to FRS did not have any material financial impact on the financial statements of the Group and the Trust for the financial year ended 31 December 2022.

#### 2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period is included in Note 11.

#### 2.3 Seasonal operations

The Group's businesses are not disrupted significantly by seasonal or cyclical factors during the financial year.

## Sasseur Real Estate Investment Trust and its subsidiaries

### Notes to the Financial Statements

For the six months and full year ended 31 December 2022

### 3. Investment properties

	Group	
	2022	2021
	\$'000	\$'000
<u>Consolidated Statement of Financial Position</u>		
At 1 January	1,801,013	1,651,052
Adjustments to pre-IPO accrued costs capitalised <sup>1</sup>	–	(1,474)
Capital expenditure incurred	4,078	5,821
Change in fair value of investment properties	(4,720)	69,698
Exchange differences	(161,390)	75,916
<b>At 31 December</b>	<b>1,638,981</b>	<b>1,801,013</b>
<u>Consolidated Statement of Total Return</u>		
Change in fair value of investment properties	(4,720)	69,698
Net effect of straight-line adjustments <sup>2</sup>	(4,608)	(7,343)
Fair value adjustments to investment properties recognised in the Consolidated Statement of Total Return	(9,328)	62,355

<sup>1</sup> Adjustments to pre-IPO accrued costs capitalised in 2021 comprised mainly the adjustment for over-accrued contract costs at IPO whereby final settlement was made during the year.

<sup>2</sup> Arising from accounting for EMA rental income on a straight-line basis, the difference between revenue recognised and the contractual cash flows is included in the carrying value of the investment properties and subsequently adjusted to the fair value adjustments to investment properties recognised in the Consolidated Statement of Total Return.

Investment properties comprise retail properties which are leased to external tenants.

#### Carrying values of investment properties

Investment properties are stated at fair value based on valuations performed as at 31 December 2022. The valuations were performed by Colliers Appraisal & Advisory Services Co., Limited, an independent valuer with a recognised and relevant professional qualification and with a recent experience in the location and category of the properties being valued.

#### Properties pledged as security

As at 31 December 2022 and 2021, all investment properties are pledged as security to secure bank loans (see Note 5).

## Sasseur Real Estate Investment Trust and its subsidiaries

### Notes to the Financial Statements

For the six months and full year ended 31 December 2022

#### 4. Cash and short-term deposits

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash and short-term deposit	100,755	159,761	33,214	47,852
Less: Restricted cash	(9,922)	(7,340)	(5,217)	(2,509)
	90,833	152,421	27,997	45,343

Restricted cash relates to cash held in interest escrow accounts for interest payment for bank loans.

#### 5. Loans and borrowings

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Secured bank loans	488,340	518,619	240,874	241,028
Less: Unamortised transaction costs	(985)	(8,047)	(775)	(3,877)
	487,355	510,572	240,099	237,151
Non-current	–	508,115	–	237,151
Current	487,355	2,457	240,099	–
	487,355	510,572	240,099	237,151

The Group through its subsidiaries, Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd., Sasseur (Chongqing) Business Co., Ltd., Hefei Sasseur Commercial Management Co., Ltd. and Kunming Sasseur Commercial Management Co., Ltd. has put in place an aggregate amount of RMB1,960 million, 5-year onshore term loans, maturing in March 2023 with repayment of 1% of the initial loan principal semi-annually. The onshore term loans have been partially repaid in September 2020 and pared down to RMB1,350 million as at 30 September 2020. Since then, the semi-annual repayments have been reduced to 1% of the pared down loan principal.

The Trust has also put in place offshore loans, which after refinancing in September 2020, comprise term loans of \$214 million and US\$20 million and revolving loan of \$8 million (collectively the “offshore loans”). Both the onshore and offshore loans will mature in March 2023.

As at 31 December 2022, the Group has unutilised revolving loan of \$8 million (31 December 2021: \$8 million) available to meet its future obligations. The offshore loans were partially hedged using floating-for-fixed interest rate swaps.

The weighted average cost of borrowings is 4.9% (31 December 2021: 4.4%) per annum.

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Notes to the Financial Statements**

**For the six months and full year ended 31 December 2022**

**5. Loans and borrowings (continued)**

The Group's secured bank borrowings are generally secured by:

- (a) mortgages on the borrowing subsidiaries' investment properties (see Note 3) and
- (b) assignment of all rights, titles and benefits with respect to the properties mortgaged.

**6. Units in issue and to be issued**

	<b>2022</b>		<b>2021</b>	
	<b>Group and Trust</b>		<b>Group and Trust</b>	
	Number of Units '000	\$'000	Number of Units '000	\$'000
<b>At beginning of the year</b>	1,217,119	685,118	1,206,539	762,307
<b>Units in issue:</b>				
- Manager's management fees paid in Units	13,973	11,080	10,580	9,232
- Distribution to Unitholders	-	(87,418)	-	(86,421)
<b>Total Units in issue at end of the year</b>	1,231,092	608,780	1,217,119	685,118
<b>Units to be issued:</b>				
- Manager's management fees payable in Units	2,660	1,992	5,086	4,222
<b>Total Units in issue and to be issued at end of the year</b>	1,233,752	610,772	1,222,205	689,340

**7. EMA rental income**

	<b>6 months ended 31 December</b>		<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$'000	\$'000	\$'000	\$'000
EMA rental income	60,059	68,727	125,932	134,850

EMA rental income is accounted for on a straight-line basis over the lease term. Excluding net effect of straight-line adjustments, EMA rental income for 6 months and full year ended 31 December 2022 are \$57,827,000 (6 months ended 31 December 2021: \$65,016,000) and \$121,324,000 (31 December 2021: \$127,507,000) respectively (Note 12).

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Notes to the Financial Statements**

**For the six months and full year ended 31 December 2022**

**8. Finance costs**

Included in the effective interest expenses on borrowings are the following:

	<b>6 months ended 31 December</b>		<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest expenses on loans and borrowings	10,610	8,784	19,552	17,444
Amortisation of borrowing-related transaction costs	3,176	3,216	6,423	6,367
Other borrowing costs	156	171	305	298
	<b>13,942</b>	<b>12,171</b>	<b>26,280</b>	<b>24,109</b>

**9. Tax expense**

The major components of tax expense are:

	<b>6 months ended 31 December</b>		<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax expense</b>				
Current period	5,139	7,828	13,423	14,996
Adjustments in respect of current tax of previous year	(1,958)	207	(1,958)	43
	<b>3,181</b>	<b>8,035</b>	<b>11,465</b>	<b>15,039</b>
<b>Deferred tax expense</b>				
Movement in temporary differences	5,292	24,948	6,624	26,259
	<b>8,473</b>	<b>32,983</b>	<b>18,089</b>	<b>41,298</b>



## Sasseur Real Estate Investment Trust and its subsidiaries

### Notes to the Financial Statements

For the six months and full year ended 31 December 2022

---

#### 10. Earnings per unit (“EPU”)

	6 months ended 31 December		Year ended 31 December	
	2022	2021	2022	2021
Weighted average number of Units ('000)	1,227,075	1,213,725	1,223,648	1,211,076
Total return after tax (\$'000)	26,357	82,798	62,098	122,857
EPU <sup>1</sup> (cents) – basic and diluted <sup>2</sup>	2.148	6.822	5.075	10.144

---

<sup>1</sup> EPU is calculated by dividing the total return for the period after tax against the weighted average number of Units in issue for the respective reporting period.

<sup>2</sup> Diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the reporting period.

#### 11. Fair values of assets and liabilities

##### (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Sasseur Real Estate Investment Trust and its subsidiaries

Notes to the Financial Statements

For the six months and full year ended 31 December 2022

11. Fair values of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value

The following table shows the classification of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Fair value		
	Level 2	Level 3	Total
31 December 2022	\$'000	\$'000	\$'000
<b>Assets measured at fair value</b>			
<b>Non-financial assets</b>			
Investment properties			
- <i>Outlet malls</i>	–	1,638,981	1,638,981
<b>Total non-financial assets</b>	–	1,638,981	1,638,981
<b>Liabilities measured at fair value</b>			
<b>Financial liabilities</b>			
Derivative financial instruments			
- <i>Interest rate swaps</i>	23	–	23
<b>Total financial liabilities</b>	23	–	23
<b>Group</b>			
			<b>Fair value</b>
31 December 2021	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
<b>Assets measured at fair value</b>			
<b>Non-financial assets</b>			
Investment properties			
- <i>Outlet malls</i>	–	1,801,013	1,801,013
<b>Total non-financial assets</b>	–	1,801,013	1,801,013
<b>Liabilities measured at fair value</b>			
<b>Financial liabilities</b>			
Derivative financial instruments			
- <i>Interest rate swaps</i>	93	–	93
<b>Total financial liabilities</b>	93	–	93

**11. Fair values of assets and liabilities (continued)**

**(c) Level 2 fair value measurements**

The following is a description of the valuation techniques and inputs used in the fair value measurements for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

*Derivative financial instruments*

The fair values of interest rate swaps are based on valuations provided by the financial institutions that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates or exchange rates, where applicable, for a similar financial instrument at the measurement date.

**(d) Level 3 fair value measurements**

*Information about significant unobservable inputs used in Level 3 fair value measurements*

*Investment properties*

Investment properties are stated at fair value based on independent valuations performed by Colliers Appraisal & Advisory Services Co., Limited as at 31 December 2022. The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The valuation reports for 31 December 2022 have highlighted estimation uncertainty arising from the COVID-19 pandemic and a higher degree of caution is to be exercised when relying on the valuations. The valuations were based on information available and market conditions as at 31 December 2022. Values may change subsequently as the impact of COVID-19 is fluid and continues to evolve. The Manager will continue to monitor the situation and seek professional advice on the property values as and when necessary.

The fair values were generally calculated using the Discounted Cash Flow ("DCF") approach. The DCF approach calculates the present values of future cash flows over a specified time period, including the potential proceeds of a deemed disposition, to determine the fair value. The DCF approach converts the earnings of a property into an estimate of value. The final step in the appraisal process involves the reconciliation of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

The valuation techniques used in determining the fair value involve certain estimates including those relating to discount rates and rental rates per square foot, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation techniques and estimates used are reflective of the current market conditions.

The fair value measurement for investment properties has been categorised under Level 3 of the fair value hierarchy based on the inputs to the valuation technique used.

## Sasseur Real Estate Investment Trust and its subsidiaries

### Notes to the Financial Statements

For the six months and full year ended 31 December 2022

#### 12. Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group, if the Sponsor has the direct and indirect ability to control the parties, jointly control or exercise significant influence over the parties in making financial and operating decisions. Related parties may be individuals or other entities.

In the normal course of its business, the Group carried out transactions with related parties on terms agreed between the parties. During the year, in addition to those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties:

	Group			
	6 months ended 31 December		Year ended 31 December	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
EMA rental income received/receivable from Entrusted Manager (Note 7)	57,827	65,016	121,324	127,507
Manager's management fees paid/payable	4,343	6,546	8,850	11,083
Trustee's fees paid/payable	168	173	342	340

#### 13. Financial ratios

	Group			
	6 months ended 31 December		Year ended 31 December	
	2022 %	2021 %	2022 %	2021 %
Ratio of expenses to weighted average net assets <sup>1</sup> Including performance component of the Manager's management fees	0.94	1.18	0.97	1.10
Excluding performance component of the Manager's management fees	0.94	0.89	0.97	0.95
Portfolio turnover rate <sup>2</sup>	-	-	-	-

<sup>1</sup> The ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to expenses of the Group, excluding finance costs, exchange differences and tax expense.

<sup>2</sup> The ratio is computed based on the lower of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

## Sasseur Real Estate Investment Trust and its subsidiaries

### Notes to the Financial Statements

For the six months and full year ended 31 December 2022

---

#### 14. Operating segments

For the purpose of making resource allocation decisions and the assessment of segment performance, the Manager reviews internal management reports of the Group's investment properties. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

The Group's reportable segments are investment properties located in PRC used primarily for retail purposes. The Group has four reportable segments as follows:

- (a) Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd. ("Sasseur (Chongqing Liangjiang) Outlets")
- (b) Sasseur (Chongqing) Business Co., Ltd. ("Sasseur (Chongqing Bishan) Outlets")
- (c) Hefei Sasseur Commercial Management Co., Ltd. ("Sasseur (Hefei) Outlets")
- (d) Kunming Sasseur Commercial Management Co., Ltd. ("Sasseur (Kunming) Outlets")

Segment revenue comprises mainly income generated under the Entrusted Management Agreement ("EMA") and is reported to the Manager for the purpose of assessment of segment performance. In addition, the Manager monitors the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the Manager's management fee, trustee's fees, trust expenses, finance income, finance costs, tax expense, exchange differences and related assets and liabilities.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

## Sasseur Real Estate Investment Trust and its subsidiaries

### Notes to the Financial Statements

For the six months and full year ended 31 December 2022

#### 14. Operating segments (continued)

Information regarding the Group's reportable segments is presented in the tables below:

##### Segment results

Six months ended 31 December 2022 Group	Sasseur (Chongqing Liangjiang) Outlets \$'000	Sasseur (Chongqing Bishan) Outlets \$'000	Sasseur (Hefei) Outlets \$'000	Sasseur (Kunming) Outlets \$'000	Unallocated \$'000	Total \$'000
EMA rental income	26,969	5,354	17,049	10,687	–	60,059
Manager's management fees	–	–	–	–	(4,343)	(4,343)
Trustee's fees	–	–	–	–	(168)	(168)
Other trust expenses						
- Other income	12	15	15	2	–	44
- Other expenses	–	(1)	(44)	(42)	(669)	(756)
Finance income	–	–	–	–	113	113
Finance costs	(4,131)	(812)	(1,612)	(966)	(6,421)	(13,942)
Exchange differences	351	–	225	2	491	1,069
Change in fair value of financial derivatives	–	–	–	–	(294)	(294)
<b>Total return before fair value adjustments to investment properties and tax</b>	<b>23,201</b>	<b>4,556</b>	<b>15,633</b>	<b>9,683</b>	<b>(11,291)</b>	<b>41,782</b>
Fair value adjustments to investment properties	(1,559)	(2,484)	(1,857)	(1,052)	–	(6,952)
Total return for the period before tax	21,642	2,072	13,776	8,631	(11,291)	34,830
Tax expense					(8,473)	(8,473)
Total return for the period					(19,764)	26,357
Segment assets	633,599	169,168	597,969	333,625	33,479	1,767,840
Segment liabilities	204,242	37,881	143,662	66,792	247,464	700,041
<b>Other segment information:</b>						
Capital expenditure	943	547	61	(3)	–	1,548

**Sasseur Real Estate Investment Trust and its subsidiaries**

**Notes to the Financial Statements**

**For the six months and full year ended 31 December 2022**

**14. Operating segments (continued)**

**Segment results (continued)**

<b>Six months ended 31 December 2021 Group</b>	<b>Sasseur (Chongqing Liangjiang) Outlets \$'000</b>	<b>Sasseur (Chongqing Bishan) Outlets \$'000</b>	<b>Sasseur (Hefei) Outlets \$'000</b>	<b>Sasseur (Kunming) Outlets \$'000</b>	<b>Unallocated \$'000</b>	<b>Total \$'000</b>
EMA rental income	31,035	6,123	18,946	12,623	–	68,727
Manager's management fees	–	–	–	–	(6,546)	(6,546)
Trustee's fees	–	–	–	–	(173)	(173)
Other trust expenses						
- Other income	12	13	34	48	–	107
- Other expenses	94	2	11	(1)	(474)	(368)
Finance income	–	–	–	–	110	110
Finance costs	(4,675)	(913)	(1,813)	(1,089)	(3,681)	(12,171)
Exchange differences	–	*	9	(1)	129	137
Change in fair value of financial derivatives	–	–	–	–	(29)	(29)
<b>Total return before fair value adjustments to investment properties and tax</b>	<b>26,466</b>	<b>5,225</b>	<b>17,187</b>	<b>11,580</b>	<b>(10,664)</b>	<b>49,794</b>
Fair value adjustments to investment properties	23,303	5,537	24,056	13,091	–	65,987
Total return for the period before tax	49,769	10,762	41,243	24,671	(10,664)	115,781
Tax expense					(32,983)	(32,983)
Total return for the period					(43,647)	82,798
Segment assets	723,266	191,857	655,545	371,644	47,527	1,989,839
Segment liabilities	254,526	48,779	160,327	79,091	237,908	780,631
<b>Other segment information:</b>						
Capital expenditure	2,679	135	352	11	–	3,177

\* Denote amounts less than \$1,000.

Sasseur Real Estate Investment Trust and its subsidiaries

Notes to the Financial Statements

For the six months and full year ended 31 December 2022

14. Operating segments (continued)

Segment results (continued)

2022 Group	Sasseur (Chongqing Liangjiang) Outlets \$'000	Sasseur (Chongqing Bishan) Outlets \$'000	Sasseur (Hefei) Outlets \$'000	Sasseur (Kunming) Outlets \$'000	Unallocated \$'000	Total \$'000
EMA rental income	56,723	11,493	35,207	22,509	–	125,932
Manager's management fees	–	–	–	–	(8,850)	(8,850)
Trustee's fees	–	–	–	–	(342)	(342)
Other trust expenses						
- Other income	40	19	23	43	–	125
- Other expenses	–	(1)	(97)	(82)	(1,241)	(1,421)
Finance income	–	–	–	–	171	171
Finance costs	(8,672)	(1,704)	(3,386)	(2,042)	(10,476)	(26,280)
Exchange differences	–	–	141	2	(33)	110
Change in fair value of financial derivatives	–	–	–	–	70	70
<b>Total return before fair value adjustments to investment properties and tax</b>	<b>48,091</b>	<b>9,807</b>	<b>31,888</b>	<b>20,430</b>	<b>(20,701)</b>	<b>89,515</b>
Fair value adjustments to investment properties	(2,614)	(2,700)	(2,531)	(1,483)	–	(9,328)
Total return for the year before tax	45,477	7,107	29,357	18,947	(20,701)	80,187
Tax expense					(18,089)	(18,089)
Total return for the year					(38,790)	62,098
Segment assets	633,599	169,168	597,969	333,625	33,479	1,767,840
Segment liabilities	204,242	37,881	143,662	66,792	247,464	700,041
<b>Other segment information:</b>						
Capital expenditure	2,079	1,387	579	33	–	4,078



Sasseur Real Estate Investment Trust and its subsidiaries

Notes to the Financial Statements

For the six months and full year ended 31 December 2022

14. Operating segments (continued)

Segment results (continued)

2021 Group	Sasseur (Chongqing Liangjiang) Outlets \$'000	Sasseur (Chongqing Bishan) Outlets \$'000	Sasseur (Hefei) Outlets \$'000	Sasseur (Kunming) Outlets \$'000	Unallocated \$'000	Total \$'000
EMA rental income	60,465	12,148	37,331	24,906	–	134,850
Manager's management fees	–	–	–	–	(11,083)	(11,083)
Trustee's fees	–	–	–	–	(340)	(340)
Other trust expenses						
- Other income	30	28	68	69	–	195
- Other expenses	–	–	(1)	(19)	(1,392)	(1,412)
Finance income	–	–	–	–	162	162
Finance costs	(9,266)	(1,803)	(3,578)	(2,146)	(7,316)	(24,109)
Exchange differences	–	*	47	(1)	3,308	3,354
Change in fair value of financial derivatives	–	–	–	–	183	183
<b>Total return before fair value adjustments to investment properties and tax</b>	<b>51,229</b>	<b>10,373</b>	<b>33,867</b>	<b>22,809</b>	<b>(16,478)</b>	<b>101,800</b>
Fair value adjustments to investment properties	21,690	5,208	23,025	12,432	–	62,355
Total return for the year before tax	72,919	15,581	56,892	35,241	(16,478)	164,155
Tax expense					(41,298)	(41,298)
Total return for the year					(57,776)	122,857
Segment assets	723,266	191,857	655,545	371,644	47,527	1,989,839
Segment liabilities	254,526	48,779	160,327	79,091	237,908	780,631
<b>Other segment information:</b>						
Capital expenditure	4,504	171	1,081	65	–	5,821

\* Denote amounts less than \$1,000.

## Sasseur Real Estate Investment Trust and its subsidiaries

### Notes to the Financial Statements

For the six months and full year ended 31 December 2022

---

#### 15. Subsequent events

##### (a) Entry into facility agreements

Subsequent to 31 December 2022, the Group has entered into the following secured facility agreements:

- (i) On 31 January 2023, the Group through its wholly-owned subsidiaries, Sasseur Bishan (BVI) Limited and Sasseur Hefei Limited, entered into a 3-year secured facility agreement, consisting of an term loan facility of \$125.0 million and US\$54.1 million, and a \$10.0 million revolving credit facility, with a group of lenders; and
- (ii) On 3 February 2023, the Group through its PRC wholly-owned subsidiaries, Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd., Sasseur (Chongqing) Business Co., Ltd., and Hefei Sasseur Commercial Management Co., Ltd., entered into a 5-year secured facility agreement for an onshore term loan of RMB975.0 million with a group of China-based lenders.

Separately, a wholly-owned subsidiary of the Sponsor has on 3 February 2023 entered into a 1-year loan agreement (which can be extended up to another year on mutual agreement) under which an unsecured interest-bearing loan of RMB308.0 million has been granted to Kunming Sasseur Commercial Management Co., Ltd., which is a wholly owned subsidiary of the Group.

##### (b) Distribution

On 17 February 2023, the Manager declared a distribution of 1.302 Singapore cents per Unit for the period from 1 October 2022 to 31 December 2022.