



SASSEUR REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Third Quarter Ended 30 September 2021

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SASSEUR REAL ESTATE INVESTMENT TRUST

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Introduction

Sasseur Real Estate Investment Trust (the “Sasseur REIT”) is a Singapore real estate investment trust constituted as a private trust (“Sasseur Trust”) by a trust deed dated 30 October 2017 which was supplemented by a first supplemental deed dated 19 March 2018, entered into by Sasseur Asset Management Pte. Ltd. as Manager of Sasseur REIT (the “Manager”) and DBS Trustee Limited as Trustee of Sasseur REIT (the “Trustee”). Sasseur Real Estate Investment Trust and its subsidiaries are collectively known as the “REIT Group”.

Sasseur REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 28 March 2018 (the “Listing Date”). Sasseur REIT’s investment strategy is investing principally, directly or indirectly, in a diversified portfolio of income-producing real estate, which primarily comprises retail outlet malls, as well as real estate-related assets in relation to the foregoing, with an initial focus on Asia.

Sasseur REIT’s initial portfolio comprises the following four retail outlet malls (the “Properties”) strategically located in the People’s Republic of China (“PRC”):

- **Chongqing Liangjiang Outlets (formerly known as Chongqing Outlets)**

Chongqing Liangjiang Outlets is a retail outlet mall that targets middle and upper-class consumers with higher disposable incomes. Chongqing Liangjiang Outlets was designed and built to reflect an Italian architectural style, distinguishing itself through an experiential shopping concept. Chongqing Liangjiang Outlets houses a cinema, children recreational facilities as well as an array of restaurants. The Chongqing Liangjiang Outlets is located in the northeast region of the city and is approximately 10 km away from the Chongqing Jiangbei International Airport.

- **Chongqing Bishan Outlets (formerly known as Bishan Outlets)**

Chongqing Bishan Outlets was designed to be a one-stop shopping destination in the Bishan and West Chongqing areas, combining retail shopping with entertainment, food, education and leisure. Chongqing Bishan Outlets features (i) a “Super Children’s Centre” (which features retail stores offering a selection of infant and children’s clothing labels, an early childhood education centre, an enrichment centre, a children’s playground, a children’s photography centre and a children’s theatre) and (ii) a “Super Sports Hall” (which houses the outlet stores of sports brands such as Nike, Adidas and PUMA). In addition to the foregoing, there are several family friendly food and beverage outlets found in Chongqing Bishan Outlets and Chongqing Bishan Outlets is poised to be a trendy meeting point for the young. Chongqing Bishan Outlets is located in the west of Chongqing. As the closest district to the downtown area of Chongqing, Chongqing Bishan Outlets can be accessed within a one-hour drive (approximately 37 km) from the downtown area of Chongqing.

- **Hefei Outlets**

Hefei Outlets caters to middle class consumers by offering a wide range of entertainment choices as well as luxury brand stores. Hefei Outlets also features one of the largest cinemas in east China and the first five-star cinema in Hefei under the UME cinema chain, with 17 cinemas equipped with state-of-the-art audio and visual systems and more than 2,500 seats. Hefei Outlets is located in the High-Tech Industrial Development Zone, which is one of the PRC’s national high-tech industrial development zones.

- **Kunming Outlets**

Kunming Outlets offers a wide array of retail options including outlet mall shopping, healthcare services, entertainment and cultural facilities, thereby providing its customers with a comprehensive lifestyle and entertainment experience intended to promote retail spending and enhance customer loyalty. Kunming Outlets is targeted at middle class consumers, catering to their growing preference for luxury brands such as Burberry. Kunming Outlets also carries popular domestic brands to cater to a wide customer base. Kunming Outlets is located in Taiping New City, a new development platform for urban expansion by the government of Anning City.

Sasseur REIT is presenting its financial results for the third quarter ended 30 September 2021 (“**3Q 2021**”) and for the financial period from 1 January 2021 to 30 September 2021 (“**YTD 2021**”).

Distribution Policy

Sasseur REIT makes distribution to the Unitholders on a quarterly basis. Sasseur REIT’s distribution policy is to distribute at least 90.0% of its annual distributable income for each financial year. The actual level of distribution will be determined at the discretion of the Board of Directors of the Manager.

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Summary of Sasseur REIT Group Results

	3Q 2021⁽¹⁾	3Q 2020⁽¹⁾	Change	YTD 2021⁽¹⁾	YTD 2020⁽¹⁾	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
EMA rental income	33,286	32,633	2.0	99,409	90,585	9.7
EMA rental income (exclude straight-line adjustments)	31,444	30,275	3.9	93,935	83,508	12.5
Income available for distribution to Unitholders	23,233	21,238	9.4	68,606	55,394	23.9
Distribution per Unit ("DPU") (cents) ⁽²⁾⁽³⁾	1.831	1.764	3.8	5.204	4.610	12.9

Notes:

- (1) The results of the REIT Group's foreign subsidiaries were translated using the average SGD:RMB rates as follows:

3Q 2021	3Q 2020	Change	YTD 2021	YTD 2020	Change
		%			%
4.7820	5.0396	(5.1)	4.8284	5.0372	(4.1)

- (2) The DPU of 1.831 Singapore cents is equivalent to 8.756 Renminbi cents for 3Q 2021 and 5.204 Singapore cents is equivalent to 25.127 Renminbi cents for YTD 2021.
- (3) S\$1.0 million and S\$5.5 million of the income available for distribution for 3Q 2021 and YTD 2021 respectively have been retained in anticipation of asset enhancement initiatives and working capital requirements.

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1(a) Consolidated Statement of Total Return and Distribution Statement

	Note	REIT Group					
		3Q 2021 ⁽¹⁾ S\$'000	3Q 2020 ⁽¹⁾ S\$'000	Change %	YTD 2021 ⁽¹⁾ S\$'000	YTD 2020 ⁽¹⁾ S\$'000	Change %
Consolidated Statement of Total Return							
EMA rental income	1	33,286	32,633	2.0	99,409	90,585	9.7
Manager's management fees ⁽²⁾	2	(2,324)	(2,123)	(9.5)	(6,861)	(5,539)	(23.9)
Trust expenses	3	(496)	(746)	33.5	(1,619)	(1,876)	13.7
Finance income		25	4	n.m.	77	62	24.2
Finance costs	4	(6,050)	(7,270)	16.8	(17,988)	(20,828)	13.6
Exchange differences	5	(88)	933	n.m.	3,129	1,106	n.m.
Change in fair value of financial derivatives	6	22	110	(80.0)	234	51	n.m.
Total return before fair value adjustments to investment properties and tax		24,375	23,541	3.5	76,381	63,561	20.2
Fair value adjustments to investment properties	7	(1,842)	(2,358)	21.9	(5,474)	(7,077)	22.7
Total return before tax		22,533	21,183	6.4	70,907	56,484	25.5
Tax expense	8	(4,595)	(3,984)	(15.3)	(12,910)	(10,875)	(18.7)
Total return after tax		17,938	17,199	4.3	57,997	45,609	27.2
Total return after tax attributable to: Unitholders		17,938	17,199	4.3	57,997	45,609	27.2
Distribution Statement							
Total return attributable to Unitholders		17,938	17,199	4.3	57,997	45,609	27.2
Distribution adjustments	9	5,295	4,039	31.1	10,609	9,785	8.4
Income available for distribution to Unitholders		23,233	21,238	9.4	68,606	55,394	23.9
Less: Amount retained ⁽³⁾		(1,000)	-	n.m.	(5,537)	-	n.m.
Amount to be distributed to Unitholders		22,233	21,238	4.7	63,069	55,394	13.9

n.m. – Not meaningful

Footnotes:

(1) The results of the REIT Group's foreign subsidiaries were translated using the average SGD:RMB rates as follows:

3Q 2021	3Q 2020	Change %	YTD 2021	YTD 2020	Change %
4.7820	5.0396	(5.1)	4.8284	5.0372	(4.1)

(2) The Manager has elected to receive 100% of its management fees in the form of Units for the period from 1 January 2020 to 30 September 2021.

(3) S\$1.0 million and S\$5.5 million of the income available for distribution for 3Q 2021 and YTD 2021 respectively have been retained in anticipation of asset enhancement initiatives and working capital.

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Notes:

- 1 EMA rental income is accounted for on a straight-line basis over the lease term. Excluding straight-line adjustments, EMA rental income is as follows:

	3Q 2021 S\$'000	3Q 2020 S\$'000	Change %	YTD 2021 S\$'000	YTD 2020 S\$'000	Change %
EMA rental income	33,286	32,633	2.0	99,409	90,585	9.7
Straight-line adjustments (Note 7)	(1,842)	(2,358)	(21.9)	(5,474)	(7,077)	(22.7)
EMA rental income (exclude straight-line adjustments)	31,444	30,275	3.9	93,935	83,508	12.5

Straight-line adjustments relate to straight-lining of the 3% annual escalation of the fixed component of EMA rental income over the EMA tenure in accordance with the principles of FRS 116 *Leases*.

- 2 This consists of manager's base fees calculated at 10.0% per annum of the income available for distribution to Unitholders.
- 3 Trust expenses consist of recurring operating expenses such as trustee's fees, audit fees, tax advisory fees, valuation fees, legal and other professional fees, annual listing fees, investor communication costs and other miscellaneous expenses.
- 4 Finance costs comprise the following:

	3Q 2021 S\$'000	3Q 2020 S\$'000	Change %	YTD 2021 S\$'000	YTD 2020 S\$'000	Change %
Interest expenses on borrowings	(4,425)	(4,993)	11.4	(13,085)	(15,822)	17.3
Other borrowing costs	(64)	(62)	(3.2)	(191)	(186)	(2.7)
Borrowing-related transaction costs:						
- Amortisation	(1,561)	(1,356)	(15.1)	(4,712)	(3,961)	(19.0)
- Write-off ⁽ⁱ⁾	-	(859)	n.m.	-	(859)	n.m.
	(6,050)	(7,270)	16.8	(17,988)	(20,828)	13.6

⁽ⁱ⁾ This relates to the write-off of unamortised upfront fees on borrowings that were refinanced or repaid ahead of their maturity dates. This has no impact on the income available for distribution to Unitholders.

- 5 This relates to the foreign exchange differences on translation of foreign currency denominated transactions and monetary items for the Group.
- 6 This relates to net change in fair value of interest rate swap and cross currency swap contracts which were entered into to hedge interest rate and foreign currency risks. This has no impact on the income available for distribution to Unitholders.
- 7 Fair value adjustments to investment properties relate to straight-line adjustments (see Note 1) and have no impact on the income available for distribution to Unitholders.
- 8 Tax expense comprises income tax and deferred tax largely relating to the REIT Group's foreign subsidiaries.

	3Q 2021 S\$'000	3Q 2020 S\$'000	Change %	YTD 2021 S\$'000	YTD 2020 S\$'000	Change %
Income tax	(3,322)	(3,114)	(6.7)	(10,326)	(9,152)	(12.8)
Deferred tax	(1,273)	(870)	(46.3)	(2,584)	(1,723)	(50.0)
	(4,595)	(3,984)	(15.3)	(12,910)	(10,875)	(18.7)

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9 Included in distribution adjustments are the following:

	3Q 2021	3Q 2020	Change	YTD 2021	YTD 2020	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Distribution adjustments</u>						
Manager's management fees payable in Units	2,324	2,123	9.5	6,861	5,539	23.9
Amortisation of borrowing-related transaction costs	1,561	2,215	(29.5)	4,712	4,820	(2.2)
Straight-line adjustments	(1,842)	(2,358)	21.9	(5,474)	(7,077)	22.7
Fair value adjustments to investment properties	1,842	2,358	(21.9)	5,474	7,077	(22.7)
Deferred tax expense	1,273	526	n.m.	2,584	1,035	n.m.
Unrealised exchange differences	159	(715)	n.m.	(3,314)	(1,558)	n.m.
Change in fair value of financial derivatives	(22)	(110)	80.0	(234)	(51)	n.m.
Total distribution adjustments	5,295	4,039	31.1	10,609	9,785	8.4

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1(b)(i) Statements of Financial Position

	Note	REIT Group		REIT	
		30 Sep 2021 ⁽¹⁾	31 Dec 2020 ⁽¹⁾	30 Sep 2021	31 Dec 2020
		S\$'000	S\$'000	S\$'000	S\$'000
Assets					
Non-current assets					
Investment properties	1	1,712,967	1,651,052	-	-
Interests in subsidiaries	2	-	-	1,100,003	951,941
		1,712,967	1,651,052	1,100,003	951,941
Current assets					
Prepayments, deposits and other receivables	3	24,720	51,212	1,116	144,455
Cash and short-term deposits	4	161,289	155,944	28,746	37,101
		186,009	207,156	29,862	181,556
Total assets		1,898,976	1,858,208	1,129,865	1,133,497
Liabilities					
Non-current liabilities					
Loans and borrowings		504,091	501,895	236,580	240,484
Deferred tax liabilities		91,909	85,232	-	-
		596,000	587,127	236,580	240,484
Current liabilities					
Other payables and accruals	5	123,631	137,047	669	889
Loans and borrowings		2,318	2,359	-	-
Derivative financial instruments		42	276	42	276
Tax payables		28,499	25,985	13	11
		154,490	165,667	724	1,176
Total liabilities		750,490	752,794	237,304	241,660
Net assets		1,148,486	1,105,414	892,561	891,837
Represented by:					
Unitholders' funds		1,148,486	1,105,414	892,561	891,837
Net Asset Value per Unit (S\$)		0.94	0.91	0.73	0.74

Footnote:

(1) The results of the REIT Group's foreign subsidiaries were translated using the closing SGD:RMB rates of 1: 4.7632 and 1: 4.9314 as at 30 September 2021 and 31 December 2020 respectively.

Notes:

1 The carrying values of the investment properties as at 30 September 2021 were based on independent valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory as at 31 December 2020, adjusted for capital expenditure incurred subsequent to the valuation date and translation differences. The increase is mainly due to higher translated value arising from appreciation of Renminbi against Singapore Dollar as compared to 31 December 2020.

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- 2 Interests in subsidiaries comprise the following:

	REIT	
	30 Sep 2021 S\$'000	31 Dec 2020 S\$'000
Investments in subsidiaries	951,941	951,941
Amounts due from subsidiaries	148,062	-
	1,100,003	951,941

As at 30 September 2021, amounts due from subsidiaries are unsecured, non-interest bearing and in substance represent the REIT's interests in subsidiaries in the form of quasi-equity loans.

- 3 Prepayments, deposits and other receivables comprise the following:

	REIT Group		REIT	
	30 Sep 2021 S\$'000	31 Dec 2020 S\$'000	30 Sep 2021 S\$'000	31 Dec 2020 S\$'000
Mid-term deposits ⁽ⁱ⁾	4,199	29,656	-	-
Refundable deposits	32	189	-	-
VAT/GST recoverables	8,252	8,844	1,042	1,027
Other receivables ⁽ⁱⁱ⁾	5,843	5,908	2	-
Amounts due from subsidiaries (non-trade) ⁽ⁱⁱⁱ⁾	-	-	-	143,395
Amounts due from related parties (trade)	6,321	6,582	-	-
	24,647	51,179	1,044	144,422
Prepayments	73	33	72	33
	24,720	51,212	1,116	144,455

(i) This relates to deposits placed with financial institutions with maturity periods more than three months.

(ii) As at 30 September 2021, included in other receivables of the REIT Group is an amount of S\$3.7 million (31 December 2020: S\$4.2 million) relating to sale proceeds of goods sold by the tenants which are yet to be received from merchant banks due to cashless mode of payment made by customers.

(iii) As at 30 September 2021, amounts due from subsidiaries (non-trade) which represent the REIT's interest in subsidiaries in the form of quasi-equity loans, have been reclassified to interests in subsidiaries (see Note 2).

- 4 Included in cash and short-term deposits of the REIT Group is an amount of S\$97.6 million (31 December 2020: S\$115.9 million) relating to sale proceeds collected from customers on behalf of the tenants.
- 5 Other payables and accruals comprise the following:

	REIT Group		REIT	
	30 Sep 2021 S\$'000	31 Dec 2020 S\$'000	30 Sep 2021 S\$'000	31 Dec 2020 S\$'000
Refundable security deposits	8,547	7,379	-	-
Interest payables	399	311	231	248
VAT and other tax payables	4,330	757	-	-
Construction payables ^(iv)	5,057	4,938	-	-
Amounts due to subsidiaries (non-trade)	-	-	10	54
Amounts due to related parties (non-trade)	997	931	11	41
Accrued expenses	1,074	640	364	445
Property tax payables	1,199	945	-	-
Other payables ^(v)	102,028	121,146	53	101
	123,631	137,047	669	889

(iv) Construction payables consist mainly of retention sum of completed construction works arising from acquisition of investment properties and related assets and liabilities.

(v) Included in other payables is an amount of S\$97.6 million (31 December 2020: S\$115.9 million) relating to sale proceeds collected from customers on behalf of the tenants.

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1(b)(ii) Aggregate Amount of Borrowings and Debt Securities

	REIT Group		REIT	
	30 Sep 2021 S\$'000	31 Dec 2020 S\$'000	30 Sep 2021 S\$'000	31 Dec 2020 S\$'000
Secured loans and borrowings				
- Amount repayable within one year	5,669	5,475	-	-
- Amount repayable after one year	510,514	513,035	241,232	247,462
	516,183	518,510	241,232	247,462
Less: Unamortised borrowing-related transaction costs	(9,774)	(14,256)	(4,652)	(6,978)
Total loans and borrowings, net of transaction costs	506,409	504,254	236,580	240,484

The REIT Group, through its PRC property subsidiaries, has put in place an aggregate amount of RMB 1,960 million 5-year onshore loans with repayment of 1% of initial loan principal semi-annually. The onshore loans have been partially repaid in September 2020 and pared down to RMB 1,337 million. Accordingly, the semi-annual repayments have been reduced to 1% of pared down loan principal.

The REIT has also put in place offshore loans which comprise of term loans of S\$214 million and US\$20 million and revolving loan of S\$8 million (collectively the "offshore loans"). Both the onshore and offshore loans will mature in March 2023.

As at 30 September 2021, the REIT had unutilised facilities of S\$8 million (31 December 2020: S\$1 million) available to meet its future obligations.

Weighted average cost of borrowings
Interest coverage ratio ⁽ⁱ⁾ (times)
Aggregate leverage ratio

	REIT Group	
	30 Sep 2021	31 Dec 2020
	4.4%	4.9%
	4.8	4.0
	27.2%	27.9%

⁽ⁱ⁾ 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).

The REIT Group's secured bank borrowings are generally secured by: (i) mortgages on the borrowing subsidiaries' investment properties and (ii) assignment of all rights, titles and benefits with respect to the mortgaged properties.

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1(c) Consolidated Statement of Cash Flows

	Note	REIT Group			
		3Q 2021 S\$'000	3Q 2020 S\$'000	YTD 2021 S\$'000	YTD 2020 S\$'000
Cash flows from operating activities					
Total return for the period before tax		22,533	21,183	70,907	56,484
<u>Adjustments for:</u>					
Manager's management fees payable in Units		2,324	2,123	6,861	5,539
Straight-line adjustments		(1,842)	(2,358)	(5,474)	(7,077)
Change in fair value of investment properties		1,842	2,358	5,474	7,077
Change in fair value of financial derivatives		(22)	(110)	(234)	(51)
Finance costs		6,050	7,270	17,988	20,828
Finance income		(25)	(4)	(77)	(62)
Cash flows before changes in working capital		30,860	30,462	95,445	82,738
<u>Changes in working capital:</u>					
Prepayments, deposits and other receivables (exclude mid-term deposits)		(579)	707	3,810	5,411
Mid-term deposits	1	-	3,812	25,457	737
Other payables and accruals		18,888	47,227	(23,656)	11,360
Cash generated from operations		49,169	82,208	101,056	100,246
Tax paid		(1,364)	(576)	(7,346)	(5,125)
Interest received		23	4	75	62
Net cash generated from operating activities		47,828	81,636	93,785	95,183
Cash flows from investing activities					
Capital expenditure on investment properties		(968)	(1,140)	(3,612)	(2,300)
Net cash used in investing activities		(968)	(1,140)	(3,612)	(2,300)
Cash flows from financing activities					
Proceeds from bank loans		-	248,366	-	248,366
Repayments of bank loans		(2,834)	(234,498)	(12,603)	(238,440)
Payment of borrowing-related transaction costs		-	(7,881)	-	(7,881)
Distribution to Unitholders		(19,564)	(18,165)	(64,185)	(53,646)
Interest paid		(4,347)	(4,793)	(12,942)	(15,657)
(Increase)/decrease in restricted cash		(29)	878	(82)	(314)
Net cash used in financing activities		(26,774)	(16,093)	(89,812)	(67,572)
Net increase in cash and cash equivalents		20,086	64,403	361	25,311
Cash and cash equivalents at beginning of the period		122,803	109,817	146,550	146,147
Effect of exchange rate changes on cash and cash equivalents		8,680	3,053	4,658	5,815
Cash and cash equivalents at end of the period	2	151,569	177,273	151,569	177,273

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Notes:

- 1 This relates to deposits placed with financial institutions with maturity periods more than three months.
- 2 For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	REIT Group	
	30 Sep 2021	30 Sep 2020
	S\$'000	S\$'000
Cash and short-term deposits	161,289	186,382
Less: Restricted cash ⁽ⁱ⁾	(9,720)	(9,109)
Cash and cash equivalents	151,569	177,273

⁽ⁱ⁾ This relates to cash balances which are used to secure bank facilities.

1(d)(i) Statements of Changes in Unitholders' Funds

	REIT Group			
	3Q 2021	3Q 2020	YTD 2021	YTD 2020
	S\$'000	S\$'000	S\$'000	S\$'000
At beginning of the period	1,136,785	1,086,990	1,105,414	1,069,163
Operations				
Change in Unitholders' funds resulting from operations before distribution	17,938	17,199	57,997	45,609
Net increase in net assets resulting from operations	17,938	17,199	57,997	45,609
Unitholders' transactions				
Manager's management fees payable in Units	2,324	2,123	6,861	5,539
Distribution to Unitholders	(19,564)	(18,165)	(64,185)	(53,646)
Net decrease in net assets resulting from Unitholders' transactions	(17,240)	(16,042)	(57,324)	(48,107)
Movement in foreign currency translation reserve	11,003	24,095	42,399	45,520
Movement in hedging reserve	-	-	-	57
Total Unitholders' funds as at end of the period	1,148,486	1,112,242	1,148,486	1,112,242

	REIT			
	3Q 2021	3Q 2020	YTD 2021	YTD 2020
	S\$'000	S\$'000	S\$'000	S\$'000
At beginning of the period	884,371	885,020	891,837	863,464
Operations				
Change in Unitholders' funds resulting from operations before distribution	25,430	22,432	58,048	75,996
Net increase in net assets resulting from operations	25,430	22,432	58,048	75,996
Unitholders' transactions				
Manager's management fees payable in Units	2,324	2,123	6,861	5,539
Distribution to Unitholders	(19,564)	(18,165)	(64,185)	(53,646)
Net decrease in net assets resulting from Unitholders' transactions	(17,240)	(16,042)	(57,324)	(48,107)
Movement in hedging reserve	-	-	-	57
Total Unitholders' funds as at end of the period	892,561	891,410	892,561	891,410

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1(d)(ii) Details of Any Changes in Units

	REIT			
	3Q 2021 Units	3Q 2020 Units	YTD 2021 Units	YTD 2020 Units
Units in issue:				
At beginning of the period	1,212,114,636	1,201,377,552	1,206,538,293	1,196,494,243
Manager's management fees paid in Units	2,320,410	2,411,658	7,896,753	7,294,967
Total Units issued as at end of the period	1,214,435,046	1,203,789,210	1,214,435,046	1,203,789,210
Units to be issued:				
Manager's management fees payable in Units ⁽¹⁾	2,684,030	2,749,083	2,684,030	2,749,083
Total Units to be issued as at end of the period	2,684,030	2,749,083	2,684,030	2,749,083
Total Units issued and to be issued as at end of the period	1,217,119,076	1,206,538,293	1,217,119,076	1,206,538,293

Footnote:

- (1) There are 2,684,030 Units to be issued in satisfaction of the Manager's management fees for 3Q 2021 based on the volume-weighted average price for the last 10 Business Days immediately preceding 30 September 2021 of S\$0.8656.

1(d)(iii) To show the total number of issued units excluding treasury units at the end of the current financial period, and as at the end of the immediately preceding year.

There were no treasury units as at 30 September 2021 and 31 December 2020. The total number of issued Units in Sasseur REIT was 1,214,435,046 as at 30 September 2021 (31 December 2020: 1,206,538,293).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury units as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the REIT Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2020.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what had changed, as well as the reasons for, and the effect of, the change.

The REIT Group has adopted the new and amended Financial Reporting Standards and interpretations which are effective for application for the financial period beginning on 1 January 2021. The adoption of these new and amended standards and interpretations has no significant impact on the financial statements of the REIT Group.

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6 Consolidated Earnings Per Unit (“EPU”) and Distribution Per Unit (“DPU”)

	REIT Group			
	3Q 2021	3Q 2020	YTD 2021	YTD 2020
EPU				
Weighted average number of Units in issue	1,212,518,186	1,202,036,562	1,209,776,937	1,199,520,088
Total return after tax (S\$'000)	17,938	17,199	57,997	45,609
Basic and diluted EPU ⁽¹⁾⁽²⁾ (cents)	1.479	1.431	4.794	3.802
DPU				
Number of Units issued as at end of the period	1,214,435,046	1,203,789,210	1,214,435,046	1,203,789,210
Income available for distribution to Unitholders (S\$'000)	23,233	21,238	68,606	55,394
Amount distributed and to be distributed to Unitholders (S\$'000)	22,233	21,238	63,069	55,394
DPU ⁽³⁾ (cents)	1.831	1.764	5.204	4.610

Footnotes:

- (1) The computation of basic and diluted EPU is based on the weighted average number of Units in issue for the respective reporting periods.
- (2) The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue as at the end of each reporting period.
- (3) The DPU was computed and rounded based on the number of Units in issue as at the end of each reporting period which does not include Units to be issued as payment of Manager's management fees.

7 Net Asset Value (“NAV”) and Net Tangible Asset (“NTA”) Per Unit

	REIT Group		REIT	
	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
Number of Units issued and to be issued	1,217,119,076	1,209,412,000	1,217,119,076	1,209,412,000
Net asset (S\$'000)	1,148,486	1,105,414	892,561	891,837
NAV and NTA per Unit ⁽¹⁾ (cents)	94.36	91.40	73.33	73.74

Footnote:

- (1) The computation of NAV and NTA is based on the number of Units in issue and to be issued as at the end of each reporting period. NAV and NTA are the same as there are no intangible assets as at the end of each reporting period.

8 Review of the Performance

3Q 2021 vs 3Q 2020

In RMB terms, total outlet sales for 3Q 2021 were lower than that of 3Q 2020 by RMB 114.0 million or 10.3%. Impact on 3Q 2021 EMA rental income (excluding straight-line adjustments) was cushioned by the fixed component of EMA rental income, as structured in the Entrusted Management Agreement (EMA), resulting in a marginal decline of RMB 2.2 million or 1.4% in EMA rental income (excluding straight-line adjustments) as compared to 3Q 2020. In SGD terms, EMA rental income (excluding straight-line adjustments) for 3Q 2021 was higher than 3Q 2020 by S\$1.2 million or 3.9%, mainly due to the appreciation of Renminbi against Singapore Dollar as compared to 3Q 2020.

Higher manager's management fees for 3Q 2021 were in line with higher distributable income as compared to 3Q 2020.

Trust expense for 3Q 2021 was lower than 3Q 2020 by S\$0.3 million or 33.5%, mainly due to the absence of additional professional fees incurred for the refinancing in September 2020.

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Finance costs for 3Q 2021 were lower than 3Q 2020 by S\$1.2 million or 16.8%, mainly due to the refinancing exercise in September 2020, which successfully lowered the weighted average cost of borrowings to 4.4% (3Q 2020: 4.8%).

Tax expense for 3Q 2021 was higher than 3Q 2020 by S\$0.6 million or 15.3%, mainly due to lower expenses available for tax deduction.

Income available for distribution to Unitholders before retention for 3Q 2021 was S\$23.2 million, 9.4% higher compared to S\$21.2 million for 3Q 2020.

In anticipation of asset enhancement initiatives and working capital requirements, S\$1.0 million of the income available for distribution has been retained for 3Q 2021. After cash retention, the amount to be distributed to Unitholders for 3Q 2021 was S\$22.2 million.

YTD 2021 vs YTD 2020

In RMB terms, total outlet sales for YTD 2021 grew significantly by RMB 541.9 million or 21.8% from YTD 2020, propelled by proactive asset management strategies which include revitalising tenant mix, asset upgrading and careful curation of offerings. EMA rental income (excluding straight-line adjustments) for YTD 2021 was higher by RMB 32.9 million or 7.8% as compared to YTD 2020. In SGD terms, EMA rental income (excluding straight-line adjustments) for YTD 2021 was higher by S\$10.4 million or 12.5% as compared to YTD 2020.

Higher manager's management fees for YTD 2021 were in line with higher distributable income as compared to YTD 2020.

Trust expense for YTD 2021 was lower than YTD 2020 by S\$0.3 million or 13.7%, mainly due to the absence of additional professional fees incurred for the refinancing in September 2020.

Finance costs for YTD 2021 were lower than YTD 2020 by S\$2.8 million or 13.6%, mainly due to the refinancing exercise in September 2020, which successfully lowered the weighted average cost of borrowings to 4.4% (YTD 2020: 5.1%).

Net fair value gains on financial derivatives of S\$0.2 million for YTD 2021 were attributable to the mark-to-market valuation of interest rate swap and cross currency swap contracts which were entered into to hedge interest rate and foreign currency risk exposures.

Tax expense for YTD 2021 was higher than YTD 2020 by S\$2.0 million or 18.7%, mainly due to higher operational profit as compared to YTD 2020 which was impacted by the temporary closure of outlets due to the outbreak of COVID-19 pandemic in early 2020.

Income available for distribution to Unitholders before retention for YTD 2021 was S\$68.6 million, 23.9% higher compared to S\$55.4 million for YTD 2020.

In anticipation of asset enhancement initiatives and working capital requirements, S\$5.5 million of the income available for distribution has been retained for YTD 2021. After cash retention, the amount distributed and to be distributed to Unitholders for YTD 2021 was S\$63.1 million.

9 Variance from Forecast or Prospect Statement.

Not applicable.

10 Commentary on the significant trends and competitive conditions of the industry in which the REIT Group operates and any known factors or events that may affect the REIT Group in the next reporting period and the next 12 months.

China's Gross Domestic Product ("GDP") grew 4.9%¹ in the third quarter of 2021 ("3Q 2021") on a Year-on-Year ("Y-o-Y") basis (compared to +18.3% and +7.9% for the first quarter of 2021 and second quarter of 2021 respectively).

China's economy grew at the slowest pace since the first quarter of 2021. This could be partially attributed to supply bottlenecks, power shortages, sporadic COVID-19 outbreaks and the debt crisis caused by China's largest property developer, Evergrande.

¹ National Bureau of China's Statistics Press Release dated 18 Oct 2021

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In September 2021, the total retail sales of consumer goods reached RMB 3.68 trillion, up 4.4% Y-o-Y, averaging growth rate of 4.9% in two years. From January to September 2021, the retail sales of consumer goods² reached RMB 31.81 trillion, a Y-o-Y growth of 16.4%.

Chongqing Market Update

For 3Q 2021, no new outlets opened in Chongqing but three retail malls³ entered the Chongqing market. Across the retail market, the vacancy rate increased to 15.5% Quarter-on-Quarter (“Q-o-Q”) mainly attributed to closure of large departmental stores.

China released an ambitious development plan for Chongqing – Chengdu economic circle which will accelerate growth in the western region and facilitate the dual-circulation strategy. This will help form an important growth driver for the western region⁴.

Hefei and Kunming Market Update

For 3Q 2021, no new outlets opened in Hefei and Kunming. We continued to monitor the performance of existing outlets closely and through our proactive and experienced ground team with strong operational capabilities and domain knowledge, adjust our trade mix and promotional activities to capture new trends in the consumer preferences.

China’s COVID-19 and Policies Update

According to official data⁵, China has administered over 2.3 billion vaccine doses, fully inoculating more than 70% of its population. That puts China close to the top of league table in global vaccination, ahead of Japan, South Korea and Australia, as well as vaccination champions, the United Kingdom and United States. Nevertheless, China maintains strict border control and mobility restrictions. It has been locking down cities and rural areas whenever there is a confirmed case, limiting the number of flights from overseas and imposing lengthy quarantine periods of up to three or four weeks on inbound travellers. International flights to China were down over 90% in September 2021 compared to pre-pandemic levels, according to Cirium, an aviation data and analytics company.

The success of China’s zero-tolerance strategy for COVID-19 has laid a solid foundation for China’s fight against the epidemic in any future outbreaks. However, the containment comes at a price, slowing the return to a normal way of life for cities affected by any outbreaks. We do not expect the Chinese government to ease up for another year. Fortunately for Sasseur REIT, the cities where the outlets are located, life and businesses continue as usual with minimal disruption.

China’s recent campaign to clamp down on industries ranging from steel to education to property has sent jitters around the global financial markets and curbed the outlook for growth in the world’s second-largest economy⁶. President Xi Jinping said China will strive to complete major economic and social development targets set for this year, while maintaining strict virus controls⁷.

China’s economic growth used to rely on expanding its domestic manufacturing base mainly through exports. However, this development model has been difficult to sustain when overseas demand decreases due to the COVID-19 situation. This will result in a surplus of inventory. Therefore, it is pertinent for the Chinese government to shift its focus on exports to creating a domestic consumption economy for continued growth, known as ‘dual circulation’. We opined the recent roll-out of various policies is to fine-tune the domestic imbalance in the economy and society. This will put China in a stronger position to plug into the world economic system with a large domestic base.

Sasseur REIT’s outlets are well-positioned to benefit from China’s shift to improving the domestic consumption. The core business of our outlets is unlikely to be severely affected by international events. However, we are closely monitoring the risk factors which may affect our outlets business and adjust our strategies accordingly. Some of these external risks include slower China’s GDP growth which may lower disposable income which in turn may slow down retail sales growth. Furthermore, the risk of rising COVID-19 cases from nearby cities could affect our outlets operations.

² National Bureau of China’s Statistics Press Release dated 18 Oct 2021

³ Starlight 68 Plaza B, Fosun International Centre and Joy Fun

⁴ South China Morning Post dated 22 Oct 2021

⁵ https://news.qq.com/z/zt2020/page/feiyan.htm?isnm=1&chlid=news_news_top&qimei=c6efdf367fd584f6&devid=c6efdf367fd584f6&shareto=wx/#?ADTAG=hwai%3Fuid%3D

⁶ Bloomberg dated 26 Aug 2021

⁷ People’s Daily dated 26 Aug 2021

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11 Distribution

(a) Current financial period

Any distribution declared for the current financial period? Yes

Name of distribution: Distribution for the financial period from 1 July 2021 to 30 September 2021

Distribution type: Tax-Exempt Income Distribution

Distribution rate: 1.831 cents per Unit

Par value of units: Not applicable

Tax rate: Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. No tax will be deducted from such distribution.

(b) Corresponding period of the preceding financial period

Any distribution declared for the corresponding period of the immediate preceding financial period? Yes

Name of distribution: Distribution for the financial period from 1 July 2020 to 30 September 2020

Distribution type: Tax-Exempt Income Distribution

Distribution rate: 1.764 cents per Unit

Par value of units: Not applicable

Tax rate: Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. No tax will be deducted from such distribution.

(c) Books closure date 13 December 2021

(d) Date payable 28 December 2021

12 If no distribution has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable. A distribution has been declared for the period from 1 July 2021 to 30 September 2021.

13 If the Group has obtained a general mandate from Unitholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The REIT Group has not obtained a general mandate from Unitholders for interested person transactions.

14 Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

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15 Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited interim financial statements of Sasseur REIT Group and the REIT for the financial period ended 30 September 2021 to be false or misleading, in any material aspect.

For and on behalf of the Board of Directors of
Sasseur Asset Management Pte. Ltd.

Mr Cheng Heng Tan
Director

Dr Gu Qingyang
Director

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

The value of units in Sasseur REIT ("Units") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by the Manager, DBS Trustee Limited (as trustee of Sasseur REIT), Sasseur Cayman Holding Limited (as sponsor of Sasseur REIT) or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units ("Unitholders") have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Sasseur REIT is not necessarily indicative of the future performance of Sasseur REIT.

By Order of the Board of Directors of
Sasseur Asset Management Pte. Ltd.
(Company registration no. 201707259N)
As Manager of Sasseur Real Estate Investment Trust

Tan Hong Lye, Cecilia
Chief Executive Officer

12 November 2021