For Immediate Release

Sasseur REIT Ends FY2022 With DPU of 6.55 Singapore Cents; Portfolio to Ride on China's Post-pandemic Consumption Recovery

- **Resilient operating metrics against backdrop of external challenges in 2022**
- **Portfolio occupancy rate reached all-time high of 97.2% in 4Q 2022**
- **Sasseur REIT has secured new loan facilities for debt refinancing; no significant refinancing requirements till 2026**
- **Sasseur REIT's portfolio expected to benefit from China's re-opening of economy and post-pandemic recovery in consumption demand**

Summary of Results:

	2H 2022	2H 2021	Change %	FY2022	FY2021	Change %
EMA[1] Rental Income (RMB mil)	292.9	308.7	(5.1)	594.7	611.9	(2.8)
- Fixed Component (RMB mil)	217.2	210.9	3.0	434.5	421.8	3.0
- Variable Component (RMB mil)	75.7	97.8	(22.7)	160.2	190.1	(15.7)
EMA Rental Income (*excluding straight-line adjustments*) (S$ mil)	57.8	65.0	(11.1)	121.3	127.5	(4.8)
Distributable Income (S$ mil)	43.4	48.5	(10.5)	88.5	93.9	(5.8)
Amount Retained (S$ mil)	(4.8)	(3.2)	(52.3)	(8.2)	(7.7)	(6.1)
Distribution Per Unit (S cents)	3.140	3.731	(15.8)	6.550	7.104	(7.8)

Note: Average S$:RMB rate of 1:5.0505 for 2H 2022, 1:4.7465 for 2H 2021, 1:4.9020 for FY2022 and 1:4.7991 for FY2021.

Singapore, 17 February 2023 – Sasseur Asset Management Pte. Ltd. ("**SAMPL**" or "**REIT Manager**"), the manager of Sasseur Real Estate Investment Trust ("**Sasseur REIT**"), announced a distribution per unit ("**DPU**") for the second half year ended 31 December 2022 ("**2H 2022**") of 3.140 Singapore cents, down 15.8% year-on-year ("**YoY**"). This brings the DPU for the financial year ended 31 December 2022 ("**FY2022**") to 6.550 Singapore cents, including the first half 2022 DPU of 3.410 Singapore cents.

The 2H 2022 DPU comprises the fourth quarter 2022 ("**4Q 2022**") DPU of 1.302 Singapore cents which declined by 31.5% YoY, as distributable income (before retention of S$3.9 million) declined by 21.2% YoY to S$19.9 million, mainly due to the adverse impact of widespread COVID-19

[1] Entrusted Management Agreement ("**EMA**").

outbreaks in China during the last quarter of 2022. The outbreaks led to mandated temporary closures and shortened operating hours at Sasseur REIT's four outlets, with lockdowns and inter-city travel restrictions dampening consumer sentiments.

EMA Rental Income stood at RMB292.9 million in 2H 2022, a 5.1% decrease from 2H 2021's RMB308.7 million. For 4Q 2022, EMA Rental Income fell by 11.0% YoY to RMB140.9 million, due to a 39.0% YoY decline in the variable component, in line with a 39.6% YoY fall in outlet sales during the same quarter. The decline in the variable component of the Rental Income was cushioned by the fixed component income, which increased 3.0% YoY.

The 4Q 2022 DPU of 1.302 Singapore cents will be paid to Unitholders on 28 March 2023.

Ms Cecilia Tan, CEO of SAMPL said, "Sasseur REIT's results demonstrate its resilience and the strength of its EMA business model throughout a year marked by COVID-related volatilities in China and macroeconomic challenges. The valuation of the REIT's portfolio has stayed relatively unchanged as at end-2022 from a year ago, reflecting the strong underlying fundamentals of the outlets which are poised to benefit from the consumption-led recovery in 2023.

Despite the difficult operating environment in 2022, we managed to successfully secure new loan facilities with different tenors to refinance the REIT's loans due in March this year. This is a significant milestone in our efforts to de-risk the REIT's debt profile over time. Furthermore, Kunming Outlets will be unencumbered post refinancing, presenting us with opportunities to optimise the REIT's debt capacity as we gear up for the REIT's next growth phase.

Looking forward, with China moving away from its zero-COVID policy, we are upbeat about the operating outlook this year. The re-opening of China's economy is expected to spur economic activities towards normalisation in 2023. With an anticipated rebound in consumption demand, we are hopeful of sustainable stronger sales momentum through well-curated promotional campaigns, maintaining optimal occupancy levels and deploying yield-enhancing asset strategies. On the capital management front, we will explore the feasibility of tapping capital from new sources to enhance Sasseur REIT's access to a broader capital pool and further strengthen the REIT's balance sheet."

Portfolio Updates

The REIT's portfolio average occupancy rate across the four properties rose to 97.2% in 4Q 2022, surpassing FY2019's pre-COVID occupancy of 96.0%. The all-time high occupancy rate was contributed mainly by Hefei Outlets due to new leases secured and adjustments to tenant mix, as well as stable occupancies at both Chongqing Liangjiang Outlets and Kunming Outlets, when compared against third quarter 2022.

Sasseur REIT continued to be proactive in cultivating brand champions at its outlets and refreshing in-store retail experiences by bringing in a diverse mix of offerings. Notable new leases which commenced in 2H 2022 included retail tenants Luckin Coffee and 奈雪的茶 (Nayuki) at Hefei Outlets; Clouds & Tea Store and China Li-Ning (中国李宁) at Kunming Outlets; MLB at Chongqing Liangjiang Outlets, as well as a strawberry farm at Chongqing Bishan Outlets.

As at 31 December 2022, Sasseur REIT's tenant trade mix remains well-diversified, with the top 10 tenants contributing 15.7% of the portfolio's gross revenue[2] and no single tenant contributing more than 5.0% of gross revenue[2].

Capital Management

As at 31 December 2022, Sasseur REIT's aggregate leverage remained low at 27.6%, with healthy interest coverage ratio[3] of 4.4 times.

On 31 January 2023 and 3 February 2023, the REIT Manager has announced that Sasseur REIT has secured new loan facilities to refinance its existing onshore and offshore loans of approximately S$488.3 million maturing in March 2023.

Following the debt refinancing which is targeted for completion before March 2023, Sasseur REIT's aggregate leverage would remain well below the regulatory limit of 50.0%, providing the REIT with ample debt headroom to pursue acquisitions in the near future. The new loans will also be separated into several loans with differing maturities, and Kunming Outlets will become unencumbered. The weighted average debt to maturity would improve to 3.6 years, with no significant refinancing requirements till 2026.

Outlook

China's Gross Domestic Product ("**GDP**") grew 2.9%[4] in 4Q 2022 on a YoY basis, compared to 0.4% growth and 3.9% growth for the second and third quarters of 2022 respectively. According to preliminary estimates, the economy grew 3.0% YoY in 2022, below the official government target of around 5.5% and 2021's revised growth of 8.4%[5]. The weaker growth was largely due to COVID-19 outbreaks and stringent public health measures.

[2] Gross revenue is computed based on average monthly gross revenue for the period January – December 2022.
[3] The interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding the effects of any fair value changes in financial instruments and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees (including amortisation of borrowing-related transaction costs).
[4] National Bureau of Statistics of China, Press Release dated 17 January 2023.
[5] National Bureau of Statistics of China, Press Release dated 27 December 2022.

The United Nations has projected China's real GDP growth to recover to 4.8% in 2023, amidst a re-opening of the economy and supported by the government's commitment to promote consumption recovery as a major growth driver of the economy[6].

Chairman of SAMPL, Mr Vito Xu, said, "The re-opening of China's economy and policymakers' pledge to prioritise domestic consumption and raise personal incomes bode well for the country's consumption outlook.

Already, we are seeing visible signs of recovery in the retail industry in January 2023, fuelled by pent-up consumer demand. With the improvement in consumer sentiments, many Chinese cities have raised their growth targets in 2023. In particular, Chongqing and Hefei cities expect growth to hit at least 6% and 6.5% respectively this year[7]. Chongqing, where two of Sasseur REIT's outlets are located, has also leapfrogged Guangzhou to become one of China's top four mega-cities in 2022[8].

Given the outlet sector's attractive value propositions as well as the country's growing middle-class population segment, we believe Sasseur REIT's outlets are well-positioned to benefit from the government's focus to promote a consumption recovery as a major driver of China's economic growth in 2023."

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[6] United Nations, "World economic situation and prospects 2023", January 2023.
[7] 数读丨18 座万亿 GDP 城市公布 2023 年 GDP 增速目标 (qq.com), 17 January 2023.
[8] 城市经济排名新变化，谁在进步？谁落后了？ (qq.com), 28 January 2023.

About Sasseur REIT

Sasseur REIT is the first retail outlet mall REIT listed in Asia. Sasseur REIT offers investors the unique opportunity to invest in the fast-growing retail outlet mall sector in China through its initial portfolio of four quality retail outlet mall assets strategically located in fast-growing Chinese cities such as Chongqing, Kunming and Hefei, with a combined net lettable area of 310,241 square metres.

Sasseur REIT is established with the investment strategy to invest principally, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for retail outlet mall purposes, as well as real estate-related assets in relation to the foregoing, with an initial focus on Asia.

For more information on Sasseur REIT, please visit http://www.sasseurreit.com/

About the Manager – SASSEUR ASSET MANAGEMENT PTE. LTD.

Sasseur REIT is managed by the REIT Manager, an indirect wholly-owned subsidiary of the Sponsor. The REIT Manager's key responsibility is to manage Sasseur REIT's assets and liabilities for the benefit of Unitholders.

As the first retail outlet mall REIT listed in Asia, the REIT Manager intends to utilise Sasseur REIT's first-mover advantage and acquire suitable properties with good investment characteristics in Asia or other parts of the world. The REIT Manager's growth strategy is to identify and selectively pursue acquisition opportunities for quality income-producing properties used mainly for retail outlet mall purposes initially in China and subsequently in other countries.

About the Sponsor – SASSEUR CAYMAN HOLDING LIMITED

The Sponsor Group is one of the leading premium outlet groups in China, ranked within the top 500 service companies in China. With about 30 years of experience in art-commerce, the Sponsor Group has attained recognition in Asia as a leading outlet operator which adopts a strategic approach of integrating emotion, aesthetics, scenario planning and prudent capital management, as well as its "A x (1+N) x DT" Super Outlet business model.

For more information on the Sponsor, please visit http://www.sasseur.com/

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