



SASSEUR REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Financial Year Ended 31 December 2020

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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 cities of economic potential in the People’s Republic of China (“PRC”):

- **Chongqing Outlets**

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

- **Bishan Outlets**

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. 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 Le Coq Sportif and also features a fitness centre). In addition to the foregoing, there are several pubs and bars found in Bishan Outlets and Bishan Outlets is poised to be a trendy meeting point for the young. Bishan Outlets is located in the west of Chongqing. As the closest district to the downtown area of 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 fourth quarter ended 31 December 2020 (“**4Q 2020**”) and for the financial year from 1 January 2020 to 31 December 2020 (“**FY 2020**”).

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

	4Q 2020⁽¹⁾	4Q 2019⁽¹⁾	Change	FY 2020⁽¹⁾	FY 2019⁽¹⁾	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
EMA rental income	34,663	28,172	23.0	125,248	118,015	6.1
EMA rental income (exclude straight-line adjustments)	32,250	31,470	2.5	115,758	122,060	(5.2)
Income available for distribution to Unitholders	23,341	19,496	19.7	78,735	77,927	1.0
Distribution per unit ("DPU") (cents) ⁽²⁾	1.935	1.629	18.8	6.545	6.533	0.2
Distribution yield (%) ⁽³⁾	9.4%	7.3%	28.8	8.0%	7.4%	8.1

In the absence of the Entrusted Management Agreements ("EMA"), the distribution per unit and the distribution yield (based on the market closing price per Unit of S\$0.820) would be 4.637 Singapore cents and 5.7% for FY 2020.

Notes:

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

4Q 2020	4Q 2019	Change	FY 2020	FY 2019	Change
		%			%
4.9223	5.1675	(4.7)	5.0085	5.0600	(1.0)

- (2) The distribution per unit of 1.935 Singapore cents is equivalent to 9.525 Renminbi cents for 4Q 2020 and 6.545 Singapore cents is equivalent to 32.781 Renminbi cents for FY 2020.
- (3) Based on annualised DPU and the market closing price per Unit of S\$0.820 and S\$0.885 as at 31 December 2020 and 31 December 2019 respectively.

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

	Note	REIT Group					
		4Q 2020 ⁽¹⁾ S\$'000	4Q 2019 ⁽¹⁾ S\$'000	Change %	FY 2020 ⁽¹⁾ S\$'000	FY 2019 ⁽¹⁾ S\$'000	Change %
Consolidated Statement of Total Return							
EMA rental income	1	34,663	28,172	23.0	125,248	118,015	6.1
Manager's management fees ⁽²⁾	2	(2,371)	(1,950)	(21.6)	(7,910)	(7,793)	(1.5)
Trust expenses	3	(639)	(253)	n.m.	(2,515)	(1,550)	(62.3)
Finance income	2	33	33	(93.9)	64	284	(77.5)
Finance costs	4	(7,648)	(6,852)	(11.6)	(28,476)	(27,981)	(1.8)
Net foreign exchange gain/(loss)	5	2,235	(278)	n.m.	3,341	(762)	n.m.
Net change in fair value of financial derivatives	6	(276)	55	n.m.	(225)	102	n.m.
Total return before fair value adjustments to investment properties and tax		25,966	18,927	37.2	89,527	80,315	11.5
Fair value adjustments to investment properties	7	(18,211)	94,333	n.m.	(25,288)	95,080	n.m.
Total return before tax		7,755	113,260	(93.2)	64,239	175,395	(63.4)
Tax expense	8	(6,341)	(33,761)	81.2	(17,216)	(49,250)	65.0
Total return after tax		1,414	79,499	(98.2)	47,023	126,145	(62.7)
Total return after tax attributable to:							
Unitholders		1,414	79,499	(98.2)	47,023	126,145	(62.7)
Distribution Statement							
Total return attributable to Unitholders		1,414	79,499	(98.2)	47,023	126,145	(62.7)
Distribution adjustments	9	21,927	(60,003)	n.m.	31,712	(48,218)	n.m.
Income available for distribution to Unitholders		23,341	19,496	19.7	78,735	77,927	1.0

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:

4Q 2020	4Q 2019	Change %	FY 2020	FY 2019	Change %
4.9223	5.1675	(4.7)	5.0085	5.0600	(1.0)

(2) The Manager has elected to receive 100% of its management fees in the form of units for the period from 1 January 2019 to 31 December 2020.

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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:

	4Q 2020 S\$'000	4Q 2019 S\$'000	Change %	FY 2020 S\$'000	FY 2019 S\$'000	Change %
EMA rental income	34,663	28,172	23.0	125,248	118,015	6.1
Straight-line adjustments (Note 7)	(2,413)	3,298	n.m.	(9,490)	4,045	n.m.
EMA rental income (exclude straight-line adjustments)	32,250	31,470	2.5	115,758	122,060	(5.2)

Straight-line adjustments for 4Q 2020 and FY 2020 relate to straight-lining of the 3% annual escalation of the fixed component of EMA rental income over the EMA tenure. Straight-line adjustments for 4Q 2019 and FY 2019 relate to straight-lining of the two-year minimum rent guaranteed over the period from Listing Date to 31 December 2019. Both adjustments are in accordance with the principles of FRS 116 *Leases* and have no impact on the income available for distribution to Unitholders.

- 2 This consists of manager's base fees calculated at 10.0% per annum of the income available for distribution to Unitholders and manager's performance fee calculated at 25.0% of the growth in distribution per unit ("DPU") year-on-year.
- 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. Trust expenses in 4Q 2019 and FY 2019 include reversal of IPO transaction costs for prior year of S\$0.3 million which did not materialise. Trust expenses in FY 2020 include professional fees relating to loan refinancing.
- 4 Finance costs comprise the following:

	4Q 2020 S\$'000	4Q 2019 S\$'000	Change %	FY 2020 S\$'000	FY 2019 S\$'000	Change %
Interest expense on borrowings	(4,306)	(5,520)	22.0	(20,128)	(22,623)	11.0
Other borrowing costs	(64)	(248)	74.2	(250)	(248)	(0.8)
Upfront debt-related transaction costs:						
- Amortisation	(1,699)	(1,084)	(56.7)	(5,660)	(5,110)	(10.8)
- Write-off ⁽ⁱ⁾	(1,579)	-	n.m.	(2,438)	-	n.m.
	(7,648)	(6,852)	(11.6)	(28,476)	(27,981)	(1.8)

⁽ⁱ⁾ This relates to the unamortised upfront fee on the S\$125 million offshore loan facility which was refinanced ahead of its maturity date as well as unamortised upfront fee on the partial repayment of the existing onshore loan facility. This has no impact on the income available for distribution to Unitholders.

- 5 This relates mainly 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 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 comprises the following and have no impact on the income available for distribution to Unitholders:

	4Q 2020 S\$'000	4Q 2019 S\$'000	Change %	FY 2020 S\$'000	FY 2019 S\$'000	Change %
Fair value (losses)/gains on investment properties	(15,798)	91,035	n.m.	(15,798)	91,035	n.m.
Straight-line adjustments (Note 1)	(2,413)	3,298	n.m.	(9,490)	4,045	n.m.
	(18,211)	94,333	n.m.	(25,288)	95,080	n.m.

Fair value losses on investment properties for 4Q 2020 and FY 2020 are largely due to the assumption of lower tenants' sales growth in view of the COVID-19 pandemic, and after adjusted for capital expenditure on investment properties.

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- 8 Tax expense comprises income tax and deferred tax largely relating to the REIT Group's foreign subsidiaries.

	4Q 2020 S\$'000	4Q 2019 S\$'000	Change %	FY 2020 S\$'000	FY 2019 S\$'000	Change %
Current period:						
- Income tax	(4,801)	(6,114)	21.5	(13,953)	(20,078)	30.5
- Deferred tax	(1,540)	(27,647)	94.4	(3,263)	(29,172)	88.8
	(6,341)	(33,761)	81.2	(17,216)	(49,250)	65.0

Lower income tax expense for 4Q 2020 and FY 2020 is mainly attributable to lower operational profit. Lower deferred tax expense for 4Q 2020 and FY 2020 is mainly attributable to the reversal of deferred tax expenses resulting from the recognition of fair value losses on investment properties as opposed to deferred tax expense that arose from fair value gains on investment properties in 4Q 2019 and FY 2019.

- 9 Included in distribution adjustments are the following:

	4Q 2020 S\$'000	4Q 2019 S\$'000	Change %	FY 2020 S\$'000	FY 2019 S\$'000	Change %
<u>Distribution adjustments</u>						
Manager's management fees payable in Units	2,371	1,950	21.6	7,910	7,793	1.5
Amortisation of upfront debt-related transaction costs	3,278	1,084	n.m.	8,098	5,110	58.5
Straight-line adjustments	(2,413)	3,298	n.m.	(9,490)	4,045	n.m.
Fair value adjustments to investment properties	18,211	(94,333)	n.m.	25,288	(95,080)	n.m.
Deferred tax expense	2,228	27,647	(91.9)	3,263	29,172	(88.8)
Unrealised exchange (gain)/loss	(2,024)	406	n.m.	(3,582)	844	n.m.
Net change in fair value of financial derivatives	276	(55)	n.m.	225	(102)	n.m.
Total distribution adjustments	21,927	(60,003)	n.m.	31,712	(48,218)	n.m.

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1(b)(i) Statements of Financial Position

	Note	REIT Group		REIT	
		31 Dec 2020 ⁽¹⁾ S\$'000	31 Dec 2019 ⁽¹⁾ S\$'000	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000
Assets					
Non-current assets					
Investment properties	1	1,651,052	1,587,197	-	-
Investment in subsidiaries		-	-	951,941	951,941
		1,651,052	1,587,197	951,941	951,941
Current assets					
Prepayments, deposits and other receivables	2	51,212	28,536	144,455	27,407
Cash and short-term deposits	3	155,944	154,693	37,101	8,392
		207,156	183,229	181,556	35,799
Total assets		1,858,208	1,770,426	1,133,497	987,740
Liabilities					
Non-current liabilities					
Loans and borrowings		501,895	474,521	240,484	123,141
Deferred tax liabilities		85,232	78,074	-	-
		587,127	552,595	240,484	123,141
Current liabilities					
Other payables and accruals	4	137,047	124,447	889	1,018
Loans and borrowings		2,359	4,079	-	-
Derivative financial instruments		276	108	276	108
Tax payables		25,985	20,034	11	9
		165,667	148,668	1,176	1,135
Total liabilities		752,794	701,263	241,660	124,276
Net assets		1,105,414	1,069,163	891,837	863,464
Represented by:					
Unitholders' funds		1,105,414	1,069,163	891,837	863,464
Net Asset Value per unit (S\$)		0.91	0.89	0.74	0.72

Footnote:

- (1) The results of the REIT Group's foreign subsidiaries were translated using the closing SGD:RMB rates of 1: 4.9314 and 1: 5.1739 as at 31 December 2020 and 31 December 2019 respectively.

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Notes:

- Investment properties are stated at fair value based on the valuations performed by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory as at 31 December 2020 and 31 December 2019. The increase is mainly due to higher translated value arising from appreciation of Renminbi against Singapore Dollar as compared to 31 December 2019, partially offset by fair value losses for FY 2020.
- Prepayments, deposits and other receivables comprise the following:

	REIT Group		REIT	
	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000
Mid-term deposits ⁽ⁱ⁾	29,656	6,765	-	-
Refundable deposits	189	300	-	-
VAT/GST recoverables	8,844	8,523	1,027	1,970
Other receivables ⁽ⁱⁱ⁾	5,908	4,630	-	1
Amounts due from subsidiaries (non-trade) ⁽ⁱⁱⁱ⁾	-	-	143,395	25,300
Amounts due from related parties (trade)	6,582	8,098	-	-
	51,179	28,316	144,422	27,271
Prepayments	33	220	33	136
	51,212	28,536	144,455	27,407

- This relates to deposits placed with financial institutions with maturity periods more than three months.
 - As at 31 December 2020, included in other receivables of the REIT Group is an amount of S\$4.2 million (31 December 2019: S\$3.4 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.
 - As at 31 December 2020, amounts due from subsidiaries (non-trade) relate to loans to subsidiaries for partial repayment of onshore loans.
- Increase in cash and short-term deposits is mainly due to higher sale proceeds collected from customers on behalf of the tenants of S\$115.9 million (31 December 2019: S\$102.5 million), higher translated value of cash and short-term deposits denominated in Renminbi arising from appreciation of Renminbi against Singapore Dollar as compared to 31 December 2019.
 - Other payables and accruals comprise the following:

	REIT Group		REIT	
	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000
Refundable security deposits	7,379	7,167	-	-
Interest payables	311	194	248	1
VAT and other tax payables	757	922	-	-
Construction payables ^(iv)	4,938	6,397	-	-
Amounts due to subsidiaries (non-trade)	-	-	54	55
Amounts due to related parties (non-trade)	931	500	41	133
Accrued expenses	640	892	445	706
Property tax payables	945	886	-	-
Other payables ^(v)	121,146	107,489	101	123
	137,047	124,447	889	1,018

- Construction payables consist mainly of retention sum of completed construction works arising from acquisition of investment properties and related assets and liabilities.
- Included in other payables is an amount of S\$115.9 million (31 December 2019: S\$102.5 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	
	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000
Secured loans and borrowings				
- Amount repayable within one year	5,475	7,576	-	-
- Amount repayable after one year	513,035	484,883	247,462	125,000
	518,510	492,459	247,462	125,000
Less: Unamortised upfront debt-related transaction costs	(14,256)	(13,859)	(6,978)	(1,859)
Total loans and borrowings, net of transaction costs	504,254	478,600	240,484	123,141

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 principal.

The REIT has also put in place offshore loans, which after refinancing in September 2020, 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.

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.

As at 31 December 2020, these term loans were fully drawn down and S\$7 million of the revolving loan was drawn down. The weighted average cost of borrowings (excluding upfront debt-related transaction costs) for FY 2020 is 3.9% (FY 2019: 4.4%) while interest coverage ratio is 5.9 times (FY 2019: 4.8 times). The aggregate leverage for the REIT Group, as defined in the Property Funds Appendix, is 27.9% (as at 31 December 2019: 27.8%).

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1(c) Consolidated Statement of Cash Flows

	Note	REIT Group			
		4Q 2020 S\$'000	4Q 2019 S\$'000	FY 2020 S\$'000	FY 2019 S\$'000
Cash flows from operating activities					
Total return for the period before tax		7,755	113,260	64,239	175,395
<u>Adjustments for:</u>					
Straight-line adjustments		(2,413)	3,298	(9,490)	4,045
Manager's management fees payable in units		2,371	1,950	7,910	7,793
Change in fair value of investment properties		18,211	(94,333)	25,288	(95,080)
Net change in fair value of financial derivatives		276	(55)	225	(102)
Finance costs		7,648	6,852	28,476	27,981
Finance income		(2)	(33)	(64)	(284)
Cash flows before changes in working capital		33,846	30,939	116,584	119,748
Changes in working capital:					
Prepayments, deposits and other receivables (exclude mid-term deposits)		(3,895)	607	1,516	3,011
Mid-term deposits	1	(23,628)	(6,765)	(22,891)	(6,765)
Other payables and accruals		(5,457)	3,526	5,903	9,739
Cash generated from operations		866	28,307	101,112	125,733
Tax paid		(2,957)	(551)	(8,082)	(6,290)
Interest received		2	33	64	287
Net cash (used in)/generated from operating activities		(2,089)	27,789	93,094	119,730
Cash flows from investing activities					
Acquisition of investment property		-	-	-	(20,058)
Capital expenditure on investment properties		(2,391)	(493)	(4,691)	(2,261)
Settlement of Hefei's construction payables		-	(10,684)	-	(10,684)
Net cash used in investing activities		(2,391)	(11,177)	(4,691)	(33,003)
Cash flows from financing activities					
Proceeds from bank loans		-	-	248,366	-
Repayments of bank loans		-	-	(238,440)	(7,723)
Payment of transaction costs relating to bank loans		-	-	(7,881)	-
Distribution to Unitholders		(21,235)	(19,582)	(74,881)	(100,226)
Interest paid		(4,242)	(5,340)	(19,899)	(22,481)
Increase in restricted cash		(225)	(36)	(539)	(95)
Net cash used in financing activities		(25,702)	(24,958)	(93,274)	(130,525)
Net decrease in cash and cash equivalents		(30,182)	(8,346)	(4,871)	(43,798)
Cash and cash equivalents at beginning of the period		177,273	155,535	146,147	195,126
Effect on exchange rate changes on cash and cash equivalents		(541)	(1,042)	5,274	(5,181)
Cash and cash equivalents at end of the period	2	146,550	146,147	146,550	146,147

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Note:

- 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:

Cash and short-term deposits
Less: Restricted cash ⁽¹⁾
Cash and cash equivalents

REIT Group	
31 Dec 2020 S\$'000	31 Dec 2019 S\$'000
155,944	154,693
(9,394)	(8,546)
146,550	146,147

Footnote:

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

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

	REIT Group			
	4Q 2020 S\$'000	4Q 2019 S\$'000	FY 2020 S\$'000	FY 2019 S\$'000
At beginning of the period	1,112,242	1,016,897	1,069,163	1,073,966
Operations				
Change in Unitholders' funds resulting from operations before distribution	1,414	79,499	47,023	126,145
Net increase in net assets resulting from operations	1,414	79,499	47,023	126,145
Unitholders' transactions				
Manager's management fees payable in units	2,371	1,950	7,910	7,793
Distribution to Unitholders	(21,235)	(19,582)	(74,881)	(100,226)
Net decrease in net assets resulting from Unitholders' transactions	(18,864)	(17,632)	(66,971)	(92,433)
Movement in foreign currency translation reserve	10,622	(9,549)	56,142	(38,458)
Movement in hedging reserve	-	(52)	57	(57)
Total Unitholders' funds as at end of the period	1,105,414	1,069,163	1,105,414	1,069,163

	REIT			
	4Q 2020 S\$'000	4Q 2019 S\$'000	FY 2020 S\$'000	FY 2019 S\$'000
At beginning of the period	891,410	862,548	863,464	904,057
Operations				
Change in Unitholders' funds resulting from operations before distribution	19,291	18,600	95,287	51,897
Net increase in net assets resulting from operations	19,291	18,600	95,287	51,897
Unitholders' transactions				
Manager's management fees payable in units	2,371	1,950	7,910	7,793
Distribution to Unitholders	(21,235)	(19,582)	(74,881)	(100,226)
Net decrease in net assets resulting from Unitholders' transactions	(18,864)	(17,632)	(66,971)	(92,433)
Movement in hedging reserve	-	(52)	57	(57)
Total Unitholders' funds as at end of the period	891,837	863,464	891,837	863,464

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

	REIT			
	4Q 2020 Units	4Q 2019 Units	FY 2020 Units	FY 2019 Units
Units in issue:				
At beginning of the period	1,203,789,210	1,194,037,129	1,196,494,243	1,180,280,000
Manager's management fees paid in Units	2,749,083	2,457,114	10,044,050	16,214,243
Total Units issued as at end of the period	1,206,538,293	1,196,494,243	1,206,538,293	1,196,494,243
Units to be issued:				
Manager's management fees payable in Units ⁽¹⁾	2,873,707	2,184,345	2,873,707	2,184,345
Total Units to be issued as at end of the period	2,873,707	2,184,345	2,873,707	2,184,345
Total Units issued and to be issued as at end of the period	1,209,412,000	1,198,678,588	1,209,412,000	1,198,678,588

Footnote:

- (1) There are 2,873,707 units to be issued in satisfaction of the Manager's management fees for 4Q 2020 based on the volume-weighted average price for the last 10 Business Days immediately preceding 31 December 2020 of S\$0.8248.

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 31 December 2020 and 31 December 2019. The total number of issued units in Sasseur REIT was 1,206,538,293 as at 31 December 2020 (31 December 2019: 1,196,494,243).

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 year as those of the audited financial statements for the financial year ended 31 December 2019.

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 year beginning on 1 January 2020. 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			
	4Q 2020	4Q 2019	FY 2020	FY 2019
EPU				
Weighted average number of Units issued and to be issued	1,204,089,378	1,194,755,274	1,200,661,142	1,189,868,812
Total return after tax (S\$'000)	1,414	79,499	47,023	126,145
Basic and diluted EPU ⁽¹⁾⁽²⁾ (cents)	0.118	6.654	3.917	10.602
DPU				
Number of Units issued as at end of the period	1,206,538,293	1,196,494,243	1,206,538,293	1,196,494,243
Amount available for distribution to Unitholders (S\$'000)	23,341	19,496	78,735	77,927
DPU ⁽³⁾ (cents)	1.935	1.629	6.545	6.533

Footnotes:

- (1) The computation of basic EPU is based on the weighted average number of units for the respective reporting periods. This comprises of:
 - (i) The weighted average number of units in issue for the respective reporting periods; and
 - (ii) The estimated weighted average number of units to be issued as payment of Manager’s management fees 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	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Number of Units issued and to be issued	1,209,412,000	1,198,678,588	1,209,412,000	1,198,678,588
Net asset (S\$'000)	1,105,414	1,069,163	891,837	863,464
NAV and NTA per unit ⁽¹⁾ (cents)	91.40	89.20	73.74	72.03

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.

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8 Review of the Performance

4Q 2020 vs 4Q 2019

In RMB terms, total outlet sales for 4Q 2020 were below that of 4Q 2019 by RMB 128.5 million or 9.3%. EMA rental income (excluding straight-line adjustments) for 4Q 2020 dropped marginally by RMB 3.4 million or 2.1% as compared to 4Q 2019. In SGD terms, EMA rental income (excluding straight-line adjustments) for 4Q 2020 was higher by S\$0.8 million or 2.5%, due to the appreciation of Renminbi against Singapore Dollar by 4.7% in 4Q 2020 as compared to 4Q 2019.

Higher manager's management fees was due to higher base fees on higher 4Q 2020 distributable income and performance fee on the growth of DPU year-on-year.

Higher trust expenses for 4Q 2020 as compared to 4Q 2019 was mainly due to reversal of IPO transaction costs in 4Q 2019 for prior year of S\$0.3 million which did not materialise.

Finance costs were higher than 4Q 2019 by S\$0.8 million, largely due to non-cash write-off of unamortised upfront fees with no impact on the distributable income to Unitholders, partially offset by lower interest expense on borrowings by S\$1.2 million or 22% contributed by lower interest rates on the offshore loans.

Net fair value losses on financial derivatives of S\$0.3 million recognised in 4Q 2020 were attributable to the mark-to-market valuation of interest rate swaps and cross currency swap which were entered into to hedge interest rate and foreign currency risk exposures.

Change in fair value of investment properties of S\$18.2 million, which has no impact on the distributable income to the Unitholders, includes fair value losses on investment properties of S\$15.8 million largely due to the assumption of lower tenants' sales growth for Sasseur REIT's investment properties adopted by the valuer in view of the COVID-19 pandemic, after adjusted for capital expenditures on investment properties.

Tax expense was lower than 4Q 2019 by S\$27.4 million mainly due to lower current tax resulting from lower operational profit and the reversal of deferred tax expenses resulting from the recognition of fair value losses on investment properties as opposed to deferred tax expense that arose from fair value gains on investment properties in 4Q 2019.

Distribution adjustments increased by S\$81.9 million mainly due to add-back of investment properties' fair value losses in 4Q 2020 as compared to fair value gains in 4Q 2019.

The income available for distribution to Unitholders for 4Q 2020 was S\$23.3 million, 19.7% higher compared to S\$19.5 million for 4Q 2019.

FY 2020 vs FY 2019

In RMB terms, total outlet sales for FY 2020 were RMB 1.1 billion or 22.8% lower than FY 2019. EMA rental income (excluding straight-line adjustments) for FY 2020 was lower by RMB 37.8 million or 6.1% as compared to FY 2019. In SGD terms, EMA rental income (excluding straight-line adjustments) for FY 2020 was lower by S\$6.3 million or 5.2%.

Higher manager's management fees was due to higher base fees on higher FY 2020 distributable income and performance fee on the growth of DPU year-on-year.

Higher trust expenses for FY 2020 as compared to FY 2019 was mainly due to reversal of IPO transaction costs in FY 2019 for prior year of S\$0.3 million which did not materialise and professional fees relating to loan refinancing in FY 2020.

Finance costs were higher than FY 2019 by S\$0.5 million, largely due to non-cash write-off of unamortised upfront fees with no impact on the distributable income to Unitholders, partially offset by lower interest expense on borrowings by S\$2.5 million or 10.9% contributed by lower interest rates on the offshore loans.

Net fair value losses on financial derivatives of S\$0.2 million recognised in FY 2020 were attributable to the mark-to-market valuation of interest rate swaps and cross currency swap which were entered into to hedge interest rate and foreign currency risk exposures.

Change in fair value of investment properties of S\$25.3 million, which has no impact on the distributable income to the Unitholders, includes fair value losses on investment properties of S\$15.8 million largely due to the assumption of lower tenants' sales growth for Sasseur REIT's investment properties adopted by the valuer in view of the COVID-19 pandemic, after adjusted for capital expenditures on investment properties.

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Tax expense was lower than FY 2019 by S\$32.0 million mainly due to lower current tax resulting from lower operational profit and the reversal of deferred tax expenses resulting from the recognition of fair value losses on investment properties as opposed to deferred tax expense that arose from fair value gains on investment properties in FY 2019.

Distribution adjustments increased by S\$79.9 million mainly due to add-back of investment properties' fair value losses in FY 2020 as compared to fair value gains in FY 2019.

The income available for distribution to Unitholders for FY 2020 was S\$78.7 million, 1.0% higher compared to S\$77.9 million for FY 2019.

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 6.5% in the fourth quarter of 2020 ("4Q 2020") on a Year-on-Year ("YoY") basis (compared to +3.2% and +4.9% for the second and third quarter respectively), bringing growth for the year to 2.3% from a year ago. China's economy grew at a faster-than-expected rate in the last quarter of 2020, ending the pandemic year in relatively good shape.

The economy has recovered steadily from a steep decline of 6.8% in the first quarter of 2020 when the pandemic first started in Wuhan city. The strong recovery was aided by effective virus control measures and the stimulus package introduced earlier. The export sector was surprisingly resilient and grew by 18.1 % in December¹.

The total retail sales of consumer goods reached 4,056.6 billion yuan for December 2020, up by 4.6² percent YoY, 0.4 percentage points higher than that of November. According to the commissioner of the National Bureau of Statistics in China, the drop in retail sales is attributed to the re-emergence of the COVID-19 virus, but he believes the latest outbreak can be controlled given China's experience last year.

Though China's economy still faces some challenges ahead, it was the only major economy to have overcome the damage caused by the COVID-19 pandemic and posted a positive growth for 2020. Nevertheless, the recurrence of coronavirus cases in north-eastern region this month and uncertainty over the policies of the new US government may continue to pose some challenges for China's economy.

Chongqing Market Update

In the fourth quarter of 2020, no new outlets opened for business in Chongqing. Three retail projects entered the market, adding around 361,800 sqm to the total supply of retail space of 6.2 million sqm. The city total retail sales of consumer goods reach RMB 1,059.7 billion, a nominal increase of 0.4% from January to November 2020³.

Hefei Market Update

In December 2020, Weipinhui Outlet or commonly known as VIPSHOP opened for business. This new outlet is located within the government administrative zone and about 13 km from Sasseur Outlet. The GFA is estimated at 70,000 sqm. Our outlet in Hefei continued to see improved shoppers' traffic flow and sales volume. This was achieved through a comprehensive strategy synchronizing all aspects of operations from promotional programs, re-organising tenant mix and attractive discounts.

Kunming Market Update

For 4Q 2020, Capital Outlet opened for business on 19 Dec 2020. The GFA is estimated at around 135,000 sqm with a varied tenants' mix. This outlet is located on the north-west zone of Kunming city and about 25 km away from Sasseur Outlet.

¹ South China Morning Post 14 Jan 2021

² National Bureau of Statistics of China

³ Savills Research 4Q 2020

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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 October 2020 to 31 December 2020

Distribution type: Tax-Exempt Income Distribution

Distribution rate: 1.935 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 October 2019 to 31 December 2019

Distribution type: Tax-Exempt Income Distribution

Distribution rate: 1.629 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 12 March 2021

(d) Date payable 26 March 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 October 2020 to 31 December 2020.

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 Segmental Information

	FY 2020 RMB'000	FY 2019 RMB'000	FY 2020 S\$'000	FY 2019 S\$'000
EMA rental income (exclude straight-line adjustments)				
Chongqing Outlets	256,032	270,338	51,119	53,427
Bishan Outlets	53,737	56,729	10,729	11,211
Hefei Outlets	162,635	174,210	32,472	34,429
Kunming Outlets	107,370	116,345	21,438	22,993
	579,774	617,622	115,758	122,060

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraphs 8 and 15 for the review of actual performance.

17 Breakdown of Revenue

	REIT Group		
	FY 2020 S\$'000	FY 2019 S\$'000	Change %
First half year			
EMA rental income as reported	57,952	60,614	(4.4)
Total return after tax	28,410	30,832	(7.9)
Second half year			
EMA rental income as reported	67,296	57,401	17.2
Total return after tax	18,613	95,313	(80.5)

18 Breakdown of Total Distribution

	FY 2020 S\$'000	FY 2019 S\$'000
In respect of period:		
1 July 2020 to 30 September 2020	21,235	-
1 April 2020 to 30 June 2020	18,165	-
1 January 2020 to 31 March 2020	15,990	-
1 October 2019 to 31 December 2019	19,491	-
1 July 2019 to 30 September 2019	-	19,582
1 April 2019 to 30 June 2019	-	19,161
1 January 2019 to 31 March 2019	-	19,689
1 July 2018 to 31 December 2018 (paid out on 28 March 2019)	-	41,794
	74,881	100,226

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19 Confirmation Pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Sasseur Asset Management Pte. Ltd. (the “Company”), being the manager of Sasseur Real Estate Investment Trust, confirms that there is no person occupying a managerial position in the Company who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial Unitholder of Sasseur Real Estate Investment Trust.

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

Anthony Ang
Chief Executive Officer

26 February 2021