



SASSEUR REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Third Quarter Ended 30 September 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 third quarter ended 30 September 2020 (“**3Q 2020**”) and for the financial period from 1 January 2020 to 30 September 2020 (“**YTD 2020**”).

Distribution Policy

Sasseur REIT makes distribution to the Unitholders on 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 2020 ⁽¹⁾	3Q 2019 ⁽¹⁾	Change	YTD 2020 ⁽¹⁾	YTD 2019 ⁽¹⁾	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
EMA rental income	32,633	29,229	11.6	90,585	89,843	0.8
EMA rental income (exclude straight-line adjustments)	30,275	30,587	(1.0)	83,508	90,590	(7.8)
Income available for distribution to Unitholders	21,238	19,579	8.5	55,394	58,431	(5.2)
Distribution per unit ("DPU") (cents) ⁽²⁾	1.764	1.640	7.6	4.610	4.904	(6.0)
Distribution yield (%) ⁽³⁾	9.1%	8.2%	11.0	8.0%	8.2%	(2.4)

Notes:

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

3Q 2020	3Q 2019	Change	YTD 2020	YTD 2019	Change
		%			%
5.0396	5.0967	(1.1)	5.0372	5.0242	0.3

- (2) The distribution per unit of 1.764 Singapore cents is equivalent to 8.890 Renminbi cents for 3Q 2020 and 4.610 Singapore cents is equivalent to 23.221 Renminbi cents for YTD 2020.
- (3) Based on annualised DPU and the market closing price per Unit of S\$0.770 and S\$0.795 as at 30 September 2020 and 30 September 2019 respectively.

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

	Note	REIT Group					
		3Q 2020 ⁽¹⁾ S\$'000	3Q 2019 ⁽¹⁾ S\$'000	Change %	YTD 2020 ⁽¹⁾ S\$'000	YTD 2019 ⁽¹⁾ S\$'000	Change %
Consolidated Statement of Total Return							
EMA rental income	1	32,633	29,229	11.6	90,585	89,843	0.8
Manager's base fees ⁽²⁾	2	(2,123)	(1,958)	(8.4)	(5,539)	(5,843)	5.2
Trust expenses	3	(746)	(409)	(82.4)	(1,876)	(1,297)	(44.6)
Finance income	4	45	45	(91.1)	62	251	(75.3)
Finance costs	4	(7,270)	(6,958)	(4.5)	(20,828)	(21,129)	1.4
Net foreign exchange gain/(loss)	5	933	(300)	n.m.	1,106	(484)	n.m.
Net change in fair value of financial derivative	6	110	10	n.m.	51	47	8.5
Total return before fair value adjustments to investment properties and tax		23,541	19,659	19.7	63,561	61,388	3.5
Fair value adjustments to investment properties	7	(2,358)	1,358	n.m.	(7,077)	747	n.m.
Total return for the period before tax		21,183	21,017	0.8	56,484	62,135	(9.1)
Tax expense	8	(3,984)	(5,203)	23.4	(10,875)	(15,489)	29.8
Total return for the period after tax		17,199	15,814	8.8	45,609	46,646	(2.2)
Total return after tax attributable to Unitholders		17,199	15,814	8.8	45,609	46,646	(2.2)
Distribution Statement							
Total return attributable to Unitholders		17,199	15,814	8.8	45,609	46,646	(2.2)
Distribution adjustments	9	4,039	3,765	7.3	9,785	11,785	(17.0)
Income available for distribution to Unitholders		21,238	19,579	8.5	55,394	58,431	(5.2)

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 2020	3Q 2019	Change %	YTD 2020	YTD 2019	Change %
5.0396	5.0967	(1.1)	5.0372	5.0242	0.3

(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 30 September 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:

	3Q 2020 S\$'000	3Q 2019 S\$'000	Change %	YTD 2020 S\$'000	YTD 2019 S\$'000	Change %
EMA rental income	32,633	29,229	11.6	90,585	89,843	0.8
Straight-line adjustments (Note 7)	(2,358)	1,358	n.m.	(7,077)	747	n.m.
EMA rental income (exclude straight-line adjustments)	30,275	30,587	(1.0)	83,508	90,590	(7.8)

Straight-line adjustments for 3Q 2020 and YTD 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 3Q 2019 and YTD 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*.

- 2 Manager's base fees are calculated at 10.0% per annum of the Distributable Income of the REIT Group. Manager's base fees of S\$2.1 million for 3Q 2020 is higher than 3Q 2019 and manager's base fees of S\$5.5 million for YTD 2020 is lower than YTD 2019, both in line with the change in distributable income.
- 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. The increase in trust expenses was mainly due to additional professional fees arising from loan refinancing.
- 4 Finance costs comprise the following:

	3Q 2020 S\$'000	3Q 2019 S\$'000	Change %	YTD 2020 S\$'000	YTD 2019 S\$'000	Change %
Interest expense on borrowings	(4,993)	(5,627)	11.3	(15,822)	(17,103)	7.5
Upfront debt-related transaction costs:						
- Amortisation	(1,418)	(1,331)	(6.5)	(4,147)	(4,026)	(3.0)
- Write-off ⁽ⁱ⁾	(859)	-	n.m.	(859)	-	n.m.
	(7,270)	(6,958)	(4.5)	(20,828)	(21,129)	1.4

⁽ⁱ⁾ This relates to the unamortised upfront fee on the S\$125 million offshore loan which was refinanced in September 2020 ahead of its maturity date. 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 which was entered to hedge interest rate risk. 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.

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

	3Q 2020 S\$'000	3Q 2019 S\$'000	Change %	YTD 2020 S\$'000	YTD 2019 S\$'000	Change %
Current period:						
- Income tax	(3,114)	(4,971)	37.4	(9,152)	(13,964)	34.5
- Deferred tax	(870)	(232)	n.m.	(1,723)	(1,525)	(13.0)
	(3,984)	(5,203)	23.4	(10,875)	(15,489)	29.8

Lower income tax expense in 3Q 2020 and YTD 2020 is mainly attributable to lower effective tax rate.

- 9 Included in distribution adjustments are the following:

	3Q 2020 S\$'000	3Q 2019 S\$'000	Change %	YTD 2020 S\$'000	YTD 2019 S\$'000	Change %
<u>Distribution adjustments</u>						
Manager's management fees payable in Units	2,123	1,958	8.4	5,539	5,843	(5.2)
Amortisation of upfront debt-related transaction costs	2,215	1,331	66.4	4,820	4,026	19.7
Straight-line adjustments	(2,358)	1,358	n.m.	(7,077)	747	n.m.
Fair value adjustments to investment properties	2,358	(1,358)	n.m.	7,077	(747)	n.m.
Deferred tax expense	526	232	n.m.	1,035	1,525	(32.1)
Unrealised exchange (gain)/loss	(715)	254	n.m.	(1,558)	438	n.m.
Net change in fair value of financial derivative	(110)	(10)	n.m.	(51)	(47)	(8.5)
Total distribution adjustments	4,039	3,765	7.3	9,785	11,785	(17.0)

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1(b)(i) Statements of Financial Position

	Note	REIT Group		REIT	
		30 Sep 2020 ⁽¹⁾ S\$'000	31 Dec 2019 ⁽¹⁾ S\$'000	30 Sep 2020 S\$'000	31 Dec 2019 S\$'000
Assets					
Non-current assets					
Investment properties	1	1,652,323	1,587,197	-	-
Investment in subsidiaries		-	-	951,941	951,941
		1,652,323	1,587,197	951,941	951,941
Current assets					
Prepayments, deposits and other receivables	2	23,435	28,536	144,077	27,407
Cash and short-term deposits	3	186,382	154,693	37,494	8,392
		209,817	183,229	181,571	35,799
Total assets		1,862,140	1,770,426	1,133,512	987,740
Liabilities					
Non-current liabilities					
Loans and borrowings		497,857	474,521	240,613	123,141
Deferred tax liabilities		83,293	78,074	-	-
		581,150	552,595	240,613	123,141
Current liabilities					
Other payables and accruals	4	143,382	124,447	1,479	1,018
Loans and borrowings		1,607	4,079	-	-
Derivative financial instruments		-	108	-	108
Tax payables		23,759	20,034	10	9
		168,748	148,668	1,489	1,135
Total liabilities		749,898	701,263	242,102	124,276
Net assets		1,112,242	1,069,163	891,410	863,464
Represented by:					
Unitholders' funds		1,112,242	1,069,163	891,410	863,464
Net Asset Value per unit (S\$)		0.92	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: 4.9769 and 1: 5.1739 as at 30 September 2020 and 31 December 2019 respectively.

Notes:

1 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 2019 and included capital expenditure made during the nine-month period. The increase is mainly due to higher translated value arising from appreciation of Renminbi against Singapore Dollar as compared to 31 December 2019.

Sasseur REIT's management assessed the impact of COVID-19 on the value of the investment properties and was of the view that, while the effects of COVID-19 poses challenges to its business, there was no indication of significant deterioration of or material changes to the carrying value of the investment properties as at 30 September 2020.

China's successful management of COVID-19 pandemic resulted in a quick rebound in consumption and production activities nationwide. Despite closing the four outlets for two months at the height of the outbreak of COVID-19, resulting in Sasseur REIT's sales declining by more than 50% in the first quarter, sales improved quickly by 56% and 33% in the second and third quarter (quarter on quarter basis) respectively. These improved sales contributed to better EMA rental income from -4.0% for 2Q 2020 to -1.0% for 3Q 2020 based on year-on-year comparison.

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The above assessment was presented to and considered by the Board. The conclusion was that the full impact of COVID-19 on the value of the investment properties would be more appropriately determined when Sasseur REIT carries out its full valuation at its financial year-end, in line with the Property Fund Guidelines on annual valuation.

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

	REIT Group		REIT	
	30 Sep 2020 S\$'000	31 Dec 2019 S\$'000	30 Sep 2020 S\$'000	31 Dec 2019 S\$'000
Refundable deposits	187	300	-	-
VAT/GST recoverables	9,611	8,523	1,009	1,970
Trade and other receivables ⁽ⁱ⁾	11,784	11,395	-	1
Amounts due from subsidiaries (non-trade) ⁽ⁱⁱ⁾	-	-	142,989	25,300
Amounts due from related parties (trade)	1,773	8,098	-	-
	23,355	28,316	143,998	27,271
Prepayments	80	220	79	136
	23,435	28,536	144,077	27,407

⁽ⁱ⁾ As at 30 September 2020, included in trade and other receivables of the REIT Group is an amount of S\$4.8 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 and an amount of S\$6.0 million (31 December 2019: S\$6.8 million) fixed deposits placed with financial institutions with maturity periods more than three months.

⁽ⁱⁱ⁾ As at 30 September 2020, amounts due from subsidiaries (non-trade) relate to loans to subsidiaries for repayment of onshore loans.

- 3 Increase in cash and short-term deposits is mainly due to higher sale proceeds collected from customers on behalf of the tenants of S\$114.0 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.

- 4 Other payables and accruals comprise the following:

	REIT Group		REIT	
	30 Sep 2020 S\$'000	31 Dec 2019 S\$'000	30 Sep 2020 S\$'000	31 Dec 2019 S\$'000
Refundable security deposits	7,952	7,167	-	-
Interest payables	274	194	227	1
VAT and other tax payables	6,490	922	-	-
Construction payables ⁽ⁱⁱⁱ⁾	4,395	6,397	-	-
Amounts due to subsidiaries (non-trade)	-	-	57	55
Amounts due to related parties (non-trade)	405	500	31	133
Accrued expenses	1,594	892	1,082	706
Property tax payables	1,214	886	-	-
Other payables ^(iv)	121,058	107,489	82	123
	143,382	124,447	1,479	1,018

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

^(iv) Included in other payables is an amount of S\$114.0 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	
	30 Sep 2020 S\$'000	31 Dec 2019 S\$'000	30 Sep 2020 S\$'000	31 Dec 2019 S\$'000
Secured loans and borrowings				
- Amount repayable within one year	5,372	7,576	-	-
- Amount repayable after one year	511,565	484,883	248,366	125,000
	516,937	492,459	248,366	125,000
Less: Unamortised upfront debt-related transaction costs	(17,473)	(13,859)	(7,753)	(1,859)
Total loans and borrowings, net of transaction costs	499,464	478,600	240,613	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. In September 2020, after refinancing, offshore loans 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 30 September 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) is 4.1% while interest coverage ratio is 5.3 times. The aggregate leverage for the REIT Group, as defined in the Property Funds Appendix, is 27.8%.

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1(c) Consolidated Statement of Cash Flows

Note	REIT Group			
	3Q 2020 S\$'000	3Q 2019 S\$'000	YTD 2020 S\$'000	YTD 2019 S\$'000
Cash flows from operating activities				
Total return for the period before tax	21,183	21,017	56,484	62,135
<u>Adjustments for:</u>				
Straight-line adjustments	(2,358)	1,358	(7,077)	747
Manager's management fees payable in units	2,123	1,958	5,539	5,843
Change in fair value of investment properties	2,358	(1,358)	7,077	(747)
Net change in fair value of financial derivative	(110)	(10)	(51)	(47)
Finance costs	7,270	6,958	20,828	21,129
Finance income	(4)	(45)	(62)	(251)
Cash flows before changes in working capital	30,462	29,878	82,738	88,809
Changes in working capital:				
Prepayments, deposits and other receivables	4,519	5,055	6,148	2,404
Other payables and accruals	47,227	31,805	11,360	6,213
Cash generated from operations	82,208	66,738	100,246	97,426
Tax paid	(576)	(1,275)	(5,125)	(5,739)
Interest received	4	45	62	254
Net cash generated from operating activities	81,636	65,508	95,183	91,941
Cash flows from investing activities				
Acquisition of investment property	-	-	-	(20,058)
Capital expenditure on investment properties	(1,140)	(249)	(2,300)	(1,768)
Net cash used in investing activities	(1,140)	(249)	(2,300)	(21,826)
Cash flows from financing activities				
Proceeds from bank borrowings	248,366	-	248,366	-
Repayments of bank borrowings	(234,498)	(3,776)	(238,440)	(7,723)
Payment of transaction costs relating to bank borrowings	(7,881)	-	(7,881)	-
Distribution to Unitholders	(18,165)	(19,161)	(53,646)	(80,644)
Interest paid	(4,793)	(5,746)	(15,657)	(17,141)
Decrease/(increase) in restricted cash	878	(19)	(314)	(59)
Net cash used in financing activities	(16,093)	(28,702)	(67,572)	(105,567)
Net increase/(decrease) in cash and cash equivalents	64,403	36,557	25,311	(35,452)
Cash and cash equivalents at beginning of the period	109,817	120,713	146,147	195,126
Effect on exchange rate changes on cash and cash equivalents	3,053	(1,735)	5,815	(4,139)
Cash and cash equivalents at end of the period	177,273	155,535	177,273	155,535

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Note:

- 1 For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	REIT Group	
	30 Sep 2020	30 Sep 2019
	S\$'000	S\$'000
Cash and short-term deposits	186,382	164,066
Less: Restricted cash ⁽¹⁾	(9,109)	(8,531)
Cash and cash equivalents	177,273	155,535

Footnote:

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

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

	REIT Group			
	3Q 2020	3Q 2019	YTD 2020	YTD 2019
	S\$'000	S\$'000	S\$'000	S\$'000
At beginning of the period	1,086,990	1,030,465	1,069,163	1,073,966
Operations				
Change in Unitholders' funds resulting from operations before distribution	17,199	15,814	45,609	46,646
Net increase in net assets resulting from operations	17,199	15,814	45,609	46,646
Unitholders' transactions				
Manager's management fees payable in units	2,123	1,958	5,539	5,843
Distribution to Unitholders	(18,165)	(19,161)	(53,646)	(80,644)
Net decrease in net assets resulting from Unitholders' transactions	(16,042)	(17,203)	(48,107)	(74,801)
Movement in foreign currency translation reserve	24,095	(12,174)	45,520	(28,909)
Movement in hedging reserve	-	(5)	57	(5)
Total Unitholders' funds as at end of the period	1,112,242	1,016,897	1,112,242	1,016,897

	REIT			
	3Q 2020	3Q 2019	YTD 2020	YTD 2019
	S\$'000	S\$'000	S\$'000	S\$'000
At beginning of the period	885,020	862,009	863,464	904,057
Operations				
Change in Unitholders' funds resulting from operations before distribution	22,432	17,747	75,996	33,297
Net increase in net assets resulting from operations	22,432	17,747	75,996	33,297
Unitholders' transactions				
Manager's management fees payable in units	2,123	1,958	5,539	5,843
Distribution to Unitholders	(18,165)	(19,161)	(53,646)	(80,644)
Net decrease in net assets resulting from Unitholders' transactions	(16,042)	(17,203)	(48,107)	(74,801)
Movement in hedging reserve	-	(5)	57	(5)
Total Unitholders' funds as at end of the period	891,410	862,548	891,410	862,548

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

	REIT			
	3Q 2020 Units	3Q 2019 Units	YTD 2020 Units	YTD 2019 Units
Units in issue:				
At beginning of the period	1,201,377,552	1,191,624,144	1,196,494,243	1,180,280,000
Manager's management fees paid in Units	2,411,658	2,412,985	7,294,967	13,757,129
Total Units issued as at end of the period	1,203,789,210	1,194,037,129	1,203,789,210	1,194,037,129
Units to be issued:				
Manager's management fees payable in Units ⁽¹⁾	2,749,083	2,457,114	2,749,083	2,457,114
Total Units to be issued as at end of the period	2,749,083	2,457,114	2,749,083	2,457,114
Total Units issued and to be issued as at end of the period	1,206,538,293	1,196,494,243	1,206,538,293	1,196,494,243

Footnote:

- (1) There are 2,749,083 units to be issued in satisfaction of the Manager's management fees for 3Q 2020 based on the volume-weighted average price for the last 10 Business Days immediately preceding 30 September 2020 of S\$0.7725.

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 2020 and 31 December 2019. The total number of issued units in Sasseur REIT was 1,203,789,210 as at 30 September 2020 (31 December 2019: 1,196,494,243).

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares 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 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 period 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			
	3Q 2020	3Q 2019	YTD 2020	YTD 2019
EPU				
Weighted average number of Units issued and to be issued	1,202,036,562	1,192,306,554	1,199,520,088	1,188,326,404
Total return for the period after tax (S\$'000)	17,199	15,814	45,609	46,646
Basic and diluted EPU ⁽¹⁾⁽²⁾ (cents)	1.431	1.326	3.802	3.925
DPU				
Number of Units issued as at end of the period	1,203,789,210	1,194,037,129	1,203,789,210	1,194,037,129
Amount available for distribution to Unitholders (S\$'000)	21,238	19,579	55,394	58,431
DPU ⁽³⁾ (cents)	1.764	1.640	4.610	4.904

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	
	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019
Number of Units issued and to be issued	1,206,538,293	1,198,678,588	1,206,538,293	1,198,678,588
Net asset (S\$'000)	1,112,242	1,069,163	891,410	863,464
NAV and NTA per unit ⁽¹⁾ (cents)	92.18	89.20	73.88	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.

8 Review of the Performance

As China’s economic recovery from COVID-19 picked up pace in 3Q 2020, total outlet sales for 3Q 2020 has improved by RMB 274.8 million or 32.9% from 2Q 2020.

Total outlet sales for 3Q 2020 was below that of 3Q 2019 by RMB 107.8 million or 8.8%. Impact on 3Q 2020 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 softer drop of RMB 3.2 million or 2.1% in EMA rental income (excluding straight-line adjustments) as compared to 3Q 2019. In SGD terms, EMA rental income (excluding straight-line adjustments) for 3Q 2020 was marginally lower by S\$0.3 million or 1.0%, due to the appreciation of Renminbi against Singapore Dollar by 1.1% in 3Q 2020 as compared to 3Q 2019.

The income available for distribution to Unitholders for 3Q 2020 was S\$21.2 million, 8.5% higher compared to S\$19.6 million for 3Q 2019. The increase was mainly attributable to lower tax expense and interest expense, partially offset by higher trust expenses.

Higher trust expenses for 3Q 2020 by S\$0.3 million was largely due to additional professional fees incurred for the S\$125 million offshore loan refinancing.

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Finance costs for 3Q 2020 was higher by S\$0.3 million or 4.5% as compared to 3Q 2019. This was mainly due to non-cash write-off of unamortised upfront fee of S\$0.9 million on the above-mentioned offshore loan which was refinanced in September 2020 with no impact on the distributable income to Unitholders, partially offset by lower interest expense on borrowings contributed by lower interest rate on the offshore loan.

Tax expense for 3Q 2020 was lower by S\$1.2 million or 23.4% mainly attributable to lower effective tax rate as compared to 3Q 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.

The world's second-largest economy Gross Domestic Product ("GDP") grew 4.9% in the third quarter of 2020 ("3Q 2020") on a Year-on-Year ("YoY") basis (compared to -6.8% and +3.2% for the first and second quarter respectively), bringing growth for the first three quarters of the year to 0.7% from a year ago. In September, the total retail sales of consumer goods reached 3,529.5 billion yuan, up by 3.3¹ percent YoY, 2.8 percentage points higher than August, maintaining the growth for two consecutive months. The International Monetary Fund said on 14 October 2020 that China would be the only major economy to report positive growth in 2020.

China is also likely to be the only country to reach pre-crisis level by the end of 2020. Its economy has reached 80% of the level before the pandemic. The country's management of COVID-19 outbreak is driving a rebound in consumption and production activities². China's growing middle class would play a pivotal role in fueling the country's economic recovery. Stronger domestic demand and increased localisation in some affected industries will mitigate the impact from the problems of the external economy. This strategy, officially called "dual circulation", will be the basis for China's formulation of its 14th five-year plan.

In order to further promote domestic demand, China needs to increase household income to leverage on its already large consumer market with a population of 1.4 billion, coupled with a rapidly expanding middle class estimated at more than 400 million³ people. The recently concluded 'Golden Week' holidays witnessed the huge potential of the Chinese consumption market. China recorded 637 million domestic tourists, generating total revenue of 467 billion yuan, according to data from the Ministry of Culture and Tourism. Robust recovery of the domestic tourism sector has stimulated domestic consumption. Major retailers and catering companies across the country posted combined sales revenues of 1.6 trillion yuan during the holiday season, with daily revenue up 4.9 percent year-on-year⁴.

This is positive development for Sasseur REIT's outlets as our main customers are resident Chinese middle-class that form the bulk of the important consumers in China.

Chongqing Market Update

There were no new retail projects or outlets in Chongqing in 3Q 2020, leaving the total retail supply at around 5.9 million sqm. We expect to see two new malls enter the market in the next quarter. They are Starlight 68 Phase B with 78,000 sqm in Guanyinqiao and Jinsha Paradise Walk with 210,000 sqm in Shapingba. With the gradual reduction of the domestic epidemic and the gradual recovery of demand, the Chongqing retail market is expected to recover and do well.

Hefei and Kunming Market Update

For 3Q 2020, no new outlet malls were opened in Hefei and Kunming. Our outlets in these two cities continued to see improved sales through many promotional activities and attractive discounts.

The recent National People's Congress held in May 2020 announced the monetary and fiscal easing measures to support growth. The fiscal stimulus package is equivalent to around 5% of GDP, coupled with rates cut and assistance for small businesses. These measures aim to stimulate domestic growth. Sasseur REIT's outlets are well-positioned to benefit from these positive measures and hopefully, see a full recovery of its business by the end of 2020.

¹ National Bureau of Statistics of China

² Nikkei Asia 6th Oct 2020

³ Reuters

⁴ Ministry of Commerce of China

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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 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.

(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 2019 to 30 September 2019

Distribution type: Tax-Exempt Income Distribution

Distribution rate: 1.640 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 14 December 2020

(d) Date payable 28 December 2020

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 2020 to 30 September 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 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 2020 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

Anthony Ang
Chief Executive Officer

13 November 2020