



Art

COMMERCE

ASIA'S *first*
OUTLET MALL REIT

SASSEUR REIT ANNUAL REPORT 2018

SASSEUR GROUP

Insights from Asia's
Leading Outlet Operator

BEATING FORECASTS

A Spectacular Year
in Review

XU RONGCAN
From Art
to Commerce

ANNIVERSARY SALES

Managing Crowds
Round-the-Clock



VISION

*The World-Class Premier
Outlet Mall REIT In Asia*

MISSION

*To deliver consistent and strong
performance for our unitholders by
offering unrivalled experiential outlet
shopping to our customers*

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KEY HIGHLIGHTS

A SPECTACULAR YEAR IN REVIEW

DISTRIBUTION
YIELD¹

10.3%

LOW AGGREGATE
LEVERAGE

29.0%

From 36.0%
as at IPOGROWTH IN
ANNUAL SHOPPER
TRAFFIC

19.7%

HIGH
OCCUPANCY
RATE95.1%²TOTAL OUTLET
SALESRMB
3,371.1
million

7.9%



vs Forecast

DISTRIBUTION
PER UNIT5.128
Singapore
Cents

12.6%



vs Forecast

¹ The annualised distribution yield for FY 2018 was on a pro-rata basis for 279 days from the results following the Listing Date based on the closing price of S\$0.65.² As at 31 December 2018

AWARDS



- The Asset Asian (Triple A) Awards 2018
Best IPO in Singapore 2018
- Fortune Times REITs Pinnacle Awards 2018
Most Promising REIT in Asia
- Asia Pacific Best of Breeds REITs
Gold Award Retail REITs (Singapore) category for less than USD 1 billion market capitalization
- Alpha Southeast Asia 12th Annual Best Deal & Solution Awards 2018.
Best REIT Deal in Southeast Asia 2018 for Sasseur REIT's S\$396 million IPO as Southeast Asia's largest REIT IPO for 2018

CORPORATE PROFILE

Sasseur REIT is a Singapore listed real estate investment trust ("REIT") established with the main objective of investing in a portfolio of long term income producing real estate, used primarily for outlet retail purposes, and which are located mostly in China. Sasseur REIT was listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 28th March 2018 and is sponsored by Sasseur Cayman Holding Limited (the "Sponsor"), a leading outlet developer and operator, headquartered in Chongqing, China. As the first listed outlet mall REIT in Asia, Sasseur REIT benefits from the fast growing outlet retail sector in China that is driven by demand from the rapidly expanding Chinese middle class.

As of 31st December 2018, Sasseur REIT's geographically diversified portfolio comprises of four quality outlet malls located in Chongqing, Bishan, Hefei and Kunming, with a total asset value of RMB 7.7 billion.

These outlets are:

Chongqing Outlets, located in the north-eastern part of the city, is an established outlet mall which commenced operations in September 2008. It had since been achieving healthy growth in sales and shoppers' traffic year-on-year.

Bishan Outlets, located in the Bishan District of Chongqing in the upstream area of the Yangtze River; this outlet mall captures commuters traveling from the east and north of the Sichuan province and the west of Chongqing, en route through Bishan to Chongqing city. Bishan Outlets commenced operations in October 2014.

Hefei Outlets, located in the fast-growing High-Tech Development Zone in the west of the city centre, is a relatively new outlet mall that commenced operations in May 2016 and caters to the growing population in the area in one of the fastest growing cities in China.

Kunming Outlets, situated in Taiping New City, a new living and leisure area, is strongly supported by the local authorities in its economic development plans that include tourism and modern technology industries. Kunming Outlets commenced operations in December 2016 and serves the region around Kunming, which is also a fast growing Chinese city.

All the outlet malls in the portfolio are positioned as one-stop family-oriented outlet shopping, dining and entertainment destinations for the sizeable population catchment areas in which they are located, and accessible via major transportation routes or access points. The portfolio has a total gross floor area ("GFA") of 371,603.3 square metres. As the first listed outlet mall REIT in Asia, Sasseur REIT has the first mover advantage and opportunity to expand its portfolio in the future through yield accretive acquisition of the many assets owned or managed by the Sponsor.

Sasseur REIT is managed by Sasseur Asset Management Pte Ltd (the "Manager"), a wholly-owned subsidiary of the Sponsor. The Manager aims to provide unitholders with an attractive rate of return on their investment through regular and steady distributions, and to achieve long term stability and growth in Distribution per Unit ("DPU") and Net Asset Value ("NAV") per Unit, while maintaining an appropriate capital structure for the REIT.

**FIRST LISTED
OUTLET MALL REIT
IN ASIA**

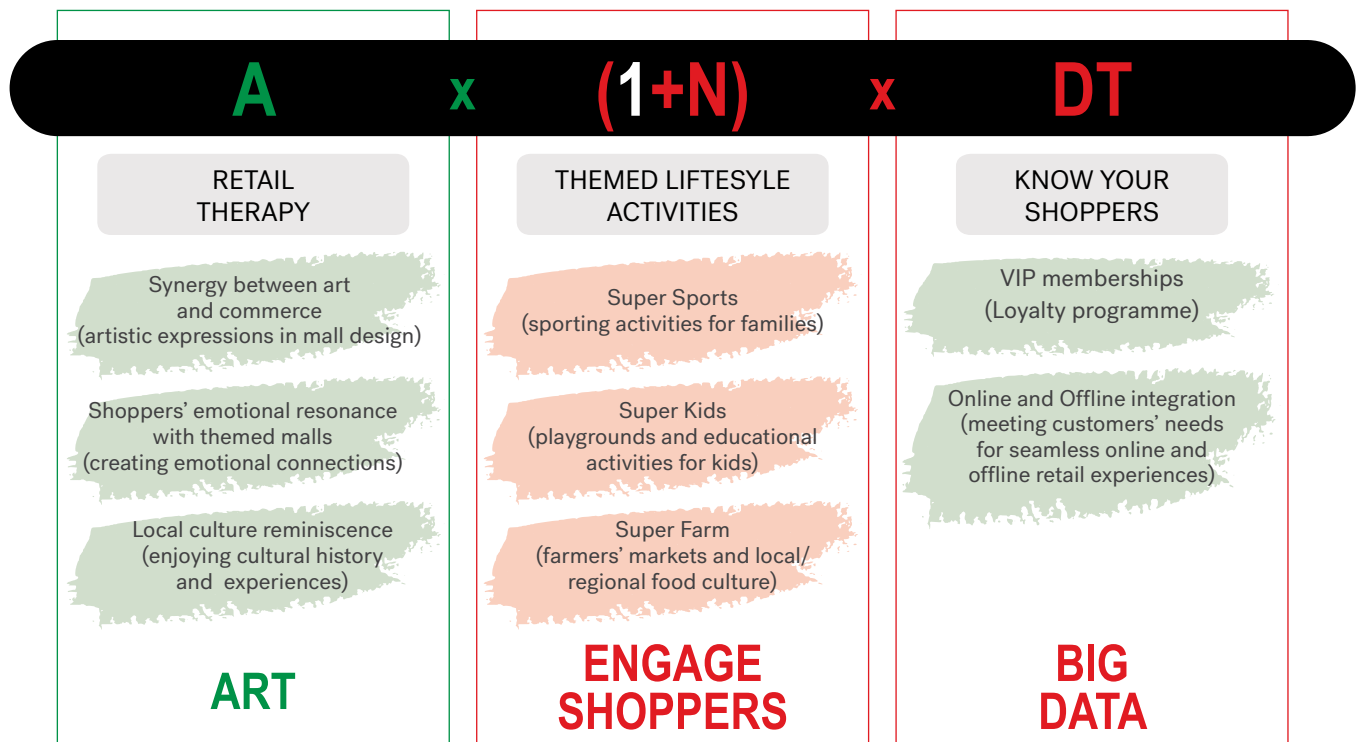


Kunming Outlets

SASSEUR DNA

PASSION FOR SYNERGY BETWEEN ART AND COMMERCE

Engaging shoppers with art and themed facilities



*Footnote:

"A" = ART

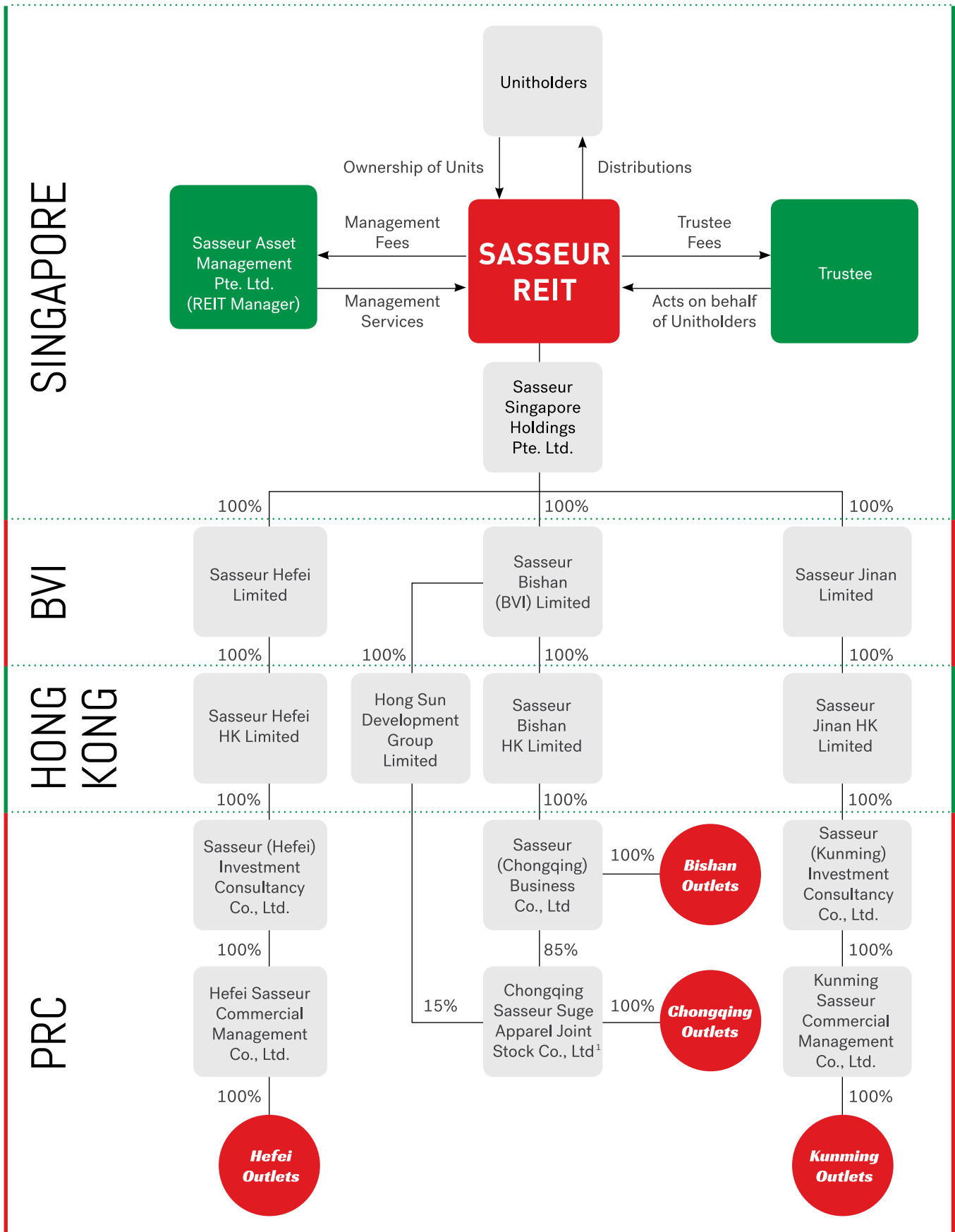
"(1+N)"

"1" = Outlet value-for-money purchases

"N" = various lifestyle activities

"DT" = Data technology

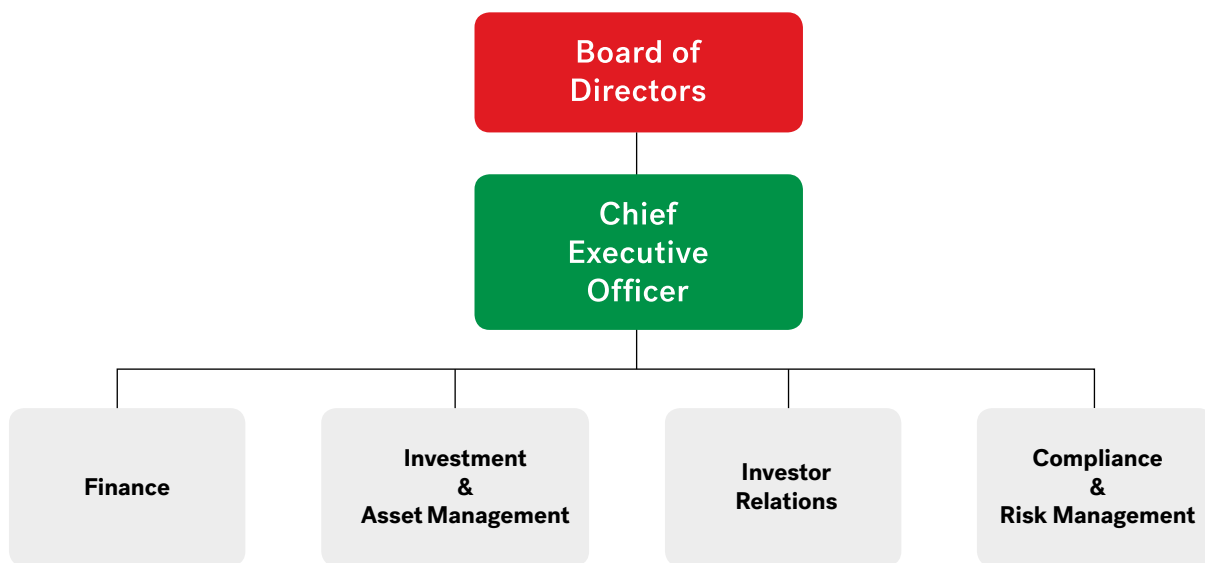
TRUST STRUCTURE



¹ The company holds 40.0% of the interests in Chongqing West Outlets Brand Discount Commercial Co., Ltd. and Shanghai Pacific Rehouse Service Chongqing Co., Ltd. These companies are dormant and in the process of liquidation.

ORGANISATION STRUCTURE

SASSEUR ASSET MANAGEMENT PTE. LTD.



Hefei Outlets

JOINT STATEMENT OF CHAIRMAN & CEO



Mr. Xu Rongcan, Vito
Founder and Chairman



Mr. Anthony Ang
Chief Executive Officer

INSIGHTS FROM
ASIA'S **LEADING** OUTLET OPERATOR

DEAR UNITHOLDERS,

Sasseur REIT is the first listed outlet mall REIT in Asia. Through our portfolio of four quality outlet malls, we offer investors the opportunity to invest in the fast growing outlet mall sector in some of China's fastest growing cities. Since its listing on the Main Board of the Singapore Exchange Securities Trading Limited on 28 March 2018 (the "Listing"), the REIT has been consistent in outperforming consensus forecast. We delivered a solid set of results for the period from the listing date of 28 March 2018 to 31 December 2018 ("FY2018"), with distributable income exceeding forecast by 12.6%.

OUTLET MALL SECTOR GROWTH TOPS E-COMMERCE

Sasseur Group (the "Group") is the largest outlet mall operator in China, managing a total of 10 outlet malls, four of which are in the portfolio of Sasseur REIT. Today, the outlet mall sector in China is the fastest growing retail segment in the country, with sales projected to grow at over 24% per year over the next three years, and faster than e-commerce (19%)¹. A growing middle class population and rapid urbanisation in China are the key driving factors for the sector's growth.

SLOWING ECONOMIC GROWTH, HIGHER OUTLET SALES

In times of lower economic growth, sales volume at full-priced stores falls, leading to more excess inventories of branded merchandise. Merchants would redirect the excess inventories to outlet malls, leading to an increase in the range of branded goods available at these malls. Shoppers would be more price conscious when the economy slows down and this would also result in greater demand for out-of-season branded merchandise at the outlet malls.

UNIQUE ART COMMERCE DNA

Sasseur Group is well known for its ability to draw shoppers with specialist expertise in outlet mall management, experiential "Art Commerce" concepts and lifestyle activities. Art Commerce is our unique and innovative approach to the outlets business, with the use of art-inspired interior design and classical architecture for our outlets to attract shoppers. We call our experiential outlets shopping concept "1+N". "1" refers to the main retail space at our outlet with a wide range of upmarket and luxury merchandise sold at steep discounts. "N" refers to family oriented facilities for children, education, sport and farm inspired activities that are co-located as extensions to our main retail space.

OUTLET MALL

SECTOR GROWTH PROJECTED TO

EXCEED 24%,
AHEAD OF
E-COMMERCE.

¹ Based on independent market study.

JOINT STATEMENT OF CHAIRMAN & CEO

BIG DATA PROVIDES SASSEUR THE WINNING FORMULA THAT SHOPPERS LOVE.

RE-CREATING LOST EXPERIENCES

The present generation of shoppers witnessed the disappearance of familiar rustic scenes as China underwent rapid economic growth. Shoppers love Sasseur outlets for offering them the opportunities to experience again and rekindle the treasured past memories, at conveniently accessible outlets locations. The availability of highly sought-after branded products in such an environment has consistently attracted high shopper traffic to all our outlet malls.

Sasseur's good understanding of shopper behaviour is derived through its investment in big data analytics. Such understanding of its 3 million VIP member shoppers' behaviour allows Sasseur to tailor its services, product range, and ancillary facilities to create a winning formula that successfully attracts shoppers.

STRONG AND COMMITTED MANAGEMENT

The Group has also created partnerships with key members of its operational team to secure a strong alignment of interest. Increasingly, the Group is moving to an asset light model to manage outlet malls with an option to purchase. This has allowed the company to expand quickly and increase the pipeline for Sasseur REIT from three to seven properties as at the end of 2018.

The listing of Sasseur REIT has strengthened the financial standing of Sasseur Group, enabling it to expand and grow quickly, thereby providing stronger sponsor support to Sasseur REIT.

EXCELLENT FINANCIAL PERFORMANCE

Total outlets sales for FY2108 was RMB 3,371 million, 7.9% higher than the forecast. Total income available for

distribution was S\$60.5 million. DPU for FY2018 was 5.128 Singapore cents of which 3.541 Singapore cents was for the second half of FY2018 and 1.587 Singapore cents was for the period from the listing date to 30 June 2018. Annualised distribution yield is 10.3% and 8.4%, based on the closing price of S\$0.65 as at 31 December 2018 and IPO listing price of S\$0.80 respectively, outperforming the forecasted yield of 7.5% and 7.8% for FY2018 and 2019 respectively, as disclosed in the Prospectus.

AWARDS AND RECOGNITION

2018 has been an eventful year for us. In August 2018, Sasseur REIT won the Gold Award at the prestigious Asia Pacific Best of the Breeds REITs Awards 2018 under the Retail REITs category. In October 2018, we were awarded the "Most Promising REIT in Asia" status at the distinguished Fortune Times REITs Pinnacle Awards 2018.

More recently in December 2018, we were included as a constituent stock of the Global Property Research ("GPR") / Asia Pacific Real Estate Association ("APREA") Composite Index and the GPR/APREA Composite REIT Index. Despite the relatively short period since our Listing, we are humbled and pleased with the accolades and recognition received. These shall serve as inspiration for us to continue to strive towards better performance in our business so as to deliver greater value for our unitholders.

PIPELINE FOR EARNINGS GROWTH

In terms of revenue contribution, Sasseur REIT's four portfolio properties viz the Chongqing, Bishan, Hefei and Kunming outlet malls accounted for 45%, 9%, 28% and 18% respectively of our FY2018 Entrusted Management Agreement ("EMA") rental/net property-income¹. This income mix should change going forward, as the younger and faster

¹ Refer to page 52 for explanation

WE HAVE A PIPELINE OF PROPERTIES FOR INJECTION INTO THE REIT PORTFOLIO.

growing outlet malls of Bishan, Hefei and Kunming mature and contribute to a larger part of our income. We have the right of first refusal to a healthy pipeline of properties that can be injected into the property portfolio in the future. This will contribute to the growth in income and portfolio size for Sasseur REIT.

Unitholders will be pleased to hear that we will change the frequency of our distribution from semi-annually to quarterly for FY2019. Going forward, we plan to increase DPU by organic and inorganic growth through external collaborations. These include:

- Increasing our VIP membership to achieve a higher rate of repeat sales.
- Increasing the occupancy of our outlets at Bishan and Kunming.
- Undertaking asset enhancement initiatives (“AEI”) at the Hefei Outlet with a “Super Farm” to attract higher shopper footfall.
- Strengthening our product pricing management and strategy to further improve sales.
- Working to acquire yield accretive assets, especially those operated by the Sponsor.

OUTLOOK

The Chinese economy is officially forecasted to grow at 6% to 6.5% for 2019. Ongoing government reforms to support the domestic economy, the continued expansion of the Chinese middle-class (that forms the bulk of our shoppers), and the government’s continued push for urbanisation, are factors that support the strong momentum for sales growth at our outlet malls.

APPRECIATION

In closing, we would like to express our utmost gratitude to the Board, the management team as well as our staff for their dedication and hard work. To our unitholders, business partners, tenants and shoppers, we would like to thank them for their continuous commitment and faith in us. We would like to specially express our appreciation to our cornerstone investors:

- Sasseur (Cayman) Holdings
- Secoo Holding Ltd
- Entrepolis Ltd (investment vehicle of Dr Robert Yap, Chairman of YCH Group)
- L Catterton Asia
- Meritz Financial Group
- Ping An Real Estate
- Adroit Ideology Ltd (a subsidiary of JD.com, a leading online retailer in the PRC)
- CKK Holdings Pte Ltd (that owns Charles & Keith)
- DBS Bank
- Credit Suisse AG
- Haitong International Financial Products (Singapore) Pte Ltd
- TMB Asset Management Pte Ltd
- Bangkok Life Assurance Pcl

As we journey ahead, we look forward to another year of good performance with all your kind support.

Thank you.

Mr Xu Rongcan

Chairman of Sasseur Group and Sasseur REIT Manager

Mr Anthony Ang Meng Huat

CEO of Sasseur REIT Manager

主席&CEO致辞



在中国经济增长放缓时期，正价店的售罄率大幅降低，奥特莱斯的货源因此更充足，消费者更需要购买折扣品牌商品。这些因素都成为Sasseur REIT实现强劲和可持续发展的良好环境。

尊敬的信托单位持有人：

我们谨代表Sasseur资产管理公司的董事会和管理层（以下简称“经理”），向您做Sasseur REIT截至2018年12月31日的财政年度首期年度报告。

我们非常高兴，自我们上市以来一直在超越预期目标，在第一年，可分配收入就实现了较预期高12.6%。我们也坚定相信，Sasseur REITs将会继续保持稳健和持续的增长。

一、在中国经济增长放缓时，奥特莱斯行业迎来了发展的黄金时期

在中国经济增长放缓时期，正价店的售罄率大幅降低，奥特莱斯的货源因此更加充足，同时，在消费放缓的情境下，消费者消费观念更趋于保守，更需要购买折扣品牌商品。这些都成为Sasseur REIT实现强劲和可持续发展的良好环境。同时，中国中产阶级的崛起和快速的城市化也是我们保持良好发展的关键的驱动因素。我们在中国快速增长的二线城市选定地点的四个奥特莱斯投资组合，其战略位置确保了Sasseur REIT能充分获得这些城市强劲经济增长福利。企业自身方面，Sasseur以30年从业历史，沉淀了强大的核心竞争力，保障我们稳健、持续和快速发展。

二、独特的艺术商业基因

我们这一代人经历了中国随着经济发展而逐渐消失的传统文化风貌。Sasseur的建筑设计融汇了不同文化已经流失的传统风貌，为消费者提供独特的购物体验。

卓越的思维模式：Sasseur独有的“情感、美学、场景、资本”四大思维模式，为集团管理运行提供了符合社会发展的价值观与富有智慧的方法论。

激发效能的合伙人机制：我们推行了事业合伙人制度，激活了团队的主人翁意识，全面提升了团队的综合管理能力，打造了一支卓越的管理和运营团队。

独有的商业模式：Sasseur以多年经验沉淀与智慧思辨，构建了独有的“A×(1+N)×DT”商业模式，所打造出的“艺术商业超级奥莱”，成为一种满足中国日益壮大的中产阶级的物质和精神需求的生活方式，极具差异化与体验感。

三、良好的业绩表现

Sasseur REIT旗下的四家购物中心在2018财年的总销售额为33.71亿元人民币，比IPO预测高出7.9%。在2018财年实现了6053万新加坡元的可分配收入。2018年财政年度的总DPU为5.128新加坡分，其中3.541新加坡分于2018年下半年公布，2018年3月28日至2018年6月30日期间的1.587新加坡分已经支付。总DPU基于2018年12月31日的收盘价0.65新加坡元计算的年化分配收益率为10.3%，以0.80新加坡元的IPO发行价计算为8.4%，超过2018年财年的预测收益率7.5%和2019财年的预测收益率7.8%。

2018年，Sasseur REIT还收获了诸多荣誉：8月，获该年度亚太最佳零售房地产投资信托基金金奖；10月，获得新加坡《时代财智》杂志颁发的“2018亚洲最佳房产信托大奖最具潜力产业信托”荣誉；12月，我们还被纳入全球房地产研究院 / 亚太房地产协会综合指数（GPR/APREA Composite Index）和GPR/APREA综合REIT指数。



自上市以来，
我们的业绩一直都超越了市场的预期。第一年的可分配收入就高达12.6%。

四、展望

预计2019年中国经济将保持稳定，GDP增长率约为6%。这将受到支持国内经济的新政府改革和中国中产阶级持续扩张的推动，这些中产阶级构成了Sasseur门店的主要客户群。中国政府推动整个中华人民共和国的城市化，未来几年的宏观经济环境将保持良好，我们预计各奥特莱斯的销售将继续上升。

就具体收入贡献而言，Sasseur REIT的重庆、璧山、合肥和昆明四大投资组合物业分别占EMA年租金收入的45%、9%、28%和18%。随着璧山、合肥、昆明等较年轻、增长更快的奥特莱斯逐渐成熟，这一收入结构将在未来发生变化，并为我们的收入贡献更大的一部分。Sasseur REIT拥有收购发起人好几家奥特莱斯的第一拒绝权，可以在未来注入到房地产组合中，这将有助于收入和投资组合规模的增长。

2019年，我们力争以内部和外部相结合的方式提高DPU水平。在内部增长方面，我们计划增加VIP会员的数量，以创造更多的反复销售；提高入住率，特别是璧山和昆明的入住率；利用资产提升计划（如合肥超级农场）吸引人潮；加强对产品价格的管控以促进销售。对于外部增长，我们将寻求增值的收购机会，并优先考虑在中国由我们的发起人管理的项目。

特别需要说明的是，2019年，Sasseur REIT将从每半年支付一次改为每季度支付一次。

五、感谢

最后，我们衷心感谢董事会、管理团队以及我们的员工为我们的业务所做的贡献和辛勤工作。感谢赞助人Sasseur开曼控股有限公司、寺库控股公司（Secoo Holdings），感谢YCH Group、LCatterton、Meritz Securities、平安不动产、JD.com、Charles & Keith等战略投资者，感谢星展银行、瑞士信贷私人银行、海通国际、TMB资产管理和曼谷人寿等机构投资者。对于我们的股东、商业伙伴、租户和购物者，我们也要感谢您对我们的持续承诺和信任。

在我们踏上新的征程之际，让我们共同祝福下一年的可持续发展和稳定增长，我们将肩负大家的期待，为实现“成为全球奥莱第一品牌”的美好愿景努力奋斗！

谢谢您。

徐荣灿先生

砂之船集团创始人、
董事局主席

洪明发先生

砂之船房地产投资信托公司
首席执行官

KNOW YOUR SHOPPER



As a self-confessed sports fanatic, I am a diehard fan of Sasseur outlets. All the sporting equipment and gym gear that my friends and I need can be found there. They have a really comprehensive range of brands and products. And, their prices are more reasonable.

Clothes and shoes are things you need to try on before purchase. That's something you can't do online. At Sasseur outlets, you'll find many cool brands that Millennials love, clothes for relaxing in, denims. Their discounts for the latest models are good.

Really looking forward to Sasseur's Super Gym.



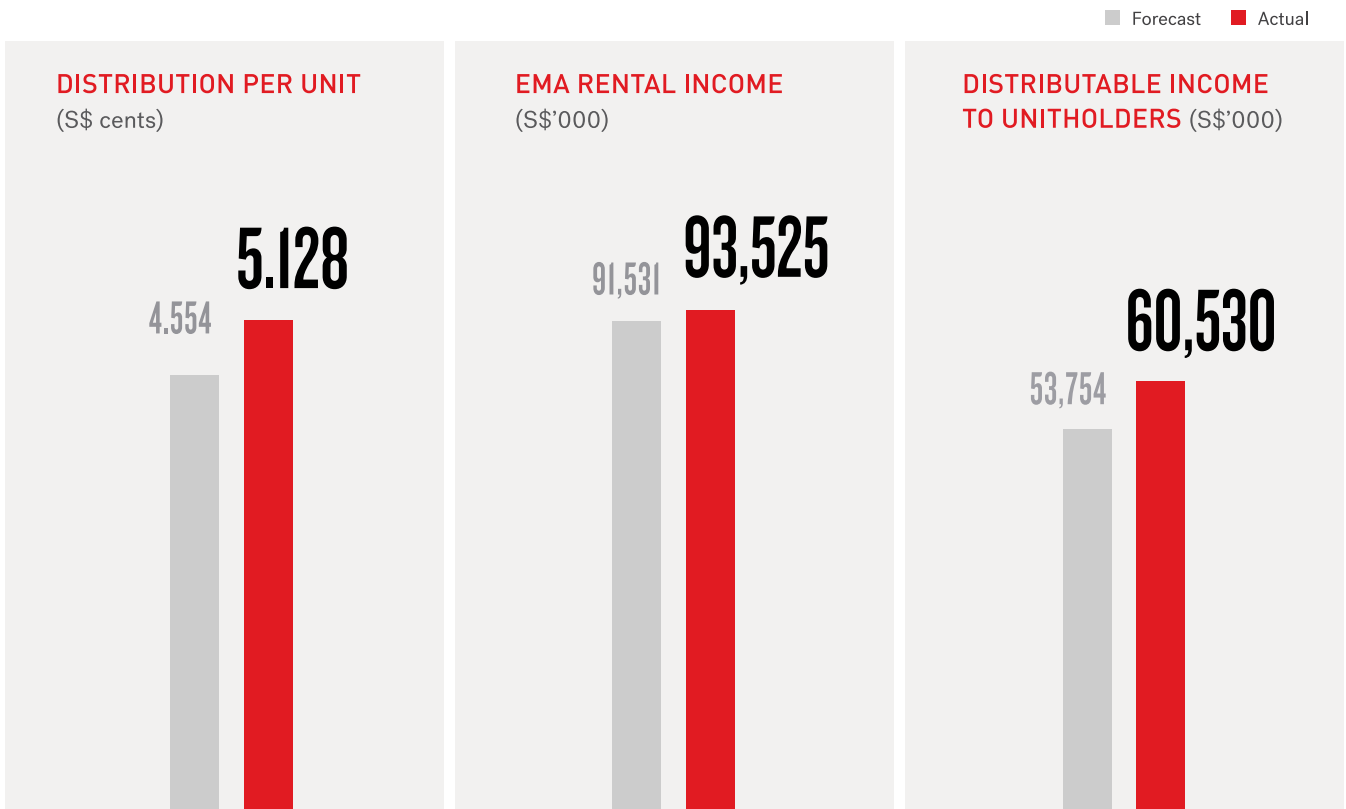
— Shopper
Gao Jun Hui, 28
Graphic Designer



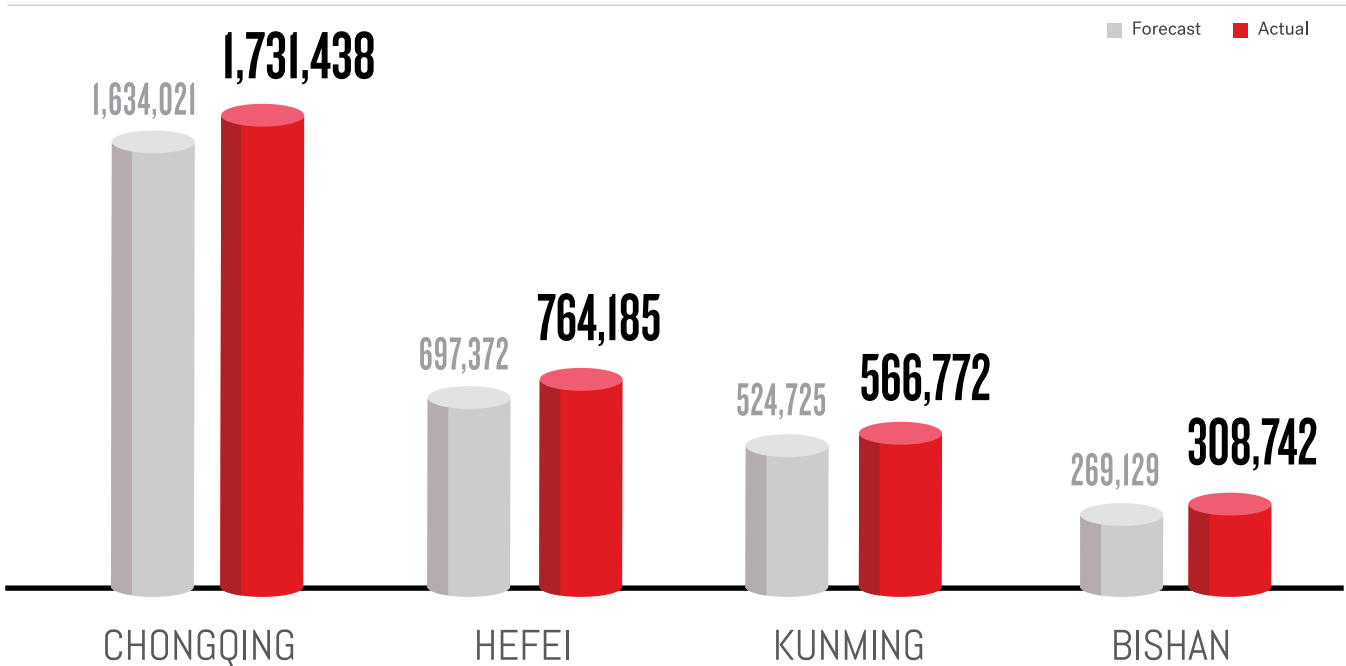


FINANCIAL HIGHLIGHTS

FY2018 DPU
Outperformed
Forecast by **12.6%**

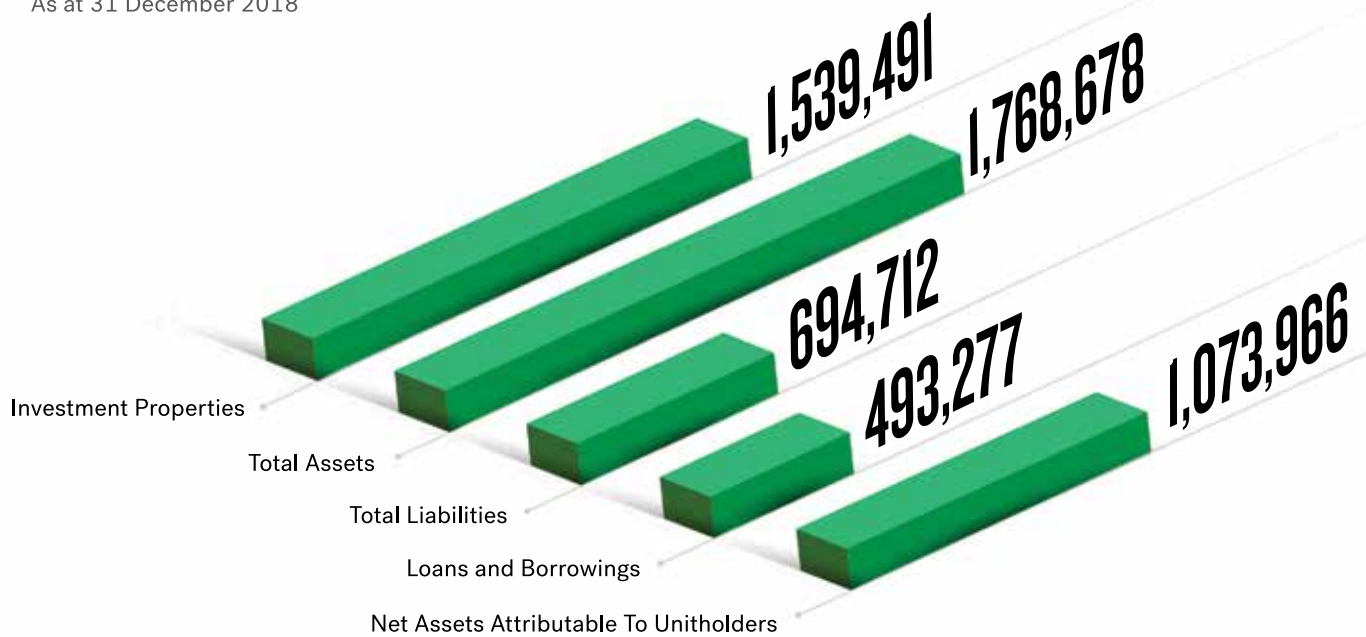


TOTAL SALES (RMB'000)



SELECTED STATEMENT OF FINANCIAL POSITION (S\$'000)

As at 31 December 2018

**KEY FINANCIAL INDICATORS**

Annualised distribution yield (%) ¹	
- Based on IPO price	8.4%
- Based on closing price	10.3%
Net asset value per unit (cents)	90.3
Gearing ratio (%)	29.0
Average cost of debt (%) ²	5.4
Interest cover (times) ²	4.1
Weighted average debt maturity (years)	3.75

¹ The annualised distribution yield for FY2018 was on a pro-rata basis for 279 days from the results following the Listing Date based on the listing price of S\$0.80 and closing price of S\$0.65 as at 31 December 2018 respectively

² For the period from the Listing Date to 31 December 2018

2018 YEAR IN BRIEF

28 MARCH 2018

LISTING ON
SGX MAINBOARD

19 MAY 2018

REITs Symposium 2018
(organised by REITAS &
Shareinvestor).



2 AUGUST 2018

Sasseur REIT wins gold award
at the Asia Pacific Best of the
Breeds REITs Awards 2018
under the Retail REIT category.

2 SEPTEMBER 2018

Sasseur Group recognised amongst
the Top 500 Chinese Service
Enterprises for 2018.

8 SEPTEMBER 2018

Sasseur Group kicks off anniversary
sales season and VIP day promotion.
Total sales for the first day of
anniversary exceeded RMB129.5
million, breaking single day sales
record.

China's inaugural Trade and
Commercial Service Investment
Conference (jointly organised by
the Investment Promotion Agency
of the Ministry of Commerce and
China Business Federation).

March

May

July

August

September

6 JULY 2018

12th Scaling New Heights
Asia Investment Forum 2018
(organised by Financial PR).

30 AUGUST 2018

SGX-SAC Corporate Access
Symposium (organised by SGX
and SAC Capital)

31 AUGUST 2018/

1 SEPTEMBER 2018

Global Assets and Wealth
("GAW") Initiative (organised
by Platinum Circle).

11 SEPTEMBER 2018

Sasseur Group signs MOU with
YCH Group, Asia Pacific's leading
integrated end-to-end supply chain
management and logistics partner.

12 SEPTEMBER 2018

Sasseur Group signs MOU with Secoo Holdings, Asia's largest integrated online platform for upscale products and services.

Commencement of 4 days site visit for investors, analysts, funds and the media.

27 SEPTEMBER 2018

Distribution payment of S\$0.01587 for the period from 28 March 2018 (listing date) to 30 June 2018.

1 OCTOBER 2018

Sasseur (Hefei) Outlets and Sasseur (Kunming) Outlets concludes 16 days of the anniversary sales celebrations with total sales of more than RMB325 million.

11 OCTOBER 2018

L Catterton retires a portion of its stake in Sasseur Group.

23 OCTOBER 2018

Sasseur Group purchases additional units in Sasseur REIT amidst the volatility in the global stock market.

24 OCTOBER 2018

Sasseur Group awarded "Most Promising REIT in Asia" award at the Fortune Times REITs Pinnacle Award 2018.

1, 2 NOVEMBER 2018

China (Chongqing)-Singapore Connectivity Initiative Financial Summit and SGX-Beijing Forum.

October

November

December

**30 SEPTEMBER 2018**

Sasseur (Chongqing) Outlets concludes 17 days of the anniversary sales celebrations with total sales of more than RMB160 million.

31 OCTOBER 2018

Sasseur Group signs MOU with Meritz Securities Co., Ltd, an important investor in Sasseur REIT since its IPO and a 42.99% owned subsidiary of Meritz Financial Group Inc., which ranks within the Forbes Global 2000 list.

24 DECEMBER 2018

Sasseur REIT to begin trading as a constituent stock of the Global Property Research ("GPR") / Asia Pacific Real Estate Association ("APREA") Composite Index and the GPR/APREA Composite REIT Index.

FINANCIAL REVIEW

DISTRIBUTABLE INCOME BEATS FORECASTS BY 12.6%

FY2018 Entrusted Management Agreement (“EMA”) rental income (similar to net property income) was S\$93.5 million, 2.2% higher than forecast. This is largely due to better operational metrics, in particular, stellar sales performance at all four of our outlet malls, and lower expenses from better costs management. Total sales of RMB 3,371.1 million was 7.9% better than forecast.

Our EMA model comprises of a fixed portion that is stepped up annually at an escalation rate of 3% and a variable portion that is pegged to outlet sales at the REIT’s portfolio properties. This cushions unitholders from excessive fluctuations in sales and allows unitholders to partake in the strong growth in the PRC’s retail outlet mall sector.

Income available for distribution to unitholders was S\$60.5 million, well ahead of forecasts of S\$53.8 million by 12.6%. This translates into an aggregate DPU of 5.128 Singapore cents and an annualised distribution yield of 10.3% based on Sasseur REIT’s market close price of 65 cents on 31 December 2018.

VALUATION OF INVESTMENT PROPERTIES

Investment Properties	As at 31 December 2018 (RMB’ mil)	As at 31 December 2018 (S\$’ mil)	As at 30 September 2017 (RMB’ mil)	As at 30 September 2017 (S\$’ mil)	Implied Acquisition Value ¹	
					(RMB’ mil)	(S\$’ mil)
Chongqing Outlets	2,901.0	579.5	2,654.0	542.5	2,452.4	501.3
Bishan Outlets	790.0	157.8	789.0	161.3	729.1	149.0
Hefei Outlets	2,521.0	503.6	2,434.5	497.6	2,249.6	459.8
Kunming Outlets	1,495.0	298.6	1,460.5	298.5	1,349.6	275.9
Portfolio	7,707.0	1,539.5	7,338.0	1,499.9	6,780.7	1,386.0

The investment properties as at 31 December 2018 were valued by an independent valuer, Savills Real Estate Valuation (Beijing) Limited.

As at 31 December 2018, Sasseur REIT’s portfolio assets have a combined valuation of RMB 7.7 billion (S\$1.54 billion). This represents an increase of 14% over the implied acquisition value of RMB 6.8 billion (S\$1.39 billion), taking into account an implied loss discount adjustment to investment properties value at Initial Public Offering. Net fair value gains on investment properties of S\$ 174.0 million (See “Financial Statement – Notes to Financial Statements – Investment properties” Page 116 for further details), included S\$186.3 million for the period from 28 March 2018 (listing date) to 31 December 2018, was recognised when compared to implied acquisition value. Excluding this implied loss discount adjustment, fair value gains on investment properties was S\$75.6 million which reflects a 5% increase in fair value of the properties as compared to the valuation as at 30 September 2017 as appraised by independent valuers.

¹ As disclosed in footnote 8 of page 6 of the IPO Prospectus, the implied acquisition value of each of Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets has been determined on a willing-seller and willing-buyer basis taking into consideration the Offering Price, which includes the underwriting and selling commission, as well as other estimated offering expenses, taking into account the average of the two independent valuations (with the Entrusted Management Agreements) of each of the Properties as at 30 September 2017 was used.

Portfolio assets combined valuation was S\$1.54 billion, 14% above the implied acquisition value at IPO.

PRUDENT CAPITAL MANAGEMENT

The REIT's debt structure and maturity profile are well balanced with low refinancing risk. Aggregate leverage was 29% and weighted average all-in cost of borrowing was 5.4% as at 31 December 2018. Total debt stood at approximately S\$513 million, of which RMB-denominated loans accounted for 75.6%. Singapore dollar-denominated loans accounted for the remaining 24.4%. We allocate a significant portion of our debt to onshore loans to mitigate currency risk and ensure stability of our Singapore-dollar denominated distributions.

REPUTABLE PARTNERSHIPS

Our sponsor, Sasseur Cayman Holdings Limited ("Sponsor"), is one of the leading premium outlet groups in the PRC, with about 30 years of experience in the development and operation of retail outlet malls in the PRC. This serves the REIT well, from the perspective of enjoying a right of first refusal ("ROFR") to the Sponsor's assets and the benefits of ready access to sources of equity and credit.

The backing of a strong Sponsor is important to Sasseur REIT. Through the year, several Memorandums of Understanding ("MOUs") with key strategic stakeholders and investors in Sasseur REIT were signed, with the aim of sharpening our competitive advantage in the market, such as through online and offline ("OMO") collaboration with key players.

In September 2018, the Sponsor established a partnership with Secoo Holdings, Asia's largest integrated online platform for upscale products and services and one of Sasseur REIT's key cornerstone investors. Secoo has started a pilot project with Sasseur Xian Outlet for OMO collaborations. By tapping on both parties' expertise in offline and online retail as well as resources sharing in merchandising, brands, membership, payment, consumer financing, customer service and big data solutions, we seek to develop an integrated omni-channel network to further strengthen our presence in the PRC's growing luxury consumer market.

In November 2018, the Sponsor signed an MOU to explore potential areas of collaboration with YCH Group, Asia Pacific's leading integrated end-to-end supply chain management and logistics partner and one of Sasseur REIT's strategic cornerstone investors. The targeted areas of collaboration include the optimisation and integration of warehousing and distribution, intelligent distribution solutions, data analytics and strategic marketing for customers at all of Sasseur's retail outlet malls.

In addition to the close links which we have with our Sponsor, we are also endorsed by strategic investors such as L Catterton, Ping An Real Estate that are shareholders in the sponsor, as well as institutional cornerstone investors like JD.com, Charles and Keith, DBS Treasury and Private Bank, Credit Suisse private bank, Haitong International, TMB Asset Management and Bangkok Life Assurance. All these relationships will be beneficial in bolstering our credentials and business expansion efforts in future.

HEALTHY TENANT OCCUPANCY RATE

Portfolio committed occupancy rate was 95.1% as at 31 December 2018. The high occupancy rates for all four properties throughout the year was due to proactive leasing and effective asset management on the part of the entrusted manager team. Rents for new and renewed leases also increased, made possible with a short portfolio weighted average lease to expiry ("WALE") policy.

FINANCIAL REVIEW

EMA RENTAL INCOME

In RMB terms, EMA rental income for FY2018, after excluding the straight-line effect, was RMB 11.5 million or 2.6% higher as compared to forecast. The good performance was mainly due to the year-end promotional events across all the four outlet malls, which attracted a good turnout of customers, leading to strong sales.

In SGD terms, EMA rental income for FY2018, after excluding the straight-line effect, was S\$2.0 million or 2.2% higher as compared to forecast.

Outlets	FY2018 28 March 2018 to 31 December 2018					
	Actual (RMB' mil)	Forecast (RMB' mil)	Change	Actual (S\$' mil)	Forecast (S\$' mil)	Change
Chongqing Outlets	199.8	195.8	2.0%	40.4	39.7	1.6%
Bishan Outlets	40.5	38.8	4.6%	8.2	7.9	4.2%
Hefei Outlets	122.8	119.1	3.1%	24.8	24.2	2.7%
Kunming Outlets	81.6	79.5	2.6%	16.5	16.1	2.3%
Portfolio	444.7	433.2	2.6%	89.9	87.9	2.2%

DISTRIBUTION

Total DPU for FY2018 was 5.128 cents, exceeding forecast DPU of 4.554 cents by 12.6%. The DPU translated to an annualised yield of 8.4% (based on offering price of S\$0.80) and 10.3% (based on the closing price of S\$0.65 as at 31 December 2018).

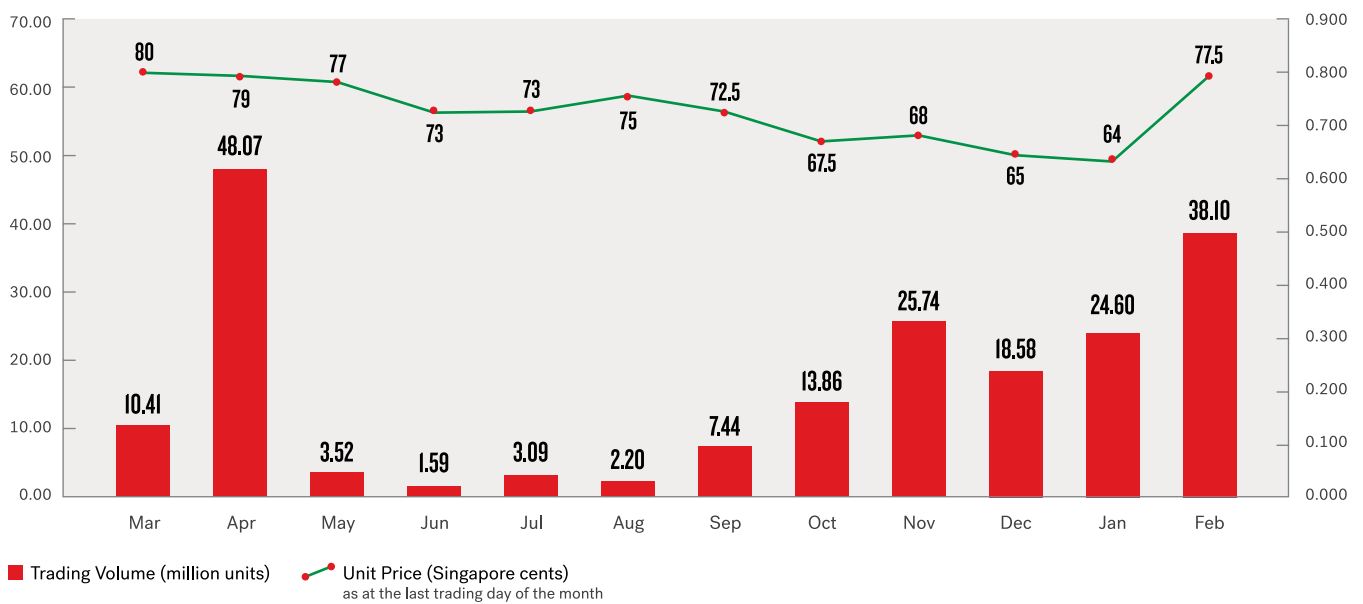
	Actual	Forecast	Change
Distribution per unit (cents)	5.128	4.554	12.6%
Annualised distribution yield Based on IPO listing price of S\$0.80	8.4%	7.4%	13.5%
Annualised distribution yield Based on 31 December 2018 closing price of S\$0.65	10.3%	n.m	n.m

UNIT PRICE PERFORMANCE

SASSEUR REIT TRADING DATA IN FY2018

Offering price (S\$)	0.800
Highest unit price (S\$)	0.805
Lowest unit price (S\$)	0.645
Closing unit price on 31 December 2018	0.650
Total trading volume (million units)	134.49
Average daily trading volume (million units)	0.71

SASSEUR REIT MONTHLY TRADING PERFORMANCE FROM MARCH 2018 TO FEBRUARY 2019



RETAIL THERAPY



A hectic lifestyle is inevitable for people our age because career is top priority. Every now and then, I come to Sasseur's outlet. I enjoy its shopping environment.

Business entertainment is a part of my life. So I have pretty exacting requirements when it comes to clothing brands and quality. Ermenegildo Zegna, which my husband likes, as well as MaxMara and Armani, which I like are available here. The outlet's customer service is really good and parking is convenient.

For a woman, shopping is the best therapy. Coming here occasionally can be rewarding!



— Shopper
Du Ni, 40
Entrepreneur





品牌故事

SASSEUR STORY SINCE 1989

“

这也许就是一种暗示——
这个年轻人今后注定会用某种方式，
去和艺术
做极其精彩的对话。

”

FASHION/ART/MUSIC/EMOTION

砂之船——艺术与商业的对话

好的艺术作品
就是
精神交流的载体
这个年轻人
今后注定会用某种方式
去和艺术做极其精彩的对话

1980年代，对于中国内地而言，是一个充满惊奇、梦想和浪漫味道的年代，一个将哲学启蒙、思想自由、艺术探索澎湃地交织在一起的精神黄金时代。那个时代，并不以物质的丰盛见长，却涌现出大量中国当代最杰出的诗人、小说家、画家、音乐人，其影响力直到今天，依然巨大。

1985年，重庆北碚，西南师范大学。二十岁的徐荣灿骑着一辆嘎吱作响的二八零自行车，风吹拂起他的长发，肩上的帆布背包里，装着他的青春激情和艺术梦想——几本教材、一台老相机。对于艺术美学有着敏锐直觉的徐荣灿，彼时选择用镜头去捕捉他所看到的，用胶片来表达他所想到的——外表简刻而内心细腻的他，更喜欢选择用黑白胶片来叙述他对世界的感受。庄子说：五色乱目。在他看来，纯粹的黑白与变幻莫测、微妙灵动的灰色一起，更能真实地还原光影交错的丰富的瞬间，更有冻结时间的魔力。在光影的神奇混合中，艺术的基因也被深深地植入到他的血液里。

1988年，成为西南师范大学一名年轻教师的徐荣灿创下了一个奇迹——年轻的生物系老师——不仅在自己的专业上获得全国的奖项，还在全国性的青年摄影家比赛中拿了奖。这也许就是一种暗示——这个年轻人今后注定会用某种方式，去和艺术做极其精彩的对话。

好的艺术作品就是精神交流的载体，一群怀着梦想的年轻人，一瓶啤酒、一把吉它，就可以在球场边聊一整夜。从文学、艺术，到音乐，人生……不断地有人加入，最初的三两知己的聚会变成了越来越多的一群朋友的狂欢。梦想也在年轻不羁的灵魂碰撞下越来越广阔。作为这群追梦人的领头者，徐荣灿更看重创造过程中的精神愉悦。他东拼西凑了6500元人民币，第一次尝试着把艺术感受放置于活动空间，变成可持续的体验。在他看来，艺术或许不仅仅是有限的平面展示，它可以变成一个立体的体验空间。



1989年，重庆北碚。西南大学的校园一隅。一间小酒吧悄然开张了。竹篱笆的墙上挂满了老照片，船家的缆绳挂着大红的灯笼，厚实的实木门正好迎着夕阳的方向。就像对自己最心爱的孩子，取个什么名字呢？从开始创作到开门迎宾，已过月余，仍然没有想出合适的名字。那时台湾歌手苏芮的专辑《台北东京》刚刚火到内地。台北、东京，是遥远而陌生的两个地名，却让人联想到多元的生活影像与文化背景。专辑里的一首《砂之船》是大家的最爱，这首歌昨夜吟唱在小酒吧，淡淡的忧伤与青春的迷茫经由苏芮的空灵歌声，婉转悠扬，很符合文艺青年的心境。但徐荣灿感受到的却是小船终会抵达的梦想和远方。就叫“砂之船”吧，这个名字代表了徐荣灿对艺术现状的思考，也寄托了他对未来的期望。于是门口放一摞的土陶罐，贴着大红的纸，酣畅淋漓地写上了三个书法字——“砂之船”。一旁的一位青年法语老师脱口而出“SASSEUR”，这是一个法文单词，意指经由自然动力推动的风车，是营造自然与人类和谐关系的产物，浪漫优雅。从此，“砂之船”代表着自然、自由、乐观、理想的这个名字被叫响了。

就是这间代表着啤酒、音乐、艺术、情感……名为“砂之船”的小酒吧，很快成了校园艺术菁英们的据点——诗人，画家，乐队，每天都排满了地下摇滚表演、美术批评沙龙……，在那个精神浪漫的年代，这里俨然就是他们走出坚硬的制度化文化困境的美妙乌托邦。

将艺术理念与
商业融合
市场的热烈反应
让他看到了
艺术与商业
碰撞的火花



酒吧不赚钱，但酒吧的沙龙氛围，让徐荣灿开始思考——获得视觉与体验快感是人类的本能，而现代人对艺术的本能渴望，已经在转化为对美好生活品质的追求。艺术源于生活，它的终极目标不是远离生活的独立存在，而应当更贴近人们的现实生活，以让生命的存在更有意义和更和更富于美感。

1991年，徐荣灿在离职申请上签下了自己的大名，结束了让普通人羡慕的大学老师的生涯，只带走了“砂之船”这一个名字。在去欧洲短期游学之后，位于重庆解放碑临江支路的砂之船时装屋开张了。这是他第一次真正地将艺术理念与商业相融合。小店空间不大，砖墙，岩石，原木一如既往地粗犷，装备了专业级的音响，涂鸦的墙上挂满了从沿海淘来的牛仔褲、棉卫衣。代表西方年轻人的生活方式、别具一格的店面让“砂之船”在这个传统商业中心里一炮而红。很快，从一家小店，发展出两家、三家……客人越来越多，店面越开越大，货品也越来越丰富。市场的热烈反应让他看到了艺术与商业碰撞的火花。



现代人对艺术的
本能渴望
已经在转化为
对美好生活品质
的追求

90年代中期，中国复苏的市场开始呈献出繁荣的景象，一些国际品牌开始在中国寻找商业机会。徐荣灿，这个艺术气质与商业头脑兼具的人很容易就吸引到他们的关注。而徐荣灿也深深认识到在真正的奢侈品里面蕴含了丰富的历史、人文、技术，它们不仅是物质消费品，更是一种文化和艺术精神的消费。这样的认知与国际品牌长期发展的愿景高度一致，基于相互的了解与认可，双方很快建立了良好的合作关系。

1997年，由李嘉诚投建的，代表当时重庆最高消费水准的大都会购物广场开业，整个一楼的名品区，砂之船代理的国际品牌专卖店就占据了半壁江山。



1999年，为了更深入了解奢侈品背后的文化逻辑，徐荣灿选择再次游学欧洲。东方与西方、历史与未来的文化的碰撞再次深深震撼了他。他开始渴望能拥有一个自己的品牌，来释放他对艺术、服装和时尚的理解。2001年，游学归来的他成立了自己的服装品牌。这是一段神奇的体验——一边代理国际名品，一边打造自己的服装品牌——从国际品牌里学习经验，从中国市场里吸取养分，同时充分表达自己对于时尚的认识。这个定位于中高端市场的女装一经推出就得到了市场的认可，短短两年时间，“SASSEUR”就在中国二十几个城市开设了专卖店。2005年，砂之船在重庆机场路旁拿地七十亩，筹建自己的品牌管理基地，砂之船开始集团化管理。

随着市场的拓展，原材料采购和生产周期的限制，让商品与市场的需求总是存在不可调和的矛盾。良好的业绩背后，日益增大的库存让徐荣灿发现了服装产业持续经营的危机。这不仅仅是砂之船女装的痛点，也是所有服装品牌的痛点。怎样在促进业绩增长的前提下降低库存，让资金高效流动？徐荣灿经常一边彻夜画着品牌基地的建筑草图，一边思考着如何消化这个服装产业链中的死结。

品牌故事



能引发人们
共鸣共情的
艺术作品
才是好作品
商业也如是
能
深知各方需求
才能
成为
成功的商业体

用艺术商业
做超级奥莱

一场美国之行，徐荣灿接触了奥特莱斯这个新奇的事物。奥特莱斯的原意是“出口、出路”，这种专供品牌销售过季下架商品的营销形态，一方面让所有品牌商可以合理消化库存且不影响品牌形象，另一方面“名品、低价”的高性价比实质能让更多的消费者受益。这个关于“消费人性本质”的发现让徐荣灿欣喜不已，经过深思熟虑，他做了一个大胆的决定——停止代理合作，关闭女装品牌，把原本的品牌生产基地规划为奥特莱斯卖场，在品牌的库存压力与消费者的性价比需求之间搭建一个链接平台。砂之船从这里全面转航，成为中国首批投入奥特莱斯行业中的一员。

能引发人们共鸣共情的艺术作品才是好作品，商业也如是——能深知各方需求才能成为成功的商业体。此时的砂之船，经历了服装产业链中的所有角色：设计、生产、销售，也经历了商业中的所有角色：消费者、代理商、制造商、品牌商，恰恰是这些优于同行业的经验，让砂之船能够快速地完成角色转换，也给未来砂之船在奥莱行业中的持续稳定的运营奠定了坚实的基础。

2008年8月8日，重庆砂之船奥莱开业迎宾，全城轰动。充满艺术魅力的商业空间环境，来自全球的时尚品牌，从消费到体验，无不刷新了一座城市的观感。商业成功与否，业绩是硬指标。开业首年，砂之船重庆奥莱年业绩4.5亿，跃居中国奥莱前三甲；开业第四年，5.5万平米的营业面积实现销售12亿元，年坪效达2.2万，位居全国行业之首。同时，砂之船奥莱项目对城市区域的价值影响力首次得以凸显——原本是一片荒地的区域，因为一个砂之船奥莱的成功，竟然在短短数年内发展为一个城市级特色商圈，不仅极大地促进了区域土地价值，还使该区域产生出强大的经济内生力，不仅改变了区域的城市风貌建设，更是在客流、社零总额、城市活力、城市就业与税收上迅速提升了一个区域的发展城市水准。这种影响力，将伴随着砂之船的每一次城市拓展，而被不断的演绎下去。

砂之船重庆奥莱的成功，由此引起了政商各界的热切关注。2010年，杭州市政府向砂之船发出邀请。砂之船，这个诞生于中国西部的年轻商业品牌，从此开始首次走出重庆，接下来，南京、合肥、昆明、西安、长春、贵阳、长沙……到2018年，砂之船奥莱已经在中国布局十店，兰州、扬州、深圳三个城市也完成签约即将落地。砂之船奥莱的旋风，伴随着徐荣灿的艺术商业理想，愈演愈烈。

与此同时，砂之船的成功也持续吸引着国际资本市场的关注。2011年，砂之船集团与全球领先的美国华平投资集团完成战略重组。2015年全球奢侈品零售巨头LVMH旗下全球最大的消费品投资公司L Catterton Asia成为砂之船集团的重要战略股东，给企业发展带来了强大的资源优势。2016年，“砂之船超级奥莱全球发布会”在重庆盛大举行。平安不动产成为砂之船重要战略股东，同时，全球最大消费品投资公司L Catterton Asia增持砂之船股份。

深入骨髓的艺术思维也给徐荣灿的商业实践带来深远的影响。让艺术改变生活的初衷一直影响着。如果说最初的精品小店让他感受到服装之美，接下来的国际品牌代理的经历则让他触摸到品牌文化之美，品牌制造商让他体会到技术之美，砂之船的艺术商业环境打造让他深入建筑之美。建筑是艺术，但艺术不仅仅是建筑，艺术是种子，是对自然的敬畏，对历史的尊重，对人性的歌颂。中国很大，每一个城市的个性、历史、文化都不同。他把每一个项目都当成自己的艺术作品——从建筑设计，环境设计，到商业氛围营造，同时力图在地域文化中抓取设计要素，建立商业、艺术与体验者之间的和谐共融联系。也正是在这种思维的影响下，强调体验感的砂之船奥莱更具温度与识别度。他希望砂之船奥莱不仅能满足人们消费的需求，同时也是源于自然，发于心灵的艺术作品，从而成为当地的文化地标。

用艺术家的态度打造商业环境，用企业家的思维去开拓市场的空间。不忘初心，方得始终。当砂之船旗下四个项目在2018年成功在新加坡联交所完成REIT上市时，面对一个崭新的发展格局和充满广阔空间的未来，砂之船品牌文化里最基本价值观——“追求美、发现美，创造美、传播美”，却永远不会改变。这句话不仅铭刻着徐荣灿投身商业的初心，也闪烁着砂之船品牌的“艺术基因”光芒，标示着砂之船集团未来发展的愿景：“用艺术商业，做超级奥莱”。

THE SASSEUR STORY

DIALOGUE BETWEEN ART AND BUSINESS

The 1980s was a time of wonder, dreams and romance for mainland China, a golden age of spiritual and philosophical enlightenment, freedom and artistic expression. During those days of transition from a planned to a more capitalist economy, life was hard and material goods were scarce. That was when a large number of China's most outstanding post-modern poets, novelists, painters and musicians emerged and whose influence continues to this day.



Mr Vito Xu
Founder and Chairman

“ We want our malls to have a soul that creates affinity with shoppers. ”

ART COMMERCE

Xu Rongcan's affinity with artistry in the practice of business (what he termed "Art Commerce") had its roots in Southwest China Normal University located at Beibei, a scenic town in the outskirts of Chongqing. As a young man of 20, on a creaking old bicycle, with wind caressing his hippie styled hair, rucksack on his shoulder, his most valuable possessions were his youthful passion, dreams of artistry and an old camera. Xu, with his keen sense of art aesthetics, captured what he saw with his lens and expressed

what he felt with films. He loved using black and white films to describe his feelings about the world. From literature, art, to music and life, Xu was surrounded by other young people who shared his dreams; they would often meet over beer while enjoying guitar music through the night together.

To Xu, art was not two dimensional. He believed art could be experiential. In 1989, he invested RMB 6,500 and started his first brick and mortar business based on his unique art commerce concept.

THE SASSEUR STORY

It was a small bar called “Ship of Sand” that was named after a popular song by a then well-known singer, Su Rui. “Sasseur” was the French name given to the business by a young French language teacher that Xu knew. A year later, the Sasseur Bar had yet to return a profit, but it had become the favoured gathering place for the artistic elites in the university campus, and including poets, art critics, painters, music bands and underground rock performers.

LEADING MERCHANDISER OF INTERNATIONAL DESIGNER FASHION PRODUCTS

Xu resigned from the university and toured Europe in 1991. After the study tour, Xu opened Sasseur fashion house in Chongqing’s Jiefangbei district, which was later to become the top shopping destination in Western China. The store was outfitted with brick walls, rocks and logs to create a rustic charm. Its graffiti wall was covered with jeans and cotton-padded hoodies procured from the coastal cities in China. Sasseur’s unique storefront décor – symbolic of iconic and youthful Western lifestyles, was a big hit.

China’s economic reforms during the economic boom of the mid-nineties attracted international fashion labels to pursue business opportunities among the emerging Chinese consumer class. Sasseur’s iconic apparel store caught their eyes. Xu understood international brands: an apparel label can only attain luxury brand status by virtue of its rich history, culture, as well as consistent and superior technical quality. It cannot exist simply as just another good consumer product.

Sasseur successfully obtained distribution rights for many international brands. Xu created the Sasseur ladies brand that enabled it to expand its business to over 20 PRC cities within a short two years. Sasseur in fact occupied half the floor for international designer merchandise at the Li Ka-shing controlled Metropolitan Plaza in Chongqing, which was the most glamorous shopping destination in Western China.

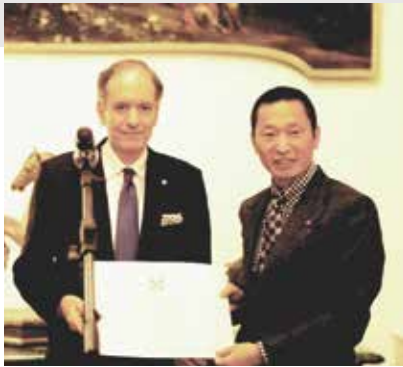
After a study tour in Europe, Xu opened his first store for branded fashion in what was to become the top shopping district in Western China.



Ms Yang Xue
Co-Founder

Our team went through great effort to enable shoppers to experience local culture.

The Italian ambassador (left), on behalf of Italian President Sergio Mattarella, honoured Sasseur Group Chairman Xu Rongcan with the “Order of the Star of Italy” Knighthood in recognition of Mr Xu’s contribution to the preservation and promotion of Italian prestige abroad (at the Embassy of Italy in Beijing on 22 April 2015).



In 1999, in order to gain more insight into what drives the cult like status of the western luxury brands, Xu embarked on his second European study tour. The cultural contrasts that he discovered - the wide disparity between Asian and Western histories, was a eye opening experience for him.

OUTLET FOR EXCESS INVENTORY

In 2005, Sasseur acquired about 46,000 sqm of land near the Chongqing airport for a new HQ and production facility. Even though Xu’s business had expanded successfully, inventory obsolescence and the huge working capital required, created enormous challenges. He spent many a sleepless night drafting the architectural design for his HQ and business operation, while pondering answers to the problems.

It was during a trip to the U.S. that Xu chanced upon the outlet store concept of clearing out-of-season apparel merchandise. The idea was to use an outlet mall to reduce inventory of out-of-season goods at highly discounted prices without diluting the value of the brands. At the same time, branded merchandises could be made available to consumers at attractive “value-for-money” price points. The realization of this consumer psychology and market opportunity was so exciting to Xu that he took a leap of faith and stopped his apparel distribution and his own women’s apparel label business. He converted his clothing production facilities into the first Sasseur outlet mall in China.

By then, Sasseur had experiences in all stages of the fashion apparel value chain — from design, production and sales to distribution agency and brand ownership. These capabilities enabled Sasseur to transform itself successfully to an outlet operator selling value-for-money out of season branded products and laying a stable foundation for its rapid business expansion.

A **SUCCESSFUL ENTREPRENEUR UNDERSTANDS**
THE **NEEDS** OF ITS **STAKEHOLDERS.**

THE SASSEUR STORY

The grand opening of the Sasseur (Chongqing) Outlet on 8 August 2008 created a citywide sensation. Its retail space was replete with artistic charm. It carried the trendiest fashion labels from all over the world. Chongqing's consumer retail experience was brought to a new level. In the first year of its opening, Sasseur (Chongqing) Outlet achieved sales of RMB 450 million, ranking it among the top three outlets in China. In its fourth year, its sales reached RMB 1.2 billion. Sales per square foot of RMB 22,000 was a record and highest for the China's outlet industry.

Within a few years of the Sasseur (Chongqing) outlet's opening, what used to be an abandoned land in the outskirts of Chongqing city had become an area for alternative outlet retail business. Property values within the vicinity soared. The significant impact of Sasseur (Chongqing) Outlet on the economy caught the attention of many political and business leaders near and far. Soon after, in 2010, the Hangzhou government invited Sasseur to set up an outlet in that city.

SUCCESS ATTRACTS ATTENTION OF INTERNATIONAL INVESTORS

Within ten years, Sasseur grew to be a successful outlet operator with 10 malls in Chongqing, Hangzhou, Bishan, Nanjing, Hefei, Kunming, Xi'an, Changchun, Guiyang and Changsha, with a combined retail area of some 2 million sqm. The compounded average growth rate (CAGR) of sales was more than 30%. By the end of 2018, Sasseur had inked deals to open more outlets in 3 other cities (Lanzhou, Yangzhou, Shenzhen) in addition to the 10 outlets it operated.

In 2011, Warburg Pincus, a world leader in private equity investments from the U.S. restructured and invested in the Sasseur Group. Warburg Pincus sold its stake to L Catterton Asia, the world's largest consumer goods investment company owned by global luxury retail giant LVMH in 2015, and L Catterton became an important strategic shareholder. L Catterton's strategic stake in the company brought important resources and advantages to the development of the company. Ping An Real Estate also became an important strategic shareholder at the same time.



L-R : Sasseur REIT Manager Independent Director, Mario Boselli; Ping An Real Estate Managing Director, Wang Wei; Sasseur REIT Manager Non-Executive & Non-Independent Chairman, Mr. Xu Rongcan, Vito; L Catterton Asia Managing Director and Chairman, Ravi Thakran; Sasseur REIT Manager Non-Executive & Non-Independent Director and L Catterton Managing Director, Wang Jun.

One secret behind the overwhelming success of Sasseur outlets was Xu's brainchild of the "1+N" Super Outlet business model. "1" represented the retail space for highly discounted sales of out-of-seasons branded merchandises. "N" represented the outlet's extension facilities that provided lifestyle activities and amenities that included educational activities for children, health, entertainment, and culture. This model transformed the traditional brick- and-mortar outlet malls into one that offered the growing Chinese middle class with a one-stop shop for outlet shopping and attractive lifestyles activities that meet their needs.



BEATING FORECASTS



BOARD OF DIRECTORS FOR REIT MANAGER



MR. XU RONGCAN, VITO

Non-Executive and Non-Independent Chairman
Date of First Appointment: 11 April 2017

Mr. Xu founded the Sponsor Group in 1989, and is currently an Executive Director of the Sponsor, as well as several entities within the Sponsor Group. He is responsible for overall management of the Sponsor Group, including determination of the Sponsor Group's development plans, operating principles and investment programs. Under the guidance of Mr. Xu, the Sponsor Group has developed since 1989 to become a leading premium outlet group in the PRC. Prior to setting up the Sponsor Group, Mr. Xu was employed in the Southwest Normal University from July 1985 to December 1989, where he was responsible for office management and advertising.

Mr. Xu is the recipient of numerous awards, including the "2009 Chongqing Top 10 Fashion Icon" awarded by the Chongqing Morning News and New Female Newspaper in 2009 and the "Chongqing Top 10 Retailer" awarded by the Chongqing Morning News and Chongqing City Chamber of Commerce in 2013. Mr. Xu graduated with a specialisation in Agronomy from Chongqing Yongchuan Agricultural School, the PRC in July 1985.

Ms. Yang co-founded Sasseur (Shanghai) Holding Company Limited, a property development and construction company which provides enterprise management to nine malls in eight municipalities and provincial capitals in the PRC, in December 2005. She has also been the Executive Director of Sasseur (Shanghai) Holding Company Limited, where she presides over the day-to-day business activities of the company. She is also currently an Executive Director of the Sponsor as well as several entities within the Sponsor Group, where she is responsible for the external affairs of the Sponsor Group, as well as for its growth and development.

Prior to her position in the Sponsor Group, Ms. Yang was a sales executive for Emporio Armani from July 2003 to December 2005, where she was primarily responsible for shop operations and sales. Ms. Yang graduated with a specialisation in Garment Marketing from Chongqing Material Technical School in March 2000.



MS. YANG XUE

Non-Executive and Non-Independent Director
Date of First Appointment: 16 November 2017

**DR. WANG JUN**

Non-Executive and Non-Independent Director

Date of First Appointment: 16 November 2017

Dr. Wang is currently the Managing Director of L Catterton Singapore Pte. Ltd., where he is responsible for deal sourcing, term sheet negotiations, deal executions and post deal portfolio management. Dr. Wang joined L Catterton in June 2010.

From October 2008 to April 2010, he was a Senior Associate with McKinsey & Company, Shanghai, where he was primarily responsible for providing support to his private equity clients, including in their takeover of other companies.

From March 2003 to June 2006, Dr Wang was the Manager of the Global Strategic Alliance Department at Procter & Gamble, United Kingdom, where he led the marketing, research & development and patent departments to form multi- company alliance marketing strategies.

Dr. Zhou is the Chairman and Chief Executive Officer of Ping An Real Estate, the real estate investment and asset management platform of Ping An Group (one of the world's largest insurers). He has been Chairman and CEO of Ping An Real Estate since April 2010. Prior to that, Dr. Zhou was the Director and General Manager of Sun Hung Kai Development (China) Co., Ltd., a real estate development company in the PRC, where he was responsible for the overall management of the business. Dr. Zhou is also currently a Non-Executive Director of Landsea Green Properties Co. Ltd., a company listed on the Stock Exchange of Hong Kong Limited.

**DR. ZHOU YIMIN**

Non-Executive and Non-Independent Director

Date of First Appointment: 16 November 2017

BOARD OF DIRECTORS FOR REIT MANAGER

**DR. GU QINGYANG**

Lead Independent Director

Date of First Appointment: 16 November 2017

Dr. Gu has been an Associate Professor of the Lee Kuan Yew School of Public Policy of the National University of Singapore since August 2009, where he conducts lectures on the Chinese economy, economics of the public sector and urban development.

He has been an economic adviser to the Fuzhou New Zone in the PRC since April 2017. As economic adviser, he provides advice to the Chinese government for economic development of new zones, experiments on the PRC's new type of urban cluster. He was an Assistant Professor at the Nanyang Technological University of Singapore from July 2001 to July 2009, where he taught mathematical economics, microeconomics and macroeconomics and cost-benefit analysis and undertook research work relating to the Chinese economy, econometric modelling, reform of state-owned enterprises and international trade and finance. He carried out research on the Chinese economy, Singapore public policy and urban development from June 1997 to July 2001 as a research officer in the East Asian Institute of the National University of Singapore.

He has been an Independent Director of China Life Insurance (Singapore) Pte. Ltd. since June 2015.

Mr. Boselli is a renowned fashion icon. He brings to the Group his experience as the President at Carlo Boselli of Garbagnate Monastero (a silk mill with a longstanding tradition currently known as Marioboselli Holding Spa). During his distinguished career there from August 1959 to April 2005, he set up its textile supply chain and developed its business both in Italy and abroad. From October 1999 to April 2015, Mr. Boselli was the President of the Camera Nazionale della Moda Italiana (National Chamber of Italian Fashion), a non-profit organisation with the purpose of promoting the Italian fashion industry.

From December 2005 to April 2011, he took on the role of President and Chairman of the Board of Directors of Centrobanca Banca di Credito Finanziario and Mobiliare, a corporate and investment bank in Italy.

Awards won by Mr. Boselli include the Cavaliere di Gran Croce dell'ordine al Merito della Repubblica Italiana (received in June 2007 from the President of the Italian Republic for his merit to the nation), the Gran Cruz de l'Orden Nacional al Mérito (received in February 2004 from the President of the Columbian Republic, for distinguished merits in military and civil achievements), and the Commandeur de l'Ordre National de la Légion d'Honneur (received in April 2002 from the President of the French Republic, which is the highest French order for military as well as civil merits).

**MR. MARIO BOSELLI**

Independent Director

Date of First Appointment: 16 November 2017

Mr. Cheng brings to the Group his extensive experience with Ernst & Young LLP (then known as Turquand, Youngs & Co) from April 1977 to June 2010. During his 33 years with Ernst & Young LLP, he amassed experience in financial audit, bank audit and training and administration. He was an audit partner of Ernst & Young LLP from July 1990 to June 2010, when he was responsible for financial audit, group administration as well as audit work in relation to initial public offerings.

In July 2010, he had stepped down from his role in Ernst & Young LLP and is currently a self-employed restaurant operator. Mr. Cheng was an Independent Director of Singapore-listed Chip Eng Seng Corporation Ltd. from July 2011 to April 2017, where he chaired the Nominating Committee and was a member of its Audit and Remuneration Committees.

He was a journalist with two Chinese language daily newspapers in Singapore from December 1970 to July 1975.



MR. CHENG HENG TAN

Independent Director

Date of First Appointment: 16 November 2017



MR. WU GENG

Independent Director

Date of First Appointment: 16 November 2017

Mr. Wu has practiced with Drew & Napier LLC since April 2008, and has been a Director at Drew & Napier LLC since May 2016. His areas of practice include corporate finance, capital markets, and general corporate legal advisory work.

He was with Hoh Law Corporation (formerly known as Hoh & Partners) as a legal executive from November 2003 to April 2008, Hoh & Partners as a Chinese law adviser from January 2002 to June 2003, and Colin Ng & Partners as a foreign counsel from June 2003 to October 2003, and with Pan-Commercial Pte. Ltd. as a legal adviser and foreign trade assistant from July 1999 to December 1999 where he assisted with the company's trading business and investments in the PRC. He started his career as a Judicial Clerk with the Supreme People's Court of the PRC (July 1995 to June 1998), where he was mainly responsible for reviewing legal cases, conducting legal research and drafting legal documents.

Mr. Wu has been an Independent Director of Singapore-listed company Foreland Fabrictech Holdings Limited since September 2014, where he chairs the Nominating Committee and Remuneration Committee and is a member of the Audit Committee.

REIT MANAGEMENT TEAM

BEATING FORECASTS



from left to right

2nd row:

Zhao Na <i>Finance Manager</i>	Wong Siew Lu <i>Investor Relations and Corporate Affairs Manager</i>	Soh Xiang Ting <i>Accountant</i>	Ken Chew <i>CIO</i>	Chen Zhen <i>Head of Investor Relations, Compliance, Risk Management</i>	Cheng Hsing Yuen <i>Director of Asset Management</i>	Sarah Lei <i>Investment and Asset Manager</i>
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1st row:

Jaslyn Leong <i>Financial Controller</i>	Fred Chee <i>CFO</i>	Anthony Ang <i>CEO</i>	Floren Chay <i>Senior Manager (Admin & HR) / PA to CEO</i>
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Tan See Cin

Finance Manager (not in picture)



MR. ANTHONY ANG

Chief Executive Officer

Mr. Ang brings to the Group his extensive and diverse experience over 35 years, in the management of REITs, real estate funds as well as other investment asset classes from ARA Group ("ARA"), GIC Real Estate Pte Ltd ("GICRE"), Vertex Management ("Vertex") and the Singapore Economic Development Board ("EDB").

He was the CEO and Executive Director of ARA Asset Management (Fortune) Pte. Ltd., the manager of Fortune Real Estate Investment Trust, from March 2010 to January 2015. Prior to that, he served as the CEO of ARA's flagship US\$1.13 billion ARA Asia Dragon Fund from March 2007 to March 2010, and was responsible for fundraising and investing in a diversified portfolio of real estate investments with a pan Asian mandate.

He served as Executive Director of Majulah Connection Ltd, a non-governmental organisation supported by the Singapore government for consulting and networking from February 2003 to December 2005. From August 2001 to January 2003, Mr. Ang was with GICRE, serving as the EVP of Administration and Corporate Affairs for their global real estate investment operations. He also worked earlier as a SVP in Vertex, managing venture capital investment and Armstrong Industrial Corporation Limited, as Group GM and Executive Director overseeing its manufacturing business.

Mr. Ang started his career at the EDB, serving from January 1979 to October 1992 and rose up the ranks to become the Regional Director of North America, managing investment promotion for Singapore, covering the North America region. He is an Independent Director of Singapore-listed Heatec Jietong Holdings Ltd. since April 2017, and Malaysia-listed Yong Tai Berhad since January 2016.

Mr. Ang is currently Singapore's Non-Resident Ambassador to the Republic of Tunisia.

Mr. Ang holds a Bachelor of Science degree (Mechanical Engineering) with First Class Honours from the Imperial College, London University, and obtained a Master of Business Administration from the European Institution of Business Administration ("INSEAD") in 1982 on a scholarship from the Singapore and French governments.



MR. FRED CHEE KIN YUEN

Chief Financial Officer

Mr. Chee joined Sasseur Asset Management Pte Ltd with close to 30 years of financial management in banking, real estate and property fund management under his belt.

He was previously CFO of Sunway Group – China, a role which he assumed in 2013. Before that, he was Finance Director (from 2009) of ARA Managers (Asia Dragon) Pte Ltd, the manager of ARA Asia Dragon Fund, the ARA Group's flagship private real estate fund. The Fund had total assets of US\$3.0 billion under its management in a diversified portfolio of real estate investments in various growth economies of Asia.

From 2006 to 2009, Mr. Chee was Chief Financial Officer South East Asia at Limitless LLC, an Integrated International Real Estate Development company and a business unit of Dubai World, a wholly owned entity of the Dubai government.

Mr. Chee helped lead the establishment of Limitless LLC's office in Singapore and was involved in the acquisition of its key investments in Malaysia, Indonesia and Vietnam.

Mr. Chee started his career at PriceWaterhouse in 1989 where he was involved in the audit of major Singapore GLCs. Subsequently, he went into banking, working until 1999, and was last in charge of Global Financial Markets financial control at BNP. Mr. Chee then joined Ascendas Pte Ltd ("Ascendas") as its Head of Corporate Finance and Taxation; Ascendas was Asia's leading provider of business space solutions and a premier developer and manager of business space.

Mr. Chee holds a Bachelor of Accountancy and a Master of Applied Economics from the National University of Singapore and is a Chartered Accountant of Singapore.

REIT MANAGEMENT TEAM

**MR. CHEW HIAN CHIN (KEN)**

Chief Investment Officer

Mr. Chew is in charge of investment and asset management for Sasseur REIT. He has many years of experience in real estate investment, fund and asset management for various assets classes, ranging from retail malls, offices, hotels, to warehouses and industrial parks.

Mr. Chew was previously Fosun Group's Chief Representative in Singapore. He was responsible for investment and group-related matters and was also Fosun Property's Managing Director in charge of all property-related investments and asset management for Southeast Asia. He was previously a Vice President in CapitaMalls Asia and based in China. Before that, he worked as Mapletree Logistics' Representative in South Korea and Mapletree Group's Deputy General

Manager in Japan. Prior to that, he worked in Tokyo at the Itochu Corporation on secondment from the Mapletree group, and was responsible for Itochu's investment and asset management in the Asia Pacific region. His first job was with the Singapore Economic Development Board where he was Assistant Head for Biomedical Sciences, and the Japan and India markets for investment promotion.

Mr. Chew holds a Master of Information Science and Technology (Computer Science) and a Bachelor of Science Degree from the University of Tokyo and was awarded the joint Singapore Public Service Commission - Japan Monbusho scholarship. He is fluent in English, Chinese, Japanese and Korean.

MR. CHEN ZHEN

Head of Investor Relations, Compliance and Risk Management

Mr. Chen was an Assistant Director, and subsequently, a Deputy Director of Investment Risk Management in the Risk Management Department of the Monetary Authority of Singapore from December 2007 to December 2017. His scope of responsibilities included optimising asset allocation strategies, risk management of Singapore's official foreign reserve global investment portfolio, and conducting market surveillance on global financial markets. Prior to joining the Monetary Authority of Singapore, Mr. Chen worked as an engineer and subsequently a manager for companies in the semiconductor industry from 2000 to 2007.



Mr. Chen graduated with a Bachelor of Science (Chemistry) and a Bachelor of Economics from Peking University in 1999. He also obtained a Master of Science in Advanced Materials in 2000, a Master of Science in Financial Engineering in 2008 and a Master of Science in Real Estate in 2015 from the National University of Singapore. Mr. Chen is also a Chartered Financial Analyst (CFA) Charterholder, a Chartered Alternative Investment Analyst (CAIA) Charterholder, a certified Financial Risk Manager (FRM) and a certified Energy Risk Professional (ERP).

SPONSOR TEAM**MR. XU JUN (JIM)**

CEO of Sasseur Group

Xu Jun is responsible for the daily management of Sasseur Group. He is a real estate veteran, having participated in the planning, development and operation of dozens of commercial real estate projects in China over more than 2 decades. He formerly served in the senior management teams of Peugeot, Nike, Esquel Hong Kong.

He joined Sasseur Group in 2011, and successively served as its General Manager, Deputy CEO, and CEO.

**MR. YANG DONG SHENG**

CFO of Sasseur Group

Yang Dong Sheng heads Sasseur Group's finance department. He is overall in charge of the Group's financial management, fund raising, and capital management. Previously, he was the deputy CEO of Chongqing Dongyin Industrial group; deputy CEO, Board Secretary, and CFO of Dima Co Ltd; CFO of Jianghuai Power Co Ltd.

MR. CHEN XU GANG

Chief Human Resource Officer of Sasseur Group

Chen Xu Gang is responsible for Sasseur Group's government relations, development strategy, and human resources management. He has many years of working experience in civil service, in the media and in large corporates. He was formerly the deputy General Manager of Beijing Huajiang Cultural Development Co Ltd, responsible for the Olympic franchise project. He joined Sasseur Goup in 2016.



NURTURING TALENT



Sasseur's attention to grooming talent is simply moving.

Our mentors from the senior management of the company give us special attention, help us to think positively and solve problems at work by asking questions. They patiently answer these questions at any time. For a fresh college graduate, it has been an experience out of this world.

This is my fourth year at Sasseur. From being a management intern, I was promoted to a supervisory role, and now to a manager's position. I would like to express my gratitude to all the senior staff who mentored me. In this caring organization, my worldview is from the "shoulders of giants". I believe I can be a giant one day.



— Employee
Yang Qian
Manager





STAKEHOLDER ENDORSEMENT

CHAT ROOM



Rebecca Li

Vice President of Business Development for Greater China
Tapestry Inc.



China is a key market for Coach, our most important market in terms of growth opportunities. Sasseur's ideology of enjoying life through art commerce has brought new life into the outlet mall industry.

2231 104



Kenny Chan

Executive Director
I.T Group / Galeries Lafayette China



I.T is one of the largest operators of fashion retail chains in Hong Kong. Our stores are a must-go to destination for fashionistas and celebrities. We chose Sasseur because of its art appreciation business concept and market influence.

4013 98

SASSEUR'S
IDEOLOGY OF
ENJOYING LIFE
THROUGH ART
COMMERCE
BROUGHT
NEW LIFE TO
THE INDUSTRY.

— VP, Business Development - Greater China Tapestry (Coach)



Matthew Bai

Vice President for Greater China Business
Diesel



Diesel, with its Italian origins, has established itself as China's upmarket brand for jeans. It is most important to us that the mall is able to construct the shopping ambience and facilities that meet both our brand positioning and shopper needs. In recent years, Sasseur has emerged as the leading Outlet mall player in China, renowned for successfully integrating visual artistry with practical shopping solutions. We appreciate its professional management and keen sense of the market. We are sure Sasseur is our ideal partner.

6271 254



Jason Chen

General Manager for China
I.T Group / Galeries Lafayette China



Skechers is committed to providing consumers with one-stop family oriented sporting and leisure apparel, Our store sales performance has proved that Sasseur has a highly compatible co-operation model to our strategy of meeting consumer needs. Its strategic location, high concentration of shopper footfall, mature mall operation model, and marketing strategy all help to boost our business.

2305 110

WE ARE SURE
**SASSEUR IS OUR
IDEAL PARTNER.**

— VP, Business
Development -
Greater China
Diesel

STAKEHOLDER ENDORSEMENT



Wang Jing

Head of Business Development for China
Mothercare



Mothercare is recognized as the world's leading baby and child apparel chain because it is found in every town and city in the U.K. From maternal apparel to children's furniture and regular talks on parenting tips, we are a global one-stop shop of the latest, best, and safest products for babies and parents. Sasseur is our partner of choice because it is a large chain with a professional and dedicated team for outlet retail of international brands.

12103 78



Zhao Kang Zhe

Managing Director
E-Land Group



We chose Sasseur because of its professional operations team. It is most important to us that the mall has a strong marketing and publicity strategy and the space and environment to create beauty, so as to steadily boost the scale of brand-side sales and profitability. Sasseur's marketing strategy, broad product range and influence in the outlet industry complement our business growth strategy.

7311 96

SASSEUR'S
MARKETING,
PRODUCT
DIVERSITY
AND INDUSTRY
INFLUENCE
COMPLEMENT OUR
BUSINESS GROWTH
STRATEGY.

— Managing Director
South Korean
conglomerate
E-Land



Wang Hua You

Vice President
Anta Group



FILA targets high spending individuals. Our vision is to become the most fashionable sporting apparel brand. We chose Sasseur because it is China's largest outlet mall chain. It differentiates itself from other malls by offering unique shopper experience and growth with brands.

❤️ 24034

💬 85



Wu Ning

Business Development Manager
Costa Coffee (Shanghai)



Costa is committed to enhancing customers' experience. This is implemented through customer service programmes, member activities, a wide product range, and store ambience. We chose to open at Sasseur because it is well-known for discounted branded merchandise, an attraction for customers from surrounding cities.

❤️ 211

💬 96

WE CHOSE
SASSEUR BECAUSE
IT IS CHINA'S
LARGEST
OUTLET MALL
CHAIN.

— Vice President
Anta (Fila)

STAKEHOLDER ENDORSEMENT



Nie Rui Xia

Homemaker



Our entire family comes here on weekends. There's something for all of us – enjoy a good meal, catch a movie, kids' playground, cafes, buy some fresh fruits, specialty farm produce, pre-season clothing.

Compared with the downtown shopping mall, the outlet is more spacious and comfortable. This place is beautiful. So, basically every two or three weeks, I arrange for our family gatherings to be here. Everyone is happy.

❤️ 121 💬 78



Dai Jia Jia

Senior Bank Officer



Now that I have elderly parents and children to care for, life is household chores after office work. Leaves me with hardly any time for shopping.

But at the end of every season, I will definitely come to Sasseur outlet. We get the whole family's clothes for the season in one visit. Its pricing is great value for money. Shopping has to be fast and productive, just like work.

My mom is retired. When she has the time, she'll bring my baby here. The children's amusement center is not bad at all. Children love it.

❤️ 121 💬 67



Liu Fan

Customer Service Officer
Sasseur Outlet (Chongqing)



It gets pretty busy when there are large scale events. No matter how busy we are, maintaining a relaxed and cheerful attitude keeps us going and is a positive influence to our colleagues and customers. I hope that customers, businesses and colleagues can feel that Sasseur outlet is a warm and loving family.

❤️ 541 💬 92

INVESTOR RELATIONS

We are committed to provide investment communities and media communities with clear, timely, regular and unbiased information on Sasseur REIT's business and performance. We place great emphasis in ensuring high standards of disclosure and corporate transparency. All material information such as announcements, press releases, presentation slides and annual reports are regularly and promptly issued through SGXNet and our corporate website at www.sasseurreit.com to ensure timely dissemination of information to the public. Investors and public can sign up for email alert on our corporate website to receive updates on Sasseur REIT's latest announcement and press releases.

We are aware of the importance of having communications with the stakeholders. Therefore, we proactively engage retail and institutional investors, analysts and media to communicate our business model and address their concerns via post-results briefings, face-to-face meetings, teleconferences, investor conferences, roadshows and site visits. During the year, we participated in several conferences and events in Singapore, Bangkok, Kuala Lumpur and Shenzhen to introduce the REIT. We also held our post-results briefings in August, November 2018 and February 2019, providing updates to the investors and analysts on Sasseur's REIT quarterly financial results and operational performance.

Two mall visits were arranged in March and September 2018 for investors, analysts and media, when they visited our outlet malls in Chongqing, Hefei and Kunming. These visits offered them an insight into the outlet industry and the long-term growth potential of Sasseur REIT which is driven by domestic consumption as a result of increasing middle-class population in China.

ANALYST COVERAGE

(As at 31 December 2018)

- DBS Bank
- Maybank Kim Eng
- Citi Research

INVESTOR & MEDIA RELATIONS CALENDAR 2018

	Event	Location
Second Quarter	Non-deal roadshow	Malaysia
	REITs Symposium	Singapore
	Brokerage luncheon hosted by OCBC Research	Singapore
	Site Visit	China
Third Quarter	SGX-SAC Corporate Access Symposium	Singapore
	Global Assets and Wealth Forum	Singapore
	Post-2QFY2018 results briefing	Singapore
	Brokerage luncheon hosted by Phillip Securities	Singapore
	Brokerage luncheon hosted by CIMB Research	Singapore
	12th Scaling New Heights Asia Investment Forum	China
	FPR Investor Conference	Singapore
	Phillip REIT event	Singapore
	Citi-SGX New Listings & High Growth	Singapore
	China REIT Alliance	China
Site Visit	China	
Fourth Quarter	Brokerage luncheon hosted by Maybank Kim Eng	Singapore
	SGX Corporate Connect Seminar	Singapore
	China (Chongqing)-Singapore Connectivity Initiative Financial Summit	China
	SGX-Beijing Forum	China
	SGX NewBanker Forum 2018	Singapore

FINANCIAL AND DISTRIBUTION CALENDAR

Second quarter results announcement	6 August 2018
First half distribution to Unitholders	27 September 2018
Third quarter results announcement	12 November 2018
Full year results announcement	18 February 2019
Second half distribution to Unitholders	28 March 2019
Annual General Meeting	17 April 2019

UNITHOLDER AND MEDIA ENQUIRIES

If you have any enquiries or would like to find out more about Sasseur REIT, please contact:

Ms. Wong Siew Lu

Investor Relations and Corporate Affairs Manager

Tel: +65 6360 0290

Fax: +65 6873 0930

Email: wongsl@sasseurreit.com

Website: www.sasseurreit.com

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Tel : +65 6536 5355

Fax : +65 6536 1360

Website : www.boardroomlimited.com

For depository-related matters such as change of details pertaining to Unitholders' investment records, please contact:

The Central Depository (Pte) Limited

9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588

Tel : +65 6535 7511

Email : asksgx@sgx.com

Website : www.sgx.com/cdp

BIG DATA



Our security protocol is tight for a mall. I especially appreciate the extent of our security during our anniversary sales. When the outlet is jam packed with shoppers, security work can be really challenging.

Because of the huge crowds every year, the Chongqing traffic police now makes public broadcasts warning of traffic congestion within the vicinity of our outlet a few days before our anniversary sales begin. There are more than 5,000 parking lots at our outlet and around us. Anniversary sales celebration is when these lots are all filled with cars.

Our anniversary celebration on 14 September 2018 kicked off with 36 hours of round-the-clock shopping until past 9 pm the next day. More than 5% of private cars in Chongqing drove to our outlet within those 36 hours. Many shoppers came in at odd hours trying to avoid peak hour jams. At one stage, more than 300 traffic police and security personnel were deployed on high alert.



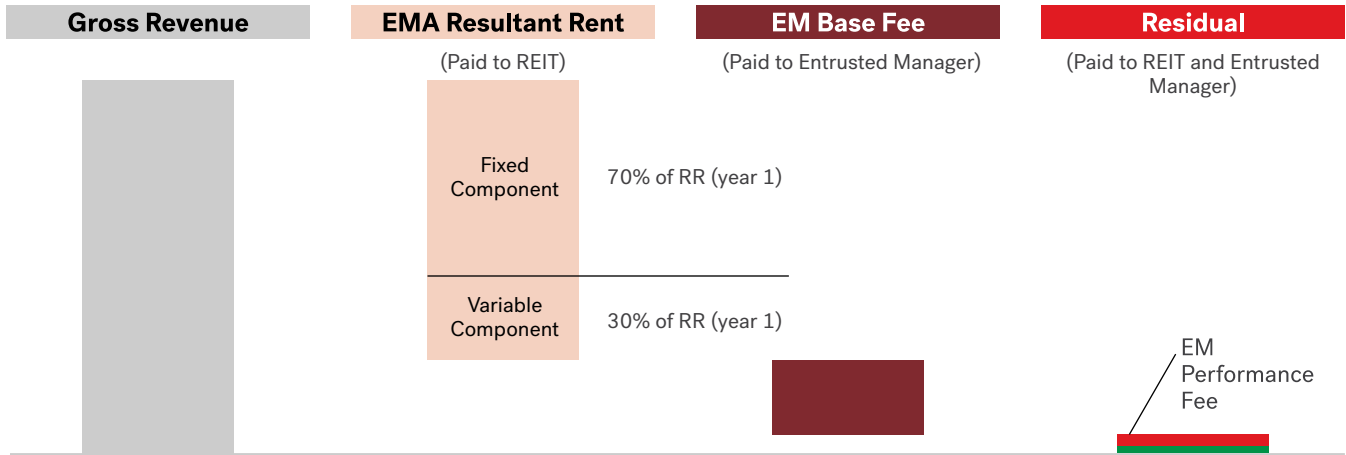
— Security Guard
Nie Jun
*7 years with Sasseur
Chongqing Outlet*





EMA RENTAL INCOME

Entrusted Management Agreement (“EMA”) Model



- Gross Revenue (“GR”) = Total rental receivable + Income from permissible investments

- EMA Resultant Rent (“RR”) comprises FC and VC

- EM Base Fee: Up to 30% of GR (for management of the outlet malls on a triple net basis)

- EM Performance Fee: $60\% \times (GR - RR - EM \text{ Base Fee})$
- Payment to REIT: $40\% \times (GR - RR - EM \text{ Base Fee})$

- EM = Entrusted Manager
- FC = Fixed Component
- GR = Gross Revenue
- RR = EMA Resultant Rent
- VC = Variable Component

The EM fee arrangement is pegged to the performance of the properties so as to incentivise the entrusted manager and align its interest with the long-term interest of the reit and its unitholders

The EMA Rental Income received or receivable from the Entrusted Manager is stipulated under the Entrusted Management Agreements and is derived from the rental income from tenants. (See “Financial Statement – General – Entrusted Management Agreement” page 106 to 109 for further details.)

The EMA Rental Income consists of (i) EMA Resultant Rent, which is the sum of fixed component and variable component, subject to a Minimum Rent arrangement on the portfolio level, and (ii) performance sharing as described below.

As disclosed in the Prospectus dated 21 March 2018, the Minimum Rents for Forecast Period 2018 and Projection Year 2019 amount to RMB 472.9 million (S\$95.9 million equivalent) and RMB 611.4 million (S\$124.0 million equivalent) respectively. Pursuant to the terms of the Entrusted Management Agreements, in the event that the Properties’ EMA Resultant Rent falls below the Minimum Rent, Sasseur REIT shall be entitled to receive the shortfall. The Minimum Rent condition will fall away if the Initial Portfolio achieves the Minimum Rent for two consecutive years commencing from FY2018. The Minimum Rent from FY2020 onwards (if applicable) shall be equivalent to the Projection Year 2019 Minimum Rent. The Actual EMA Rental Income for the period from listing date 28 March 2018 to 31 December 2018 has exceeded the Minimum Rent by 2.2% (RMB terms) as shown in table below.

	28 March 2018 to 31 December 2018		
	Actual	Minimum Rent ¹	Variance
Fixed Component (RMB mil)	291.2	291.2	-
Variable Component (RMB mil)	153.5	142.0	+8.1%
EMA Rental Income (RMB mil)	444.7	433.2	+2.6%
Exchange Rate (RMB/S\$)	4.948	4.930	+0.4%
EMA Rental Income (S\$ mil)	89.9	87.9	+2.2%

¹ Pro-rated to 28 March 2018 to 31 December 2018

In the absence of the EMA, the distribution per unit and the annualised distribution yield (based on IPO listing price of S\$0.80) would be 3.990 Singapore cents and 6.5% for FY2018.

EMA RENTAL INCOME COMPRISES:

(i) EMA Resultant Rent

EMA Resultant Rent is the sum of fixed component and variable component.

• Fixed Component

The Fixed Component is expected to contribute not more than 70% of the EMA Resultant Rent with an annual step-up of 3% over the term of the Entrusted Management Agreements.

• Variable Component

The Variable Component for each property will be pegged to a percentage of their respective total sales in accordance with the following percentages:

Property	Variable Component
Chongqing Outlets	4.0% of total sales
Bishan Outlets	4.5% of total sales
Hefei Outlets	5.5% of total sales
Kunming Outlets	5.0% of total sales

(ii) Performance Sharing

Performance sharing is based on the differential between the Gross revenue and EMA Resultant Rent and after deducting the EM Base Fee.

PERFORMANCE RESERVE

Under the Master Entrusted Management Agreement, the Sponsor will provide a performance reserve of RMB 100.0 million to Sasseur REIT (“Performance Reserve Amount”), which takes into account a portion of the relevant expenses borne by the PRC Property Companies under the Entrusted Management Agreements as well as the difference between the annualised 2018 forecasted Gross Revenue and the expected annualised EMA Resultant Rent for Forecast Period 2018, in the form of bank guarantees (which will be placed with an independent financial institution of good financial standing, that is, at least investment grade) or cash which the Trustee can call or draw upon without requiring the approval of the Sponsor (i) as security for performance by the Sponsor and the Entrusted Manager, as the case may be, of all their respective obligations under the Entrusted Management Agreements; and (ii) to secure or indemnify the Trustee as well as any of the subsidiaries of Sasseur REIT against (a) any losses, damages, liability or expenses incurred or sustained arising out of any default by the Sponsor and the Entrusted Manager, as the case may be, under the Entrusted Management Agreements and (b) any claims, losses, damages, liabilities or other obligations by the Trustee or any of the subsidiaries of Sasseur REIT at any time against the Entrusted Manager in relation to any matter arising out of or in connection with the Properties.

The Sponsor has provided a bank guarantee by DBS bank guarantee for FY2018 pursuant to the Performance Reserve.

MARKETING AND PROMOTION

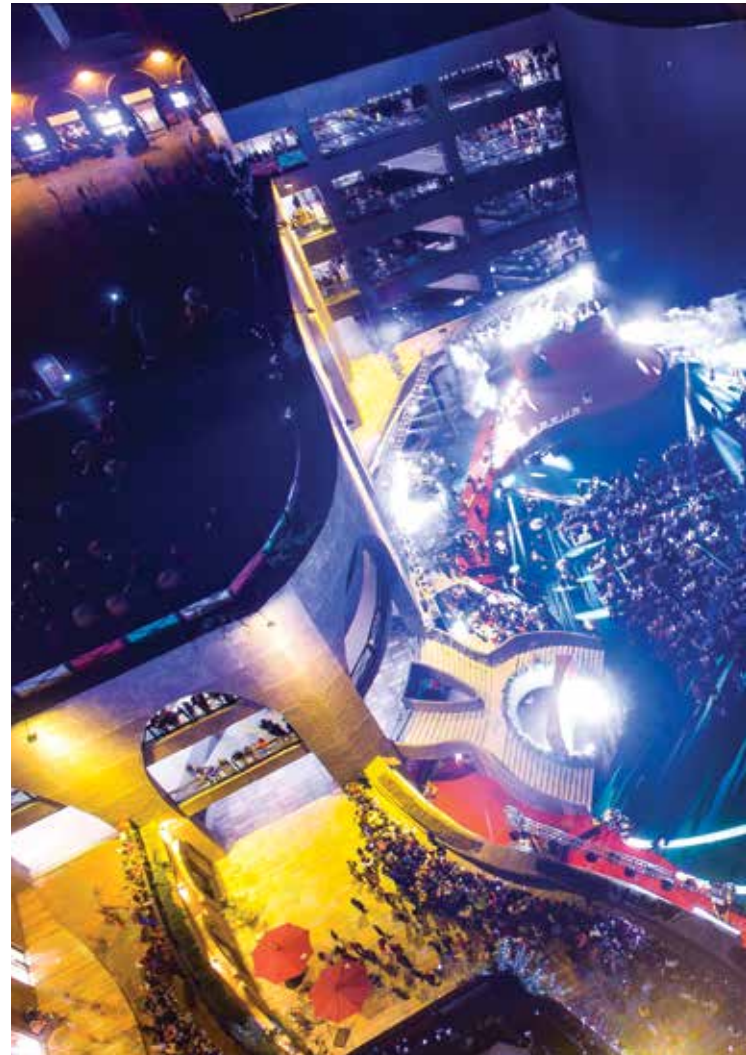
MANAGING CROWDS ROUND-THE-CLOCK



Crowds throng at Sasseur (Chongqing) Outlets as late as 3am on its 10th anniversary celebration in 2018.



The opening of every Sasseur outlet is marked by long queues.



36 HOURS ROUND-THE-CLOCK SALES PROMOTION FESTIVAL

At every city where there is a Sasseur outlet, the entire city celebrates shopping. Every Sasseur Outlet Anniversary Celebration is exciting because of our in-depth understanding of consumers and the elaborate planning of our themed events. That's the season for an amazing sight of large throngs of people and cars rolling into our malls at 3am or 4am in the morning. Shopping queues last all the way to 5am or 6am in the morning.

SALES ^(RMB)

3.4 billion

SHOPPER TRAFFIC

10.3 million

VIP MEMBERS

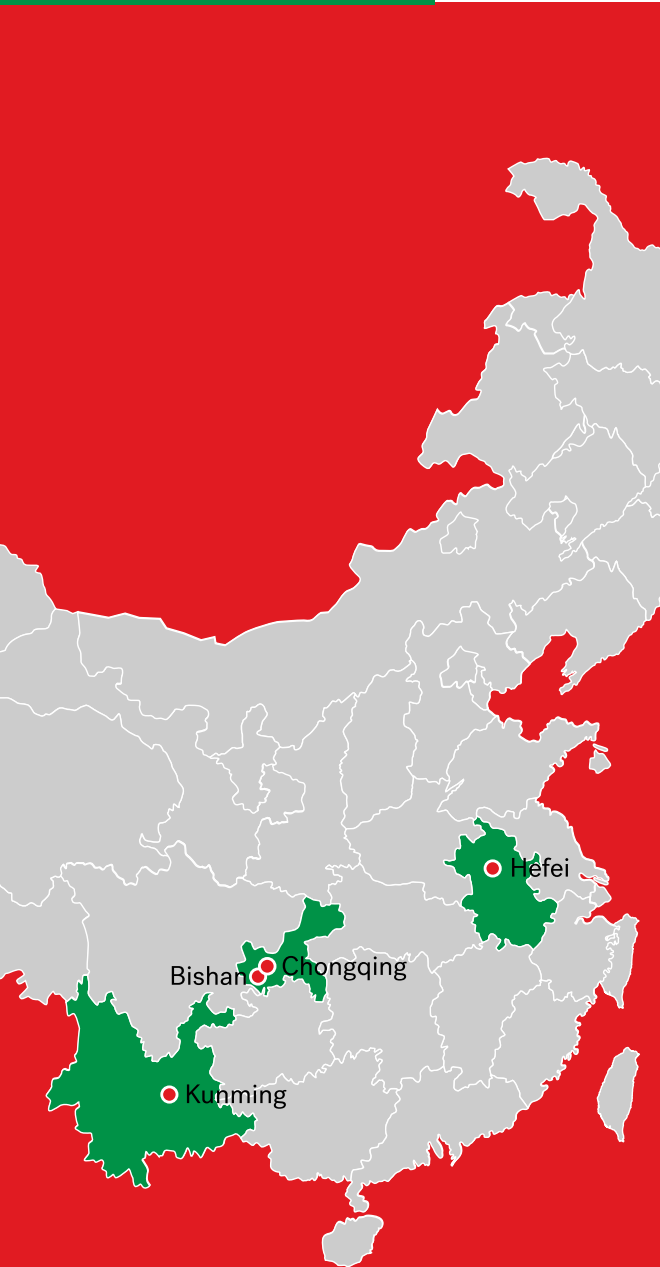
819,200



The heatwave in 2016 did not deter the crowds at Sasseur (Chongqing) Outlets at its 8th anniversary celebration.

◆ Beautiful neon lights wow the crowds at the launch ceremony of Sasseur (Kunming) Outlets.

PROPERTY PORTFOLIO



CHONGQING



BISHAN



HEFEI



KUNMING





Commencement of Operations	September 2008
Net Lettable Area (NLA)	50,885 sqm
No. of Tenants	410
Top Brands	Coach, FILA, Nike, Ports, +39space ²
Occupancy Rate ¹	99.3%
Implied Acquisition Value	RMB 2,452.4 million
Independent valuation	RMB 2,901.0 million

CHONGQING



Commencement of Operations	October 2014
Net Lettable Area (NLA)	47,309 sqm
No. of Tenants	216
Top Brands	Adidas, New balance, Guess, Nike, +39space ²
Occupancy Rate ¹	88.1%
Implied Acquisition Value	RMB 729.1 million
Independent valuation	RMB 790.0 million

BISHAN



Commencement of Operations	May 2016
Net Lettable Area (NLA)	138,449 sqm
No. of Tenants	316
Top Brands	Adidas, Coach, Michael Kors, Nike, Sketchers
Occupancy Rate ¹	97.4%
Implied Acquisition Value	RMB 2,249.6 million
Independent valuation	RMB 2,521.0 million

HEFEI



Commencement of Operations	December 2016
Net Lettable Area (NLA)	70,067 sqm
No. of Tenants	254
Top Brands	Adidas, Chow Tai Fook, FILA, Nike, +39space ²
Occupancy Rate ¹	94.2%
Implied Acquisition Value	RMB 1,349.6 million
Independent valuation	RMB 1,495.0 million

¹ As at 31 December 2018

² Top European brands

KUNMING

PROPERTY PORTFOLIO

重庆

CHONG
QING Outlets

Located in the northeast of Chongqing, Chongqing Outlets (West Outlets Shopping Square) is located near the airport highway, 10km away from the airport and a 30-minute drive Chongqing's central commercial district. The most affluent residents of the city live within walking distance of the shopping square. According to the Independent Market Research Consultant, there are currently over 100 Fortune Global 500 Companies operating there.

ACCESSIBILITY

Chongqing Outlets is near well-developed public transportation facilities. The Jinyu Station, a station on Chongqing Rail Transit Line 3, is approximately 800 m from Chongqing Outlets. Line 3 is the busiest metro line in Chongqing and it runs from Yudong Station to Jiangbei Airport Station, running through several main commercial areas such as Nanping, Lianglukou and Guanyinqiao. In addition, Chongqing Rail Transit Line 10, which commenced operations

on 28 December 2017, has a station about 500m from Chongqing Outlets.

ATTRACTIONS

Chongqing Outlets commenced operations in September 2008 and has since distinguished itself through an experiential shopping concept which targets middle and upper income consumers with higher disposable incomes.

It is known for its western restaurants and local establishments serving the most famous delicacies of Sichuan cuisine - as well as first-class clubs, private theatres and various coffee shops and wine bars.



OCCUPANCY

99.3%

SHOPPER TRAFFIC

5 million
(2017: 4.6million)

VIP MEMBERS

302,100
(2017: 100,000)



PROPERTY PORTFOLIO

璧
玉
山BISHAN
Outlets

Bishan Outlets is situated south of Shuangxing Avenue, north of Baiyang Road, and east of Biqing Road and is within 3 km of downtown Bishan District. Bishan Outlets is also located next to Jinjian Mountain, a tourism and leisure area. According to the Independent Market Research Consultant, the PRC government has recently released a detailed plan to promote the area's further development in the tourism and leisure industries, thus benefiting Bishan Outlets in terms of an expected increase in footfall.

ACCESSIBILITY

Bishan Outlets is situated in a convenient location with several main roads located nearby, including S109 Shuangxing Avenue, S108 Biqing Road, Daxuecheng Middle Road, the G319 Xiacheng Expressway, and the G5001 Chongqing Beltway. Bishan Outlets is approximately 50 km away from Chongqing Jiangbei International Airport and is accessible with an hour's drive.

ATTRACTIONS

Having its architecture inspired by the ancient Roman architecture and Italian towns, Bishan Outlets is 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' "Super Children's Centre" retails a wide selection of infant and children's clothing labels, and has an early childhood education centre, an enrichment centre, a children's playground, a children's photography centre and a children's theatre. It also has 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, there are several pubs and bars there. Bishan Outlets is a trendy meeting place for the young.



OCCUPANCY

88.1 %

SHOPPER TRAFFIC

1 million

VIP MEMBERS

155,000

(2017: 126,900)



PROPERTY PORTFOLIO

合肥

HEFEI
Outlets

Hefei is the fastest growing city in China with GDP rising from RMB416.4 billion in 2012 to RMB721.3 billion in 2017, representing an increase of 73.2%. Notably, it is the third most attractive city to China's foreign talent, after Shanghai and Beijing, both first-tier cities. In 2017, Hefei was also selected as a pilot city under the Made in China 2025 initiative.

ACCESSIBILITY

Hefei Outlets is located in the High-Tech Industrial Development Zone, which is one of the PRC's national high-tech industrial development zones. It enjoys traffic flow from corporate headquarters, high-end villas and an ecological tourism zone. It is also easily accessible by 4 main urban roadways and well-served by numerous bus routes. In addition, it is in close proximity to a station for Metro Line 2. There will also be two additional metro lines (namely Metro

Line 4 and Metro Line 7) in the future, connecting Hefei Outlets with the city centre, improving the accessibility of Hefei Outlets and broadening its consumer base.

ATTRACTIONS

One of its main attractions is its cinema. Hefei Outlets 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.



OCCUPANCY

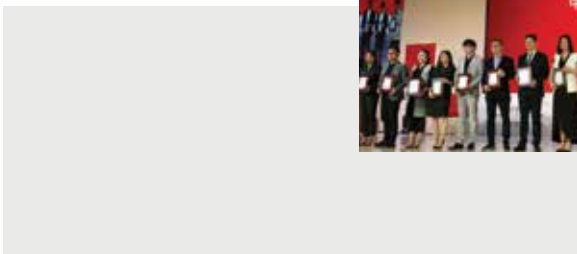
97.4%

SHOPPER TRAFFIC

2 million
(2017: 1.5million)

VIP MEMBERS

203,100
(2017: 136,300)



PROPERTY PORTFOLIO

昆明

KUNMING
Outlets

Kunming Outlets is situated outside the centre of Kunming City close to Anning City, southwest of downtown Kunming, which is one of the fast-growing cities in China. It is named as one of 30 China cities of opportunities 2018, being a gateway city and regional transport hub facilitating connection with South and Southeast Asia under the Belt and Road initiative.

ACCESSIBILITY

It is approximately 20 km away from the four retail hubs in central Kunming. Strategically located in a convenient transportation hub within Taiping New City, Kunming Outlets is within a 5-minute drive from the highway exit that connects Kun'an Highway, Anjin Highway, Gaohai Highway, and Northwest Highway, as well as Chengkun Railway and China National Highway G320 Shangrui Expressway, which passes through

the city. Taiping New City is a newly developed living and leisure zone earmarked by the PRC government for development in retail, tourism and modern technology industries, as part of a plan to promote regional economic growth.

Not only does Kunming Outlets offer traditional luxury brands, it also cooperates with other top brands, including domestic brands to cater to the preferences of different customer segments.



OCCUPANCY

94.2%

SHOPPER TRAFFIC

2.3 million
(2017: 1.5million)

VIP MEMBERS

159,000
(2017: 95,700)



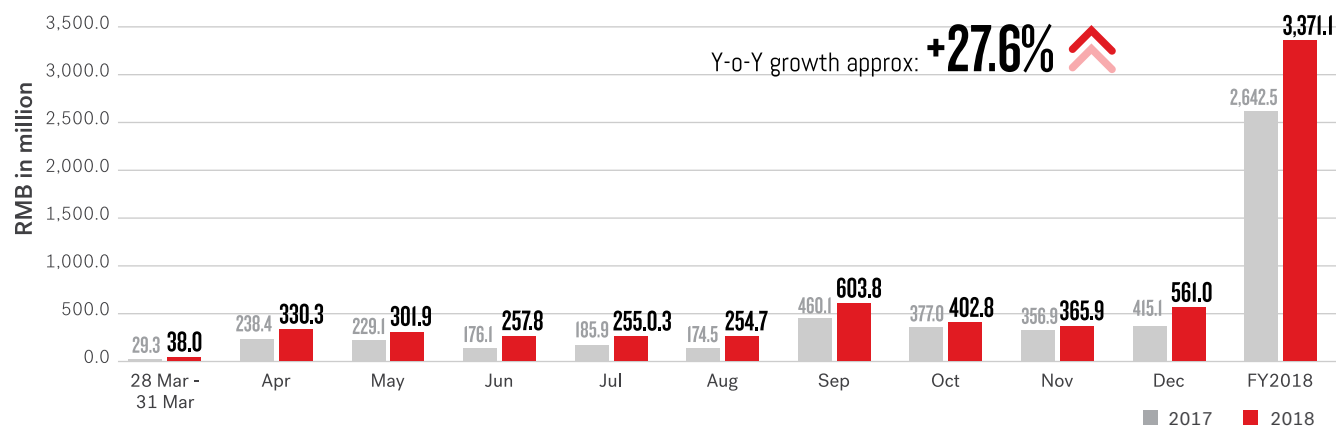
PARTNER BRANDS



OPERATIONS REVIEW

PORTFOLIO SALES PERFORMANCE

Total outlet sales for FY2018¹ was RMB 3,371.1 million, 27.6% higher than 2017. The growth in overall outlet's sales was driven mainly by the strong performance in all the four outlet malls, registering double-digit percentage growth throughout the year. Other factors contributing to sales exceeding forecast were successful year-round marketing and promotional programs attracting strong turnout and higher purchases.



ACTIVE ASSET MANAGEMENT

Our active asset management approach has continued to add strength and resilience to Sasseur REIT's portfolio. We have also consistently adopted a pro-active leasing strategy with an emphasis on preserving a positive and growing cash-flow.

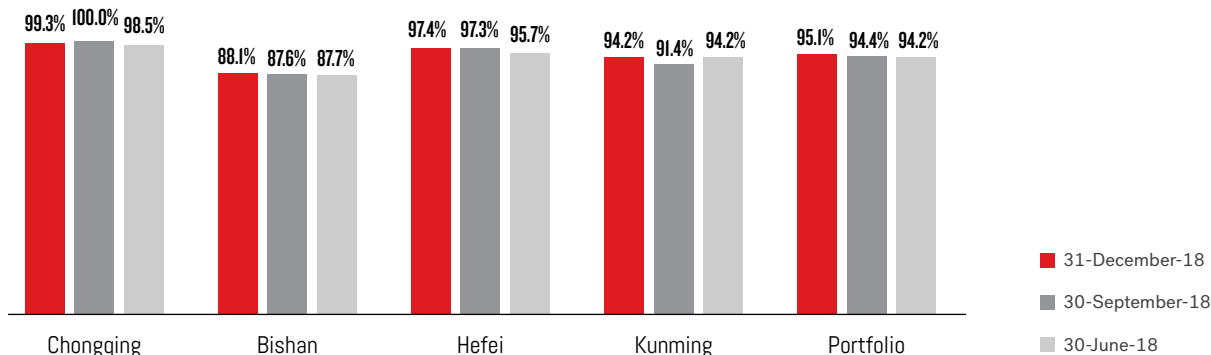
The sponsor's unique '1+N' business model has served us in good stead in the face of the volatile and challenging retail market in China. The number '1' represents our 'value-for-money' outlet business and 'N' represents the many lifestyle activities that are offered at our outlets. This makes our outlets a "double destination" for our shoppers. Coupled with the team's close working relationship with all major brands and the ability to 'price-it-right', our outlet malls have continued to attract shoppers from the growing Chinese middle class from year to year.

Our growth in FY2018 was largely attributed to effective advertising and promotional activities planned throughout the year, and the increase in spending by the Chinese middle class. These promotional activities are themed according to the seasons, local festivities and year-end celebrations.

PORTFOLIO OCCUPANCY

The average portfolio occupancy rate stood at 95.1% as at 31 December 2018, 0.9%-point higher than 30 June 2018. The improvement in portfolio occupancy is attributed to the entrusted manager's pro-active leasing strategy adopted across all the four outlet malls, with more new tenants being signed up in the regular tenants' trade mix review.

OCCUPANCY (%)

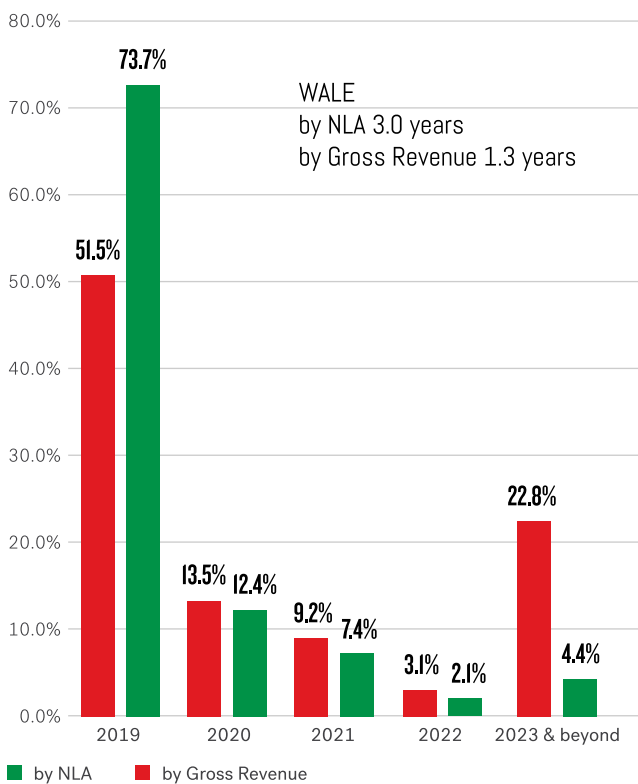


¹ 28th March 2018 to 31st December 2018

OPERATIONS REVIEW

LEASE EXPIRY PROFILE

As at 31 December 2018, the lease expiry profile for SASSEUR REIT remained well balanced with a portfolio weighted average lease expiry ("WALE") of 1.3 years by gross rental revenue and 3 years by net lettable area. Unlike conventional REITs, SASSEUR REIT has intentionally opted for a shorter lease. This is to allow us to weed out under-performing brands, replaced with brands that are better suited to current consumers' trends and renew leases at higher rates for brands that perform well. With the majority of our leases rental income pegged to tenants' sale, our interest is aligned with the tenants. For the FY 2018, there were 711 renewals and 1040 new leases being signed.



TENANTS' PROFILE

SASSEUR REIT's top 10 tenants contributed about 17.0% of gross revenue as at 31 December 2018. SASSEUR REIT's tenants come from a wide variety of trade-sectors providing good diversification. No single trade segment accounted for more than 5.2% of SASSEUR REIT's gross revenue.

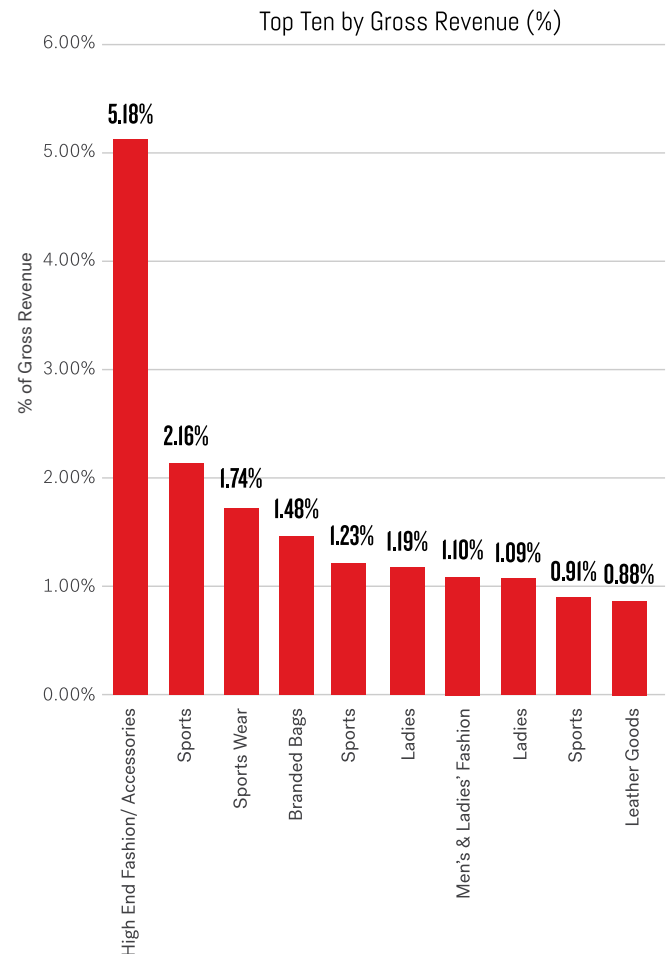
BREAKDOWN OF TENANTS IN PORTFOLIO

(as at 31 December 2018)

Outlets	No. of Tenants
Chongqing	410
Bishan	216
Hefei	316
Kunming	254
Portfolio	1196

TOP 10

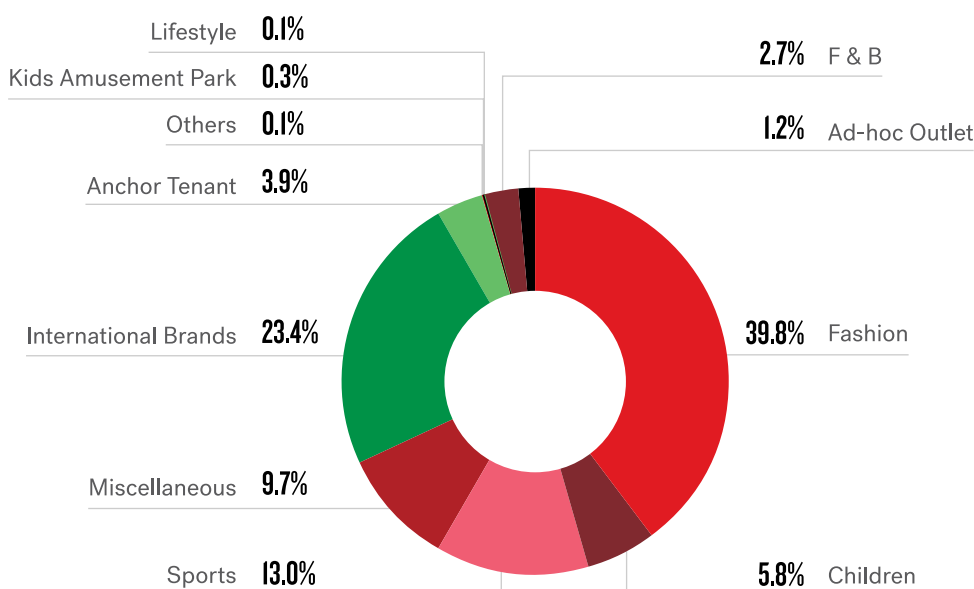
No single tenant and trade sector accounted for more than 5.2% and 8.6% of the portfolio's monthly gross revenue. The tenant diversification across trade sectors and low dependence on any particular tenant enabled SASSEUR REIT to mitigate its concentration risk and enhance its portfolio resilience.



TRADE SECTORS' ANALYSIS

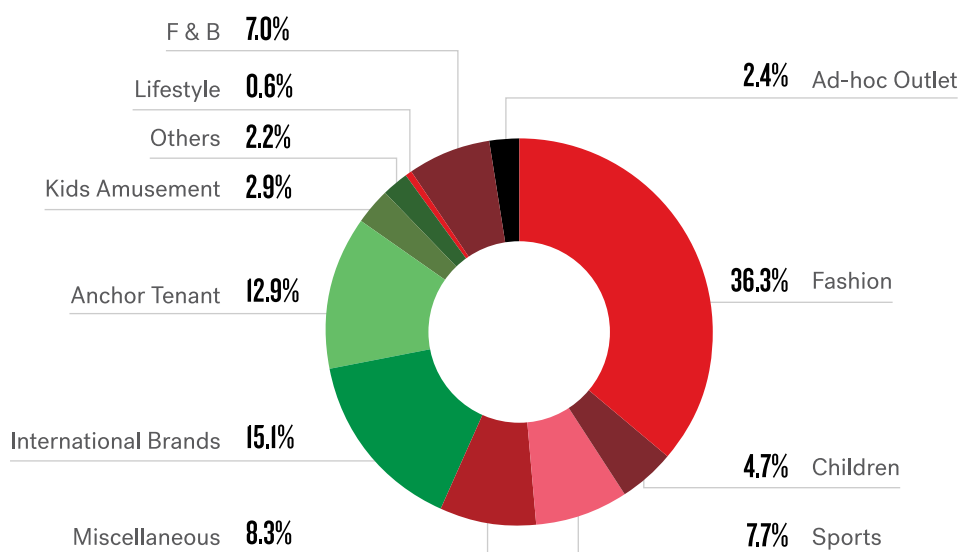
SASSEUR REIT's well-diversified portfolio comprises 11 trade sectors. Fashion wear continues to be the largest sector accounting for 39.8% of SASSEUR REIT's Gross Revenue. By gross revenue, international brands, fashion, sports and children's wear & accessories contributed closed to 82.0% of total revenue. Compared to other conventional retail malls, the percentage of "Food and Beverage" at 2.7% by gross revenue and 7.0% by NLA, is relatively low. Thus, we will have more headroom to expand this sector to further strengthen the diversity of trade mix for all the outlets.

BREAKDOWN OF REVENUE¹ BY TRADE SECTOR



82.0%
International Brands,
Fashion, Sports &
Children wear and
accessories

BREAKDOWN OF NLA² BY TRADE SECTOR



63.8%
International Brands,
Fashion, Sports &
Children wear and
accessories

¹ As percentage of the portfolio's gross revenue as at 31 Dec 2018

² As percentage of the portfolio's net lettable areas as at 31 Dec 2018

ENTERPRISE RISK MANAGEMENT

Risk management is an integral part of the business for Sasseur REIT (the “Manager”). The Manager practices a proactive approach toward risk management applied towards both strategic and operational levels. This approach enables it to manage risks in a systematic and consistent manner, support its business objectives and strategy, thereby creating and preserving value.

The Board of Directors is responsible for the overall risk strategy and governance of risk of Sasseur REIT. Their responsibilities include establishing a framework of prudent and effective controls which enables risks to be assessed and managed, safeguarding of Unitholders’ interests and the assets of Sasseur REIT. For these purposes, the Board is supported by the Audit and Risk Committee (the “ARC”), which provides oversight over risk management policies and guidelines. The ARC may observe on any matters under its purview, and may make any recommendations to the Board as it thinks fit.

The Manager is responsible for the implementation and practice of ERM across Sasseur REIT. This year is the maiden year of listing for Sasseur REIT. The team is working towards finalising a comprehensive ERM framework, with systematic risk assessments and clearly defined parameters that are agreed by the Board. Our internal auditor, PricewaterhouseCoopers Risk Services Pte. Ltd. (“PwC”), has facilitated a risk workshop involving the ARC and our key management to identify, analyse, measure and assess the material risks of Sasseur REIT. All material risks have been documented and will form an integral part for Sasseur REIT to establish a robust ERM framework, including a risk profile report that will be presented regularly at the ARC and Board meetings.

ENTERPRISE RISK MANAGEMENT FRAMEWORK



MANAGING MATERIAL RISKS

The Manager undertakes an iterative and comprehensive approach in identifying, managing, monitoring and reporting material risks across Sasseur REIT. Such material risks include:

Foreign Exchange Risk

Sasseur REIT’s revenue is derived primarily from RMB denominated dividend income, which has to be converted into Singapore dollars for the distribution payments. As a result, Sasseur REIT is exposed to fluctuations of the Chinese Renminbi (“RMB”) against Singapore Dollar (“SGD”), which have not been material. In order to manage this exposure, the Manager adopts currency risk management strategies as follows:

- 1) The Manager has used RMB denominated borrowings to match the currency of the asset as a natural currency hedge. As at 31 December 2018, about 75% of the borrowings are RMB denominated.
- 2) The Manager proactively monitors the currency market and where appropriate, based on the prevailing market conditions, may adopt suitable hedging strategies to minimise any foreign exchange risk.

INTEREST RATE RISK

Sasseur REIT is exposed to interest rate risk arising from loans it had taken to fund the acquisition of the portfolio assets. The Manager adopts a proactive interest rate management strategy to manage the risk associated with changes in interest rates on the loan facilities while also seeking to ensure that Sasseur REIT's on-going cost of debt capital remains competitive. The Manager will also endeavor to utilise interest rate hedging strategies where appropriate from time to time, to optimise risk-adjusted returns to Unitholders.

As at 31 December 2018, about 50% of the offshore term loan had been hedged using floating-for-fixed interest rate swaps.

REGULATORY AND COMPLIANCE RISK

The Manager is subject to multiple laws and regulations. This includes the various regulations, notices and guidelines under the purview of MAS, which are applicable to the Manager as a Capital Markets Service License holder. Additionally, the Manager needs to comply with the requirements found in the Listing Manual of SGX-ST, the Property Funds Appendix and the provisions of the REIT's Trust Deed. The Manager has established relevant policies and procedures to ensure its compliance with the applicable legislation and regulations.

ECONOMIC AND COMPETITION RISK

Sasseur REIT is exposed to geopolitical and macroeconomy risks which may reduce revenue, increase cost and result in downward revaluation of our assets. It also faces competition from established players, online businesses and new market entrants which may impact the tenant occupancy rate and sales revenue. However, the Manager believes that the risks are not as significant because outlets' underlying business comprises mid to high-end brands and lifestyle activities targeted at the Chinese middle class, and is less affected by online competition and economic downturn. In addition, the Sasseur outlets business model had demonstrated recession resilience consistently. The Sasseur Group is one of the leading premium outlet groups in the PRC with about 30 years' experience, and is ranked within the top 500 service companies in the PRC.

Nevertheless, the Manager has adopted a relentless approach to strengthening its competitiveness in offering experiential outlet shopping through high quality products and services, competitive pricing, product differentiation, branding, asset enhancement and numerous lifestyle activities. Sasseur REIT also promotes tenant and customer loyalty through tenant-centric initiatives and shopper loyalty programmes. A team of the sponsor's in-house business experts provides regular analysis on market trends, while the sponsor's in-house marketing experts organise major shopping events regularly to attract larger shopping crowds.

LIQUIDITY RISK

Sasseur REIT actively monitors its investment deposits and borrowings to ensure sufficient liquidity in the form of cash and banking facilities in order to meet its capital, refinancing and operating needs. An annual budget and forecast for revenue and expenses is established and monitored by management on a regular basis. To manage liquidity risk, the Manager maintains adequate levels of liquid resources to cover its working capital obligations. Sasseur REIT also manages its capital structure to ensure that its debt maturity profile is spread out over a range of years and monitors its covenants closely to ensure that it complies with loan obligations.

INFORMATION TECHNOLOGY RISK

IT risk comprises of cyber fraud risk, information security risk and technology infrastructure risk. Increasing threats of information security such as hacking, phishing, website defacement may pose risk of sensitive data leakage and financial loss. The Manager has, via a professional third-party IT team, put in place policies and procedures to manage IT risk.

CAPITAL MANAGEMENT

The Manager takes a disciplined approach in addressing funding requirements and managing refinancing and interest rate risks and actively manage Sasseur REIT's capital structure to optimise the cost of capital within the borrowing limits set out in the Property Funds Appendix and intends to employ a combination of debt and equity in financing acquisitions and asset enhancement initiatives.

As of 31 December 2018, Sasseur REIT has the following onshore and offshore syndicated term loan facilities:

1. RMB 1.96 billion 5-year onshore term loans, with repayment of 1% of initial principal of RMB 1.96 billion every 6 months. These were taken up to refinance existing onshore loans; and
2. S\$125.0 million 3-year offshore term loan. This is taken up to fund IPO issue expenses and other transaction costs and for general working capital purposes.

The average debt to maturity for Sasseur REIT's total borrowings is about 3.75 years as at 31 December 2018. In June 2018, an interest rate swap (IRS) of notional amount S\$62.5 million was contracted to hedge the floating interest rate of the offshore term loan to mitigate volatility in interest rates. The Manager will continue to monitor the interest rates movements and would continue to utilise interest rate hedging strategies where appropriate from time to time to optimise risk-adjusted returns to Unitholders.

The Manager endeavours to utilise currency risk management strategies where appropriate from time to time to minimise the impact of Sasseur REIT's distributable income due to foreign exchange volatility, including the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge.

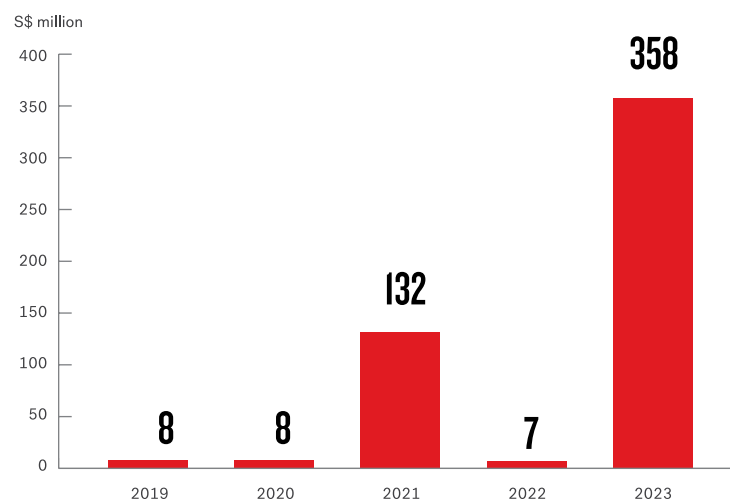
As at 31 December 2018, Sasseur REIT's total gross debt was S\$512.6 million. With the upward revaluation of the investment properties, the aggregate leverage ratio was reduced from 36.0% as at IPO to 29.0% as at 31 December 2018 based on total assets. Sasseur REIT's weighted average all-in cost of debt remained prudent at 5.4% for FY2018.

SASSEUR REIT ACHIEVED A **HEALTHY INTEREST COVERAGE RATIO** OF **4.1** TIMES FOR FY2018.

The debt maturity profile is healthy and debt repayment is less than 2% total gross debt per annum for the next 2 years. As and when appropriate, the Manager may consider diversifying its sources of debt financing in the future by way of accessing the public debt capital markets through issuance of investment grade bonds to further enhance the debt maturity profile of Sasseur REIT.

DEBT MATURITY PROFILE

(As At 31 December 2018)



CORPORATE GOVERNANCE REPORT

INTRODUCTION

Sasseur Real Estate Investment Trust (“Sasseur REIT”) is a real estate investment trust listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 28 March 2018 (“Listing Date”). Sasseur REIT is managed by Sasseur Asset Management Pte. Ltd. (the “Manager” or the “Company”).

The Manager was appointed in accordance with the terms of the Deed of Trust constituting Sasseur REIT dated 30 October 2017 (as supplemented on 19 March 2018) (“Trust Deed”).

The primary role of the Manager is to manage Sasseur REIT’s assets and liabilities for the benefit of the Unitholders and set the strategic direction of Sasseur REIT in accordance with its mandate and make recommendations to DBS Trustee Limited, in its capacity as trustee of Sasseur REIT (the “Trustee”), on any investment or divestment opportunities for Sasseur REIT and the enhancement of the assets of Sasseur REIT in accordance with the stated investment strategy for Sasseur REIT. The research, evaluation and analysis required for this purpose are coordinated and carried out by the Manager.

Other functions and responsibilities of the Manager include but are not limited to:

- (a) using its best endeavours to conduct Sasseur REIT’s business in a proper and efficient manner and ensuring that its related parties will conduct all transactions with or for Sasseur REIT at arm’s length basis and on normal commercial terms;
- (b) preparing annual budget proposal of the Manager and Sasseur REIT for approval by the directors of the Manager (“Directors”), including the net income forecast, property expenditure, capital expenditure, sales and valuations and to provide explanations for major variances from previous forecasts, written commentary on key issues and any relevant assumptions;
- (c) ensuring compliance with all applicable and relevant requirements, laws and regulations including but not limited to the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), the Listing Manual of Singapore Exchange Securities Trading Limited (“SGX-ST”), the Code on Collective Investment Schemes (the “CIS Code”) including Appendix 6 to the CIS Code (the “Property Funds Appendix”) issued by the Monetary Authority of Singapore (the “MAS”) and the Trust Deed;
- (d) establishing a framework of prudent and effective controls which enables financial, operational, compliance and information technology risks to be managed;
- (e) attending to all regular communications with the unitholders of Sasseur REIT (“Unitholders”); and
- (f) supervising and overseeing the management of real estate (including but not limited to lease audit, systems control, data management and business plan implementation) in accordance with the provisions of the Trust Deed.

The Manager has developed and, on an ongoing basis, maintains sound and transparent policies and practices to meet the specific business needs of Sasseur REIT and to provide a firm foundation for a trusted and respected business enterprise.

The board of Directors (“Board”) and Management of the Manager aspires to the highest standards of corporate governance. The Manager remains focused on complying with the substance and spirit of the principles of the Code of Corporate Governance 2012 (“Code”) while achieving operational excellence and delivering Sasseur REIT’s long-term strategic objectives. It is fully committed to continuous improvement of its corporate governance practices as it firmly believes that it is essential in protecting the interests of the Unitholders.

This report describes the Group’s corporate governance framework and practices that were in place throughout the financial year under review. The Board confirms that the Company had adhered to the principles and guidelines of the Code, where they are applicable, relevant and practicable to the Group. Any deviations from the guidelines of the Code or areas of non-compliance have been explained accordingly.

CORPORATE GOVERNANCE REPORT

(A) BOARD MATTERS

PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS

The Board is collectively responsible for the long-term success of Sasseur REIT. The Board works with the Manager's Management to achieve this and Management remains accountable to the Board.

The Board is responsible for the Manager's corporate governance standards and policies, underscoring their importance to the Manager. It recognises that good corporate governance establishes and maintains a legal and ethical environment, which is critical to the performance and success of the Manager and essential for preserving and enhancing the interests of all stakeholders.

The principal roles of the Board are to:

- guide the corporate strategy and directions of the Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced; and
- oversee the proper conduct of the Manager.

All Directors exercise due care and independent judgement and make decisions objectively at all times as fiduciaries in the best interests of Unitholders. Apart from the Board's statutory duties and responsibilities, the Board provides leadership to the Chief Executive Officer ("CEO") and Management, and sets the strategic vision, direction and long-term objectives for Sasseur REIT. The key strategies of the Manager are:

- Active Asset Management and asset enhancement strategy – To achieve growth in revenue and sales and maintain optimal occupancy levels, and implementing pro-active policies to improve the yields and enhance organic growth
- Acquisition Growth Strategy – To pursue selective acquisitions of quality income-producing properties used mainly for outlet mall purposes initially in the PRC and subsequently in other countries
- Divestment Strategy – To realise properties' optimal market potential and value
- Capital and Risk Management Strategy – To employ an appropriate mix of debt and equity and to utilise hedging strategies where appropriate

The Manager believes in being a responsible corporate citizen and acknowledges its responsibilities toward society, the environment and its stakeholders. The Manager seeks to manage its business in a fair and ethical manner to demonstrate its consideration towards employees and the wider community. The Manager is committed to providing a safe and healthy working environment for its employees and shoppers of Sasseur REIT's properties. As Sasseur REIT was listed on 28 March 2018, it is required to issue its first sustainability report ("First SR Report") no later than 12 months (i.e. no later than 31 December 2020) from its first full financial year ending 31 December 2019. The Manager is currently working towards issuing its First SR Report, which will set out its corporate social responsibility policies and practices, in the Annual Report for the next financial year ending 31 December 2019.

To assist the Board in the discharge of its oversight function, the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC") (collectively "Board Committees") have been constituted with clear written terms of reference. These Board committees play an important role in ensuring good corporate governance.

Each of these Board Committees operates under delegated authority from the Board, with the Board retaining overall oversight. The Board may form other Board committees as and when required. Membership of the Board Committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective Board Committees.

CORPORATE GOVERNANCE REPORT

The Board meets at least once every quarter, and as required by business imperatives. Board and Board Committees' meetings are scheduled prior to the start of each financial year. Where exigencies prevent a Director from attending a Board meeting in person, the Constitution of the Manager permits the Director to participate via audio or video conference or by similar electronic communication means. If a Director is unable to attend a Board or Board Committee meeting, he or she still receives all the papers and materials for discussion at that meeting. He or she will review them and will advise the Chairman of the Board or the relevant Board Committee of his or her views and comments on the matters to be discussed so that they can be conveyed to other participants present at the meeting. The Board and Board Committees may also make decisions by way of resolutions in writing.

In each meeting where matters requiring the Board's approval are to be considered, all members of the Board participate in the discussions and deliberations; and resolutions in writing are circulated to all Directors for their consideration and approval. The exception is where a Director has a conflict of interest in a particular matter in which case he or she will be required to recuse himself or herself from the deliberations and abstain from voting on the matter. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision making process.

Details of Board and Board Committees' meetings held in respect of the financial period from 28 March 2018 (Listing Date) to 31 December 2018 ("FY2018") are summarised in the table below:

Meeting	Board of Directors	ARC	NRC
Total meetings held in respect of FY2018	3	3	3
Name of Director	Attended	Attended	Attended
Mr Xu Rongcan	3/3	N.A.	3/3
Ms Yang Xue	3/3	N.A.	N.A.
Dr Wang Jun	2/3	N.A.	N.A.
Dr Zhou Yimin	1/3	N.A.	N.A.
Dr Gu Qingyang	3/3	3/3	3/3
Mr Mario Boselli	3/3	N.A.	N.A.
Mr Cheng Heng Tan	3/3	3/3	N.A.
Mr Wu Geng	3/3	3/3	3/3

The Manager believes in the overall contribution of its Directors beyond their attendance at formal Board and Board Committees' meetings. The Manager believes that judging a Director's contributions based on his attendance at formal meetings alone would not do justice to his/her overall contributions, which include being accessible to Management for guidance or exchange of views outside the formal environment of Board and Board Committees' meetings.

Apart from matters that specifically require the Board's approval, to assist the Board in discharging its oversight functions, it has delegated authority to Board Committees and Management for transactions below certain limits to facilitate operational efficiency. In connection therewith, the Board has adopted a set of delegation of authority guidelines which establishes approval limits to facilitate operational efficiency as well as arrangements for *inter alia* (i) annual budget in respect of annual operating and capital expenditure budget, and payment for expenditures within approved budgets; (ii) interested party transactions within the approved threshold limits; (iii) treasury matters such as bank credit facilities (including guarantee facility), investment of financial assets, opening of bank accounts, intercompany loan/advances/entrusted loan/standby letter of credit (including signing of intercompany loan agreements); and (iv) new investments and divestments.

Matters requiring specific Board approval include business strategy, issuance of new units, income distributions and other returns to Unitholders, matters which involve a conflict of interest with a controlling Unitholder or a Director, acquisitions and disposals, approval of annual budgets, financial plans, unaudited quarterly and full year result announcements and audited financial statements.

The Directors, the CEO and Management of the Manager had received comprehensive and tailored induction and an orientation program on joining the Board to ensure that they are familiar with Sasseur REIT's business and the Manager's governance practices. In 2018, the directors had also attended trainings conducted by the Manager's legal counsel and KPMG Services Pte. Ltd. ("KPMG") which included regulatory updates and the discharge of a director's duties. In addition, certain Directors, the CEO and Management, and the ARC members have also attended the Risk Assessment Workshop to identify relevant risks in order to prepare the risk profiling of the REIT.

CORPORATE GOVERNANCE REPORT

To keep pace with regulatory changes, where these changes have an important bearing on the disclosure obligations of the Manager or its Directors, the Directors are briefed either during Board meetings or at specially convened sessions involving the relevant advisers and professionals if necessary, or via circulation of Board papers. Management will also provide the Board with relevant and adequate information in a timely manner through regular updates, and at least quarterly during the quarterly Board meetings on financial results, market trends and business developments.

The Directors will be kept abreast of any updates to the Listing Rules, the Securities and Futures Act, the CIS Code and the Companies Act, as well as any applicable laws, regulations and rules on an ongoing basis. The Directors who are members of the ARC will also be updated on any changes in the financial reporting standards by the external auditors.

The Directors receive regular briefings and updates on relevant laws, rules and regulations and are encouraged to participate in conferences, seminars or training programmes in connection with their duties. The costs of arranging and funding of the training of Directors will be borne by the Manager.

All Directors are given formal appointment letters setting out the terms of their appointment as well as their duties and obligations.

PRINCIPLE 2: BOARD COMPOSITION AND BALANCE

The Board of the Manager comprises eight Non-Executive Directors, of whom four are Independent Directors which constitute at least half of the Board, in compliance with Guidelines 2.1 and 2.2 of the Code.

Currently, there is no alternate Director appointed.

The current composition of the Directors in the Board and Board Committees is as follows:

Name of Director	ARC	NRC
Mr Xu Rongcan (Non-Executive and Non-Independent Chairman)	-	M
Ms Yang Xue (Non-Executive and Non-Independent Director)	-	-
Dr Wang Jun (Non-Executive and Non-Independent Director)	-	-
Dr Zhou Yimin (Non-Executive and Non-Independent Director)	-	-
Dr Gu Qingyang (Lead Independent Director)	M	C
Mr Mario Boselli (Independent Director)	-	-
Mr Cheng Heng Tan (Independent Director)	C	-
Mr Wu Geng (Independent Director)	M	M

C - Chairman

M - Member

The current Board comprises individuals who are business leaders and professionals with financial, legal, real estate and investment backgrounds. Together, the Board as a group provides an appropriate balance and diversity of skills with core competencies such as industry knowledge, business and management experience, gender (1 female Director), strategic planning and customer-based experience, and ethnicity. Their varied backgrounds enable Management to benefit from their diverse expertise and experience to further the interests of Sasseur REIT.

Each Director brings to the Board skills, experience, insights and sound judgement which, together with his strategic networking relationships, serve to further the interests of Sasseur REIT. Profiles of the Directors are provided on pages 34 to 37 of this Annual Report.

The NRC reviews from time to time the size and composition of the Board with a view to ensuring that the size of the Board is appropriate in facilitating effective decision-making, taking into account the scope and nature of the operations of Sasseur REIT and its subsidiaries (the "Group"), and that the Board has a strong element of independence. The Board with the concurrence of the NRC is of the view that the current Board size is appropriate taking into consideration the nature and scope of Sasseur REIT's operations.

CORPORATE GOVERNANCE REPORT

As part of the process for assessing the independence of the Director established by the Board, each of the Independent Directors and members of the ARC and the NRC is required to confirm, upon appointment, as well as on an annual basis, whether there are any material relationships based on the definition of independence set out in the Code which would render him or her non-independent. An Independent Director is one who has no relationship with the Manager, its related corporations and its Unitholders who hold 10% or more of the voting shares of the Manager, or Unitholders who hold 10% or more of the Units in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement; and is independent from any management and business relationship with the Manager and Sasseur REIT, the substantial shareholder of the Manager and the substantial unitholder of Sasseur REIT and has not served on the Board for a continuous period of nine years or longer.

The relevant Directors had provided declarations of their independence which have been deliberated upon by the NRC. The NRC, having conducted an annual review of the independence, is of the view that the Independent Directors are independent and that no individual or small group of individuals dominate the Board's decision making process, and has made its recommendations to the Board.

The Board has determined, after taking into account the views of the NRC, each of Dr Gu Qingyang, Mr Mario Boselli, Mr Cheng Heng Tan and Mr Wu Geng to be independent in terms of their character and judgement in the discharge of their responsibilities as Directors and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each member of the NRC had recused himself from deliberations on his own independence.

Mr Xu Rongcan and Ms Yang Xue are Executive Directors of the Sponsor, which is a controlling Unitholder of Sasseur REIT. Dr Wang Jun and Dr Zhou Yimin are the Directors of the Manager as nominated by the Sponsor's strategic shareholders, L Catterton Asia Advisors and PingAn Real Estate Company Ltd. respectively. As such, each of Mr Xu Rongcan, Ms Yang Xue, Dr Wang Jun and Dr Zhou Yimin is a Non-Executive and Non-Independent Director of the Manager.

None of the Directors have served on the Board beyond nine years from the date of his/her first appointment.

As there are no Executive Directors, all Non-Executive and Non-Independent Directors and the Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. The views and opinions of the Independent Directors and the Non-Executive and Non-Independent Directors provide alternative perspectives to Sasseur REIT's business and enable the Board to make informed and balanced decisions. This also enable the Board to interact and work with Management to help shape the strategic process.

When reviewing Management's proposals or decisions, the Independent Directors bring their objective independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

The Non-Executive Directors would also confer among themselves without the presence of Management as and when the need arose.

PRINCIPLE 3: CHAIRMAN AND CEO

Mr Xu Rongcan (Non-Executive and Non-Independent Chairman of the Manager) and Mr Anthony Ang Meng Huat (CEO of the Manager) are two separate persons and are not immediate family members. This ensures a balance of power and authority, increased accountability and greater capacity of the Board for independent decision making.

The Chairman is responsible for leadership of the Board and for facilitating the conditions for the overall effectiveness of the Board, Board Committees and individual Directors. This includes setting the agenda of the Board in consultation with the CEO and promoting constructive engagement among the Directors as well as between the Board and the CEO on strategic issues. The Chairman plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO and Management on strategies. He also ensures that the Directors work together with the Management in a constructive manner to address strategic, business, operational, capital management, risk, corporate governance and financial issues. At the Board meetings, the Chairman ensures that adequate time is available for discussion of all agenda items and strategic issues. At annual general meetings and other Unitholders' meetings, the Chairman will seek to ensure that there is constructive dialogue between Unitholders, the Board and the Management.

Mr Anthony Ang Meng Huat, the CEO of the Manager, together with the Management, has full executive responsibilities over the business direction and strategies, and operational decisions in managing Sasseur REIT.

CORPORATE GOVERNANCE REPORT

As the Chairman is not an Independent Director, in accordance with Guideline 3.3 of the Code and in the spirit of good corporate governance, Dr Gu Qingyang has been appointed as the Lead Independent Director of the Manager. The principal responsibilities of the Lead Independent Director are to act as Chairman of the Board when matters concerning the Chairman are to be considered, and to be available to the Board and Unitholders for communication of Unitholders' concerns when other channels of communication through the Chairman or CEO are inappropriate, as well as for leading all deliberations on feedback regarding performance of the CEO and any interested party transactions.

The Independent Directors, led by the Lead Independent Director, will meet every quarter without the presence of the other Directors and the Lead Independent Director will provide feedback to the Chairman after such meetings so as to facilitate effective discussion with the Chairman and between the Board on strategic issues and any other issues that may arise. The Non-Executive and Non-Independent Directors are encouraged to join the meeting, if required. For FY2018, the Independent Directors had held informal discussions when they met every quarter without the presence of the Non-Executive and Non-Independent Directors and the feedback, if any, had been provided to the Chairman accordingly.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has established a NRC which comprises three Non-Executive and Non-Independent Directors, a majority of whom, including the NRC Chairman are Independent Directors. The composition of the NRC is as follows:-

Dr Gu Qingyang	Lead Independent Director	NRC Chairman
Mr Wu Geng	Independent Director	NRC member
Mr Xu Rongcan	Non-Executive and Non-Independent Director	NRC member

The NRC has written terms of reference setting out the scope and authority in performing the functions of the NRC, which include but are not limited to the following:

- (a) developing an assessment matrix to review the performance of a Director, considering and recommending to the Board on the appropriate quantum of remuneration in view of a Director's level of contributions, taking into account his/her responsibilities and time spent;
- (b) reviewing the performance, and training and professional development programs for the Board;
- (c) determining annually, and as and when circumstances require, if a Director is independent;
- (d) developing an assessment matrix to review the performance of a Director, considering and recommending to the Board on the appropriate quantum of remuneration in view of a director's level of contributions, taking into account his/her responsibilities and time spent;
- (e) making plans for succession, in particular for the Chairman of the Board and CEO;
- (f) reviewing the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the directors as a group. The NRC shall make recommendations to the Board with regards to any adjustments that may be deemed necessary;
- (g) recommending written guidelines on the division of responsibilities of the Chairman of the Board and the CEO for approval of the Board;
- (h) deciding whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations, and/or other principal commitments;
- (i) recommending to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold; and
- (j) recommending to the Board the development of a process for evaluation and decide how the performance of the Board and Board Committees may be evaluated and propose objective performance criteria, including assessing the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director to the effectiveness of the Board.

CORPORATE GOVERNANCE REPORT

Pursuant to its Terms of Reference, the NRC is required to determine if a Director has been adequately carrying out his duties as a Director of the Company, particularly if he has multiple Board representations in listed company and other principal commitments. In view of this, the NRC, having considered the confirmations received by the Independent Directors, is of the view that such multiple board representations (where applicable) do not hinder each Independent Director from carrying out his duties as a Director of the Company. The NRC is satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurred with the NRC's views.

In determining whether each Director is able to devote sufficient time to discharge his duty, the NRC has taken cognizance of the Code's requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and his respective principal commitments per se. The contributions by Directors to and during meetings of the Board and Board Committees as well as their attendance at such meetings, in addition to each of their principal commitments, should also be taken into account. The NRC and the Board will review the number of listed company board representations of the Directors on an annual basis or from time to time when the need arises.

The NRC is responsible for reviewing the succession plans for the Board, in particular the Chairman and the CEO, and the appointment of Directors (including alternate directors, if applicable). As it is the first year of listing and the Directors are new to the Board, the NRC will lead and make recommendations to the Board on the appointment of new Director, if necessary, as follows:

1. the NRC will review the balance and diversity of skills, experience, gender and expertise required by the Board, as well as the optimal size of the Board required to facilitate decision-making;
2. following such review and in consultation with Management, the NRC will assess the relevant attributes and corresponding representation and desired profile, underpinning any particular appointment;
3. external support (for example, search consultants) may be used to source for potential candidates if required. Directors and the Management may also make suggestions;
4. suitable candidates are carefully evaluated by the NRC so that recommendations made on proposed candidates are objective and well supported. The NRC meets shortlisted candidates to assess suitability, and to ensure the candidates are aware of the level of commitment required; and
5. the NRC recommends the proposed appointee(s) for the Board's consideration. New Directors are formally appointed by way of a Board resolution.

The appointment of Directors, or to change the nature of the appointment of a director from one that is non-executive to one that is executive is subject to the approval of the MAS.

The NRC is also responsible for determining the independence of a Director on an annual basis and had adopted the Code's definition of an Independent Director. The process for assessing the independence of a Director is set out in Principle 1 above.

CORPORATE GOVERNANCE REPORT

The information on Directors' position, date of initial appointment on the Board of the REIT Manager and directorships/ chairmanships held by the Company's Directors in other listed companies are as follows:

⁽¹⁾ Name of Director	Position	Date of Initial Appointment on the Board of the REIT Manager	Directorships in other listed companies	
			Current	Past 3 Years
Mr Xu Rongcan (Spouse of Ms Yang Xue)	Non-Executive and Non-Independent Chairman	11 April 2017	Nil	Nil
Ms Yang Xue (Spouse of Mr Xu Rongcan)	Non-Executive and Non-Independent Director	16 November 2017	Nil	Nil
Dr Wang Jun	Non-Executive and Non-Independent Director	16 November 2017	Nil	Nil
Dr Zhou Yimin	Non-Executive and Non-Independent Director	16 November 2017	(i) Landsea Green Properties Co., Ltd. ⁽²⁾	Nil
Dr Gu Qingyang	Lead Independent Director	16 November 2017	Nil	Nil
Mr Mario Boselli	Independent Director	16 November 2017	Nil	Nil
Mr Cheng Heng Tan	Independent Director	16 November 2017	Nil	(i) Chip Eng Seng Corporation Ltd.
Mr Wu Geng	Independent Director	16 November 2017	(i) Delong Holdings Limited (ii) Foreland Fabrictech Holdings Limited (iii) Shengli Oil & Gas Pipe Holdings Limited ⁽²⁾	Nil

⁽¹⁾ The principal commitment of the Directors, if any, and other key information regarding the Directors are set out in the "Board of Directors" section in this Annual Report.

⁽²⁾ Listed on The Stock Exchange of Hong Kong Limited

PRINCIPLE 5: BOARD PERFORMANCE

The Manager believes that oversight from a strong and effective board goes a long way towards guiding a business enterprise to achieving success.

The Board strives to ensure that there is an optimal blend in the Board of backgrounds, experience and knowledge in business and general management, expertise relevant to Sasseur REIT's business and track record, and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of Sasseur REIT.

Whilst board performance is ultimately reflected in the long-term performance of Sasseur REIT, the Board believes that engaging in a regular process of evaluation of board performance in order to identify key strengths and areas for improvement is essential to effective stewardship and to attaining success for Sasseur REIT.

As part of the Manager's commitment towards improving corporate governance, the Board has approved and implemented a process to evaluate the effectiveness of the Board as a whole and each of the Board Committees on an annual basis. As part of the process, questionnaires of the Board performance, ARC performance and NRC performance were sent to the Directors, and the results were aggregated and reported to the Chairman of the Board. The areas of evaluation covered in the survey questionnaire included Board composition, Board processes, strategy, performance and governance, access to information and Board Committee effectiveness. The results of the survey were deliberated upon by the NRC and submitted to the Board, and the necessary follow up action will be taken with a view to enhancing the effectiveness of the Board and Board Committees in the discharge of their duties and responsibilities. The outcome of the evaluation was satisfactory with positive ratings received for all the attributes in the evaluation categories.

Currently, the Board does not assess the performance of each individual Director and the Chairman. As it is the first year of listing which does not constitute a full financial year, the Board, with the concurrence of the NRC, is of the view that it is not meaningful and there is no value-add in having assessments of individual Board members and the Chairman for FY2018. To-date, no external facilitator has been used.

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PRINCIPLE 6: ACCESS TO INFORMATION

An effective and robust Board, whose members engage in open and construction debate to develop and refine proposals on strategy, is fundamental to good corporate governance. In this regard, the Board must be kept well-informed of Sasseur REIT's business and affairs and the industry in which Sasseur REIT Group operates. The Manager recognises the importance of providing the Board with relevant information on a timely basis prior to Board meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities.

The ARC and Board meets at least once every quarter and these meetings, in general, last at least half a day. At each Board meeting, the CEO and the Chief Investment Officer provide updates on Sasseur REIT's business and operations, and the Chief Financial Officer ("CFO") provides updates on financial performance. Presentations in relation to specific business areas are also made by members of Management to allow the Board to develop a good understanding of the progress of Sasseur REIT's business and also promotes active engagement between the Board and Management. Where necessary, the CEO or CFO also briefs the relevant Board member(s) prior to the Board and/or Board Committees' meetings to facilitate a more effective discussion at these meetings.

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis. The Board and Board Committees' papers are generally sent to Directors at least three days before each of the Board or Board Committees' meeting so that Directors have sufficient time to review and consider matters tabled for discussion. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed prior to the meeting. Members of the management team who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification if required.

The Chairman, the CEO and the relevant members of Management are present at Board and Board Committees' meetings to address any queries which the Board or Board Committees' members may have. In addition, Board members have separate and independent access to Management and the Company Secretaries.

The Company Secretary(ies) prepares minutes of the Board and Board Committees' meetings. He/she assists the Chairman of the Board and the Board Committees in ensuring that proper procedures are followed and that the Manager's Constitution, the Board Committees' terms of reference, the Trust Deed, relevant rules, regulations, best practices, and internal policies, including applicable provisions of the Property Funds Appendix, are complied with. Under the direction of the Chairman of the Board and the Board Committees, the Company Secretary is responsible for ensuring information flows within and among the Board, the Board Committees and Management. He/she also works with Management to ensure that the Board and Board Committees' papers are provided to each director ahead of meetings. In the year under review, at least one of the Company Secretaries has attended all Board meetings. The appointment and/or change of the Company Secretaries are subject to approval by the Board.

Where decisions to be taken require expert opinion or specialised knowledge, the Directors, whether as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such independent professional advisor is subject to approval by the Board.

The CEO, CFO and the Company Secretaries are the primary channels of communication between the Manager and the SGX-ST.

(B) REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The composition of the NRC has been set out under Principle 4. The NRC has written terms of reference setting out its scope and authority in performing the functions of a remuneration committee, which include but are not limited to the following:

- (a) Developing a remuneration policy with regard to the objective of attracting, rewarding and retaining performing staff.
- (b) Reviewing and submitting its recommendations for endorsement by the entire Board a general framework of remuneration for the Board, the specific remuneration packages and terms of employment (where applicable) for each Director, the CEO and key management personnel.

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- (c) Reviewing and submitting its recommendations for endorsement by the entire Board, share-based incentives or awards or any long-term incentive schemes which may be set up from time to time, in particular to review whether Directors and key management personnel should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith.
- (d) Ensuring that all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered.

As part of its review, the NRC shall take into consideration:

- (i) that the remuneration packages should be comparable within the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual directors' and key management personnel's performance. A significant and appropriate proportion of executive directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance.
- (ii) that the remuneration packages of employees related to executive directors, if any, the CEO and substantial or controlling Unitholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.
- (iii) that the level and structure of remuneration should be aligned with the long-term interests and risk policies of the Company and Guidelines 8.1 to 8.4 of the Code of Corporate Governance.
- (iv) the Company's obligations arising in the event of termination of the CEO and Executive Directors (if any) and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

Sasseur REIT is externally managed by the Manager and accordingly has no personnel of its own. Directors' fees of all Directors and remuneration of the employees of the Manager are paid by the Manager and not by Sasseur REIT. The Manager adopts the principle that remuneration matters should be appropriately structured and benchmarked with good market practices to attract qualified talent to grow and manage its business. The remuneration structure supports the continuous development of the management bench strength to ensure robust talent management and succession planning.

The underlying principles governing the Manager's remuneration policy for its key management personnel are as follows:

- Rewarding and motivating the Manager's Management team to work towards achieving the strategic goals and business results/performance of Sasseur REIT and the Manager; and
- Enhancing the retention of key talents to build strong organisational capabilities and ensuring competitive remuneration relative to the appropriate external talent markets.

During the year, the Manager has put in place a performance-based remuneration system as reviewed and approved by the NRC, with the endorsement of the Board, using key performance indicators ("KPI") such as financial, investors relations, investments and unit price performances as well as appraisal system with qualitative and quantitative achievements, where applicable, for key management personnel of the Manager. Risk management is part of the considerations and factored into the KPIs. The NRC is also responsible for approving all key performance indicators and targets to drive the performance of Sasseur REIT and the Manager. The remuneration structure is designed with the objective of retaining, rewarding and motivating each individual to stay competitive and relevant while maintaining the right behaviours such that there would not have unintended consequences in terms of modifying work habit.

In arriving at the annual remuneration package for its current top four key management personnel including the CEO, the NRC takes into consideration the remuneration policy and framework, performance of the Manager in relation to the approved key performance indicators and reference to compensation benchmarks within the industry, as appropriate.

The key objectives and features of the Manager's policy on the remuneration of its Directors are as follows:

- the level of Directors' fees should be appropriate (but not excessive) to attract and motivate the Directors to provide good stewardship of the Manager and the Group;
- Directors' fees are reviewed annually based on each Director's level of responsibilities, holding appointments as Chairman or member of Board Committees and subject to the approval of the Manager's shareholder;

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- to ensure that each Directors' fees are commensurate with his or her responsibilities and time spent, each Director is paid a basic retainer and Directors who perform additional services through the Board committees are paid additional fees for such services; and
- no Director is involved in deciding his or her own remuneration.

The Board had endorsed, with the concurrence of the NRC, an amount of S\$314,382 as Directors' fees for FY2018 payable half-yearly in arrears by the Manager upon approval by the Manager's shareholder. In reviewing the Directors' fees, the NRC took into consideration the expertise and experience of Mr Mario Boselli as a consultant and Chairman of Associazione Nazionale della Moda Italiana, which he brought about in his contributions to the Board. No member of the Board will be involved in any decision of the Board relating to his own remuneration. Each of the NRC members, being interested in the matter, recused himself from all discussions and abstained from the recommendations in respect of their own fees.

If required and/or necessary, the NRC will seek expert's advice inside and/or outside the Company on remuneration of all Directors and key management personnel. During the year, Whitestone Consulting Pte Ltd ("Whitestone") was appointed as remuneration consultant to provide the NRC an independent salary survey report of the real estate industry trust market in Singapore. The NRC also undertook a review of the independence and objectivity of the external remuneration consultant and noted that the salary ranges from the Whitestone report were found to be fair and consistent with market practices. In view thereof, the NRC is not aware of the existence of any relationship and is satisfied that there is no relationship between the Manager and its appointed remuneration consultant which will affect the independence and objectivity of the remuneration consultant.

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the Securities and Futures Act) require:

- the disclosure of the remuneration of each individual Director and the CEO on a named basis, and
- the disclosure of the remuneration of at least the top five key management personnel (who are neither Directors nor the CEO) in bands of S\$250,000.

The breakdown of the Directors' fees for FY2018 is set out in the table below:

Name of Director	Director's Fees (S\$)
Mr Xu Rongcan	-
Ms Yang Xue	-
Dr Wang Jun	-
Dr Zhou Yimin	-
Dr Gu Qingyang	100,356
Mr Mario Boselli	76,438
Mr Cheng Heng Tan	72,616
Mr Wu Geng	64,972

Remuneration of the CEO and the top 4 Key Management Personnel for FY2018

	Fixed Component ¹	Variable Component ²	Benefits in Kind	Other Long Term Incentives	Total
	%	%	%	%	%
<i>S\$500,000 to S\$750,000</i>					
Mr Anthony Ang Meng Huat	63.38	36.22	0.40	-	100.00
<i>S\$250,000 to S\$500,000</i>					
Mr Fred Chee Kin Yuen	89.26	9.92	0.82	-	100.00
Mr Ken Chew Hian Chin	73.68	26.32	0.00	-	100.00
Mr Chen Zhen	99.07	0.00	0.93	-	100.00
Mr Richard Tan Liat Chew ³	63.58	35.94	0.49	-	100.00

¹ Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for FY2018.

² Variable Component refers to variable or performance related bonus paid in FY2018.

³ Retired as CFO of the Manager with effect from 1 June 2018.

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No compensation is payable to any Director, the CEO, key management personnel or staff of the Manager in the form of options in units or pursuant to any bonus or profit-sharing plan or any other compensation relating to any profit-linked agreement or arrangement. Remuneration of the Directors and the current top four key management personnel (including the CEO) of the Manager is paid in cash.

The aggregate remuneration paid to the top 4 key management personnel (which excludes the CEO) for FY2018 is approximately S\$1,378,391.60. As there were only 4 key management personnel, disclosure was only made on the top 4 key management personnel.

There were no employees of the Manager who were immediate family members of a Director or the CEO, and whose remuneration exceeds S\$50,000 in FY2018.

The Manager has decided (a) to disclose the CEO's remuneration in bands of S\$250,000 (instead of on a quantum basis), (b) to disclose the remuneration of the top four key executives of the Manager in bands of S\$250,000, and (c) to disclose the total remuneration of the top four key executives (excluding the CEO) of the Manager. The Manager's decision takes into consideration the sensitive and confidential nature of remuneration matters and the importance of the continuity of a stable management team in the competitive environment which the Manager operates. The Manager is of the view that disclosure in such manner is not prejudicial to the interests of the Unitholders as the indicative range for the CEO's remuneration, as well as the total remuneration of the top four key executives (excluding the CEO), is made known to the Unitholders. In addition, sufficient information is provided on the Manager's remuneration framework to enable the Unitholders to understand the link between Sasseur REIT's performance and the remuneration of the top four key management personnel (excluding the CEO).

There are no contractual provisions to allow the Manager to reclaim incentive components of remuneration from key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Manager and Sasseur REIT. In the event of a misstatement of financial results or of misconduct resulting in financial loss to the Manager or Sasseur REIT, the NRC may, in its absolute discretion, reclaim incentive components of remuneration from the key management personnel, to the extent that such incentive has not been released or disbursed. The Manager should also be able to avail itself to remedies against its key management personnel in the event of such breach of fiduciary duties.

Presently, the Manager does not have a share option scheme or long-term incentive scheme in place. There are no termination, retirement or post-employment benefits that are granted over and above what have been disclosed.

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board provides the Unitholders with quarterly and full year financial statements within the relevant periods prescribed by the SGX-ST Listing Manual after they are reviewed by the ARC and approved by the Board. These financial statements are accompanied by news releases and presentation slides issued to the media and which are also posted on the SGXNet. In presenting the quarterly and annual financial statements to Unitholders, the Board aims to provide Unitholders with a balanced, clear and understandable assessment of Sasseur REIT's performance, position and prospects. In order to achieve this, Management provides the Board with management accounts on a quarterly basis and such explanation and information as any Director may require, to enable the Directors to keep abreast, and make a balanced and informed assessment, of Sasseur REIT's financial performance, position and prospects.

In addition, the Manager also keeps the Unitholders, stakeholders and analysts informed of the performance and changes in Sasseur REIT or its business which would be likely to materially affect the price or value of the Units on a timely and consistent basis, so as to assist Unitholders and investors in their investment decisions.

The Manager believes in conducting itself in ways that seek to deliver maximum sustainable value to Unitholders. Best practices are promoted as a means to build an excellent business for Unitholders and the Manager is accountable to Unitholders for Sasseur REIT's performance. Prompt fulfilment of statutory and regulatory reporting requirements is but one way to maintain Unitholders' confidence and trust in the capability and integrity of the Manager.

The Manager had, pursuant to the SGX-ST Listing Rule 720(1), received undertakings from all its Directors and key management personnel that they each shall, in the exercise of their powers and duties as Directors or executive officers of the Manager, use their best endeavours to comply with the requirements of the SGX-ST Listing Manual from time to time in force and their best endeavours to procure that Sasseur REIT shall so comply.

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PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS PRINCIPLE 13: INTERNAL AUDIT

The Manager has put in place an adequate and effective system of internal controls addressing material financial, operational, compliance and information technology risks to safeguard Unitholders' interests and Sasseur REIT's assets.

The Board has overall responsibility for the governance of risk and oversees the Manager in the design, implementation and monitoring of the risk management and internal control systems. The ARC assists the Board in carrying out the Board's responsibility of overseeing the risk management framework and policies of Sasseur REIT.

The internal audit function is outsourced to PricewaterhouseCoopers Risk Services Pte. Ltd. ("PwC" or "Internal Auditors") which is staffed by qualified executives. The ARC approves the hiring, removal, evaluation and compensation of the auditing firm to which the internal audit function is outsourced. The Internal Auditors should have unfettered access to all the Group's documents, records, properties and personnel, including access to the ARC. PwC reports to the ARC Chairman and has unrestricted access to the ARC, and is guided by the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The ARC will review the findings of the Internal Auditors and will ensure that the Group follows up on the Internal Auditors' recommendations. The ARC will review the adequacy of the internal audit function annually to ensure that the internal audit function is adequately resourced and able to perform its function effectively and objectively. For FY2018, the ARC is satisfied with the adequacy and effectiveness of the internal audit function.

PwC has also conducted a full-day risk assessment workshop involving Independent Directors, key management of the Manager and key executives of management of the entrusted manager, Sasseur (Shanghai) Holding Company Limited. The workshop forms part of Sasseur REIT's risk assessment process and its output is intended to be used in ongoing management and monitoring of risks across Sasseur REIT.

The Manager has also engaged KPMG to carry out certain compliance activities which include assessing the Manager's compliance with applicable provisions of the SFA and whether the Manager, in its role as manager of Sasseur REIT, has prepared returns and other documents accurately for submission to the MAS. KPMG also provides advice and training on compliance requirements under the SFA to representatives of the Manager as well as regulatory compliance advice from time to time as required by the Manager. Notwithstanding the engagement of KPMG Services Pte. Ltd. to carry out certain compliance activities, the Manager is responsible for ensuring compliance with all applicable laws, regulations and guidelines.

The ARC is kept updated on findings reported by PwC and KPMG, which are taken into consideration when assessing the Manager's risk appetite.

During the year, the ARC had also adopted the financial risk management policies, which covers the following financial risks:-

- Liquidity and funding
- Interest rate
- Foreign exchange – transaction exposures
- Fraud Risk

In line with the Code, the ARC, with the concurrence of the Board, had adopted a Management Assurance Confirmation Statement ("Management Assurance Statement"). For FY2018, the CEO and the CFO had provided a Management Assurance Statement confirming that:

- (i) they are aware of their responsibilities for establishing, maintaining and evaluating the adequacy and effectiveness of the risk management and internal controls of Sasseur REIT;
- (ii) the financial records of Sasseur REIT have been properly maintained and the financial statements give a true and fair view of Sasseur REIT's operations and finances;
- (iii) Ernst & Young LLP ("EY"), the external auditors ("External Auditors") of Sasseur REIT, had conducted the procedures in accordance with the Singapore Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" as promulgated by the International Auditing and Assurance Standards Board. No exceptions were noted during their performance of these agreed upon procedures;

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- (iv) to the best of their knowledge and in addition to the Review conducted by Ernst and Young LLP, nothing has come to the Management's attention, which may render the full year financial results of Sasseur REIT for the financial period ended 31 December 2018 to be false or misleading in any material aspect; and
- (v) there are no known significant deficiencies or lapses in the risk management and internal controls system relating to Sasseur REIT's financial, operational, compliance and information technology controls which could adversely affect Sasseur REIT's ability to record, process, summarise or report financial data, or of any fraud, whether material or not.

Based on the system of internal controls and risk management policies and procedures established and maintained by Sasseur REIT and the Manager, work done by the Internal Auditors and External Auditors, reviews performed by Management, various Board Committees and the Board and the receipt of assurance from the CEO and the CFO, the Board, with the concurrence of the ARC, is of the opinion that taking into account the nature, scale and complexity of Sasseur REIT's and the Manager's operations, Sasseur REIT's and the Manager's internal controls and risk management system are adequate and effective in addressing the financial, operational, compliance and information technology risks as at 31 December 2018.

PRINCIPLE 12: AUDIT AND RISK COMMITTEE

The Board has established an ARC which comprises three Independent Directors. The composition of the NRC is as follows:-

Mr Cheng Heng Tan	Independent Director	ARC Chairman
Dr Gu Qingyang	Lead Independent Director	ARC member
Mr Wu Geng	Independent Director	ARC member

The ARC members bring with them invaluable recent and relevant managerial and professional expertise in accounting and related financial management domains, in particular, the ARC Chairman is a member of the Institute of Singapore Chartered Accountants (Singapore), among other professional affiliations. None of the ARC members was previously a partner of the incumbent External Auditors, EY, within the previous 12 months, nor does any of the ARC members hold any financial interest in EY.

The ARC has explicit authority to investigate any matter within its terms of reference. Management is required to provide the fullest co-operation in providing information and resources, and in implementing or carrying out all requests made by the ARC. The ARC has direct access to the Internal Auditors and External Auditors and full discretion to invite any Director or executive officer to attend its meetings. Similarly, both Internal Auditors and External Auditors are given unrestricted access to the ARC.

The AC meets at least four times a year and, as and when deemed appropriate to carry out its function, where applicable, the following key terms of reference:

- (a) monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the SGX-ST Listing Manual relating to IPTs and the provisions of the Property Funds Appendix relating to IPTs (both such types of transactions constituting "Related Party Transactions").
- (b) reviewing transactions constituting Related Party Transactions.
- (c) deliberating on and putting forth proposals to the Board on measures to mitigate conflicts of interest situations involving Sasseur REIT.
- (d) undertaking due process to ensure that the terms in an interested party divestment by Sasseur REIT are generally in line with that which could have been obtained had the asset been sold to a non-interested party.
- (e) reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management.
- (f) reviewing arrangements by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.
- (g) reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with.
- (h) ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with Sasseur REIT.

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- (i) reviewing, on an annual basis, the adequacy and effectiveness of the internal audit function.
- (j) the appointment, re-appointment or removal of internal auditors (including the review of their fees and scope of work).
- (k) monitoring the procedures in place to ensure compliance with applicable legislation, the SGX-ST Listing Manual and the Property Funds Appendix.
- (l) reviewing the appointment, re-appointment or removal of external auditors.
- (m) reviewing the nature and extent of non-audit services performed by external auditors.
- (n) reviewing, on an annual basis, the independence and objectivity of the external auditors.
- (o) meeting with external and internal auditors, without the presence of the Executive Officers, at least on an annual basis.
- (p) reviewing the system of internal controls including financial, operational, compliance and information technology controls and risk management processes.
- (q) reviewing the financial statements and the internal audit report.
- (r) reviewing and providing their views on all hedging policies and instruments to be implemented by Sasseur REIT to the Board.
- (s) reviewing and approving the procedures for the entry into of any foreign exchange hedging transactions and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions approved by the Board.
- (t) reviewing the processes and procedures in relation to the appointment or removal of legal representatives of the PRC Companies annually.
- (u) exercising oversight over the undertakings given by each of the Sponsor and the Entrusted Manager to the Manager and the Trustee that (i) it will immediately inform the Trustee and the Manager of any matter that has a materially adverse impact on its ability to perform its obligations under the Entrusted Management Agreements (including matters pertaining to the Sponsor and the Entrusted Manager's creditworthiness); and (ii) it will not unilaterally novate or assign any of the Individual Entrusted Management Agreements or the Master Entrusted Management Agreement, as the case may be, to other parties, and will inform the Manager and the Trustee of any changes to the Individual Entrusted Management Agreements, or the Master Entrusted Management Agreement, as the case may be (including any such novation or assignment).
- (v) assessing on an annual basis and where there are changes to the financial and/or credit standing of the financial institutions providing the banker's guarantee pursuant to the Performance Reserve, whether the standing of the banker's guarantee or banker's performance bond provided has been diminished arising from the changes.
- (w) determining when the income support safeguards implemented post-Listing (save for the Performance Reserve) would fall away.
- (x) in relation to the Performance Reserve, overseeing (i) that the banker's guarantee provided in respect of the Performance Reserve is obtained or placed with an independent financial institution of good financial standing (i.e. at least investment grade); (ii) the withdrawal and utilisation of the Performance Reserve by Sasseur REIT during the term of the Entrusted Management Agreements; and (iii) where the term of the banker's guarantee is shorter than the duration of the income support and is subject to periodic renewal, that the Sponsor should ensure that the banker's guarantee would be renewed.
- (y) exercising oversight over the undertakings of the Manager pursuant to the Entrusted Management Agreements (including the disclosures required in the announced full year financial results and annual reports of Sasseur REIT pursuant to the undertakings in relation to the Entrusted Management Agreements).
- (z) reviewing the internal guidelines and monitoring the procedures put in place by the Manager to ensure that the transactions entered into by the PRC Property Companies under the Entrusted Management Agreements are conducted on normal commercial terms and will not be prejudicial to Sasseur REIT and its minority Unitholders.

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- (aa) reviewing at least quarterly in each financial year the transactions entered into by the PRC Property Companies under the Entrusted Management Agreements to ascertain the guidelines and procedures established by the Manager to monitor interested person transactions have been complied with.
- (ab) reviewing the scope and results of the internal audit of Sasseur REIT by the internal auditors which will cover the internal auditor's review and oversight of the controls and safeguards relating to the Entrusted Management Agreements and the cash collection/fund flow processes.
- (ac) reviewing the compliance of the Entrusted Manager with the terms of the Entrusted Management Agreements on an annual basis.
- (ad) reviewing and considering the terms of the Entrusted Management Agreements on an annual basis to ensure that the commercial terms of the Entrusted Management Agreements would not be prejudicial to the interests of Sasseur REIT and its Unitholders and be in compliance with Sasseur REIT's internal controls systems.
- (ae) conducting an annual assessment on whether the relevant PRC Property Company should exercise the Buy Back Option to acquire the development rights to the Phase 2 Developments and where the Sponsor is unable to complete the development of the Phase 2 Developments prior to the completion date of 31 December 2020 (as set out in the Grant Agreements), conducting an assessment on whether Sasseur REIT should grant the Sponsor a further extension of the completion date in accordance with the terms of the relevant Grant Agreements.
- (af) investigating any matters within the Audit and Risk Committee's terms of reference, whenever it deems necessary.
- (ag) reporting to the Board on material matters, findings and recommendations.

The ARC has reviewed the nature and extent of non-audit services provided by the External Auditors in FY2018 and the fees paid for such services. The aggregate amount of fees paid and payable to the external auditors for FY2018 was S\$644,400:

Audit fees: S\$428,600

Non-Audit fees (excluding IPO fees): S\$215,800

The Non-Audit fees for IPO amounted to S\$748,000.

The External Auditors have also confirmed their independence and that they complied with Code of Professional Conduct and Ethics of the Institute of Singapore Chartered Accountants in respect of relative size of audit fees and non-audit fees. The ARC has reviewed and is satisfied that the independence of the External Auditors has not been impaired by the provision of those services.

In FY2018, the ARC also met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to best practices and guidance for Audit Committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

The Manager confirms, on behalf of Sasseur REIT, that Sasseur REIT complies with Rule 712 and Rule 715 of the Listing Rules.

Changes to the accounting standards and accounting issues which have a direct impact on the financial impact on the financial statements were reported to and discussed with the ARC at its meetings.

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Key audit matter

In the review of the financial statements, the ARC has discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The ARC had discussed and reviewed the following key audit matter impacting the financial statements with the Management and the External Auditors:

Key Audit Matter	How this issue was addressed by the ARC
Valuation of investment properties	<p>The ARC considered the objectivity, independence and expertise of the external appraisers engaged by the Manager.</p> <p>The ARC reviewed the adequacy of disclosures in the valuation report in accordance with SISV (“Singapore Institute of Surveyors and Valuers”) guide to be in compliance with SGX rules, and was satisfied with the valuation approach, the techniques used and the valuation for investment properties as adopted and disclosed in the financial statements.</p> <p>The valuation of investment properties was also an area of focus for the External Auditors. The external auditor has included this item as a key audit matter in its audit report for FY2018. Refer to page 97 and 98 of this Annual Report.</p> <p>No other significant matter came to the attention of the ARC during the course of the review.</p>

Whistle Blowing Policy

The Company has put in place a Whistle Blowing Policy endorsed by the ARC where the employees of Sasseur REIT or any other person may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other matters. A dedicated secured e-mail address has been set up to allow whistleblowers to contact the ARC Chairman at arcchair@sasseurreit.com directly for any wrongdoing or concerns.

The whistle blowing policy reports should include the following information, where applicable:

- Date, time and place of the actions/transactions;
- Identity and particulars of the parties involved;
- Circumstances leading to the improprieties; and
- Any other relevant information or documentation that would assist in the evaluation of the report.

Upon receiving a whistle blowing report, an email will be sent to the whistle-blower to acknowledge receipt of the report within 3 working days.

Details of the Whistle Blowing Policy and arrangements have been made available to all employees of the Group. The ARC will ensure that independent investigations and any appropriate follow-up actions are carried out, should there be any receipt of whistle blowing report.

(D) UNITHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: UNITHOLDER RIGHTS

PRINCIPLE 15: COMMUNICATION WITH UNITHOLDERS

PRINCIPLE 16: CONDUCT OF UNITHOLDER MEETINGS

The Manager is committed to achieving effective communication with the public and keep all Unitholders and other relevant stakeholders and analysts informed of the performance and changes in Sasseur REIT or its business which would be likely to materially affect the price or value of the Units, on a timely and consistent basis, for the purposes of assisting Unitholders and investors in their investment decisions.

The Manager has a dedicated team performing the investor relations function which facilitates effective communication with Unitholders, analysts, fund managers and the media. The Unitholders may contact the IR Team at ir-sasseurreit@sasseur.com. The Manager actively engages with Unitholders and has in place an Investor Relations Policy which sets out the principles and practices that the Manager applies in order to provide Unitholders and prospective investors of Sasseur REIT with balanced and understandable information necessary to make well-informed investment decisions and to ensure a level playing field.

CORPORATE GOVERNANCE REPORT

The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investment community. All material information, including press releases on major developments, relating to Sasseur REIT would be communicated on a timely basis through announcements through the SGX-ST via SGXNet at first instance before publishing the same on Sasseur REIT's website at <http://www.sasseurreit.com/>.

Other than publicly released announcements and its corporate website, the Manager also seeks to engage unitholders and investment community through the channels as follows:

- (i) Site visits;
- (ii) Annual reports/Circulars to Unitholders;
- (iii) Notices of, and explanatory notes for annual general meetings ("AGM") and extraordinary general meetings ("EGM");
- (iv) Media and analyst briefings; and
- (v) Other individual or group meetings, conferences local/overseas, conference calls, roadshows, and emails.

More information on the Manager's investor relations activities with Unitholders, investors and analysts can be found in the "Investor Relations" section of this Annual Report.

The Company does not practice selective disclosure, and in the event of any inadvertent disclosure is made to a select group, the Company will make the same disclosure publicly to all others as promptly as possible.

The Manager is committed to treat all Unitholders fairly and equitably. In addition, there are relevant laws and regulations together with the Trust Deed governing specific Unitholders rights. These rights include among others, the right to participate in profit distributions, the right to attend and vote in general meetings.

General meetings are the principal forum for dialogue with Unitholders. Unitholders are encouraged to attend the AGMs and EGMs (if any) to ensure high level of accountability and to stay informed of the Group's strategy and goals. At such general meetings, Unitholders will be informed of the rules, including voting procedures, that govern general meetings and also given opportunity to share and communicate their views and seek clarification with the Board on issues relating to the Group's performance either informally or formally at or after the AGM.

The Manager is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. Nonetheless, Unitholders can vote at the general meetings in person or by appointing a proxy, through proxy forms which are sent together with the Annual Reports or circulars, as the case may be. Where a registered holder for the time being of Units is a relevant intermediary (including, but not limited to, a nominee company, a custodian bank or a CPF agent bank) ("Holder"), the Holder may, for the avoidance of doubt, appoint more than one proxy to exercise all or any of its rights to attend, speak and vote at every meeting, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by it (which number of Units and Class shall be specified).

The duly completed and signed proxy forms are required to be submitted to the Manager's registered office address 72 hours before the general meeting. The Annual Report or Circular, as the case may be, and notices of the general meetings are dispatched to Unitholders, together with explanatory notes at least 14 clear days before each meeting for ordinary resolutions and at least 21 clear days for extraordinary resolutions to be passed. The notice is also advertised in a national newspaper and issues on SGXNET.

Each distinct issue is proposed as a separate resolution at the general meeting.

Where possible, all the Directors will attend Unitholders' meetings. In particular, the Chairman of the Board and the respective Chairman of the ARC and the NRC, including the Lead Independent Director are required to be present to address questions at general meetings. The External Auditors are also available at such meetings to assist the Directors to address Unitholders' queries on the conduct of audit and the preparation and content of the Auditors' Report, where necessary.

The Company Secretary(ies) of the Manager prepare minutes of Unitholders' meetings, which incorporate comments or queries from Unitholders and responses from the Board, Management and Auditors (if applicable). These minutes are available to Unitholders upon request.

CORPORATE GOVERNANCE REPORT

To ensure transparency in the voting process and better reflect Unitholders' interests, the Manager will conduct electronic poll voting for all the resolutions proposed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to Unitholders immediately at such general meetings. The total number of votes cast for or against the resolutions and the respective percentages are also announced on SGXNet after the general meetings.

Distribution Policy

In accordance with the Prospectus for initial public offering ("IPO") of Sasseur REIT dated 21 March 2018 ("Prospectus"), Sasseur REIT's distribution policy is to distribute 100% of Sasseur REIT's Distributable Income for the period from the Listing Date to 31 December 2019. Thereafter, Sasseur REIT will distribute at least 90% of its Distributable Income semi-annually.

The Manager had on 18 February 2019 announced via the SGXNET that the Distribution to Unitholders will be changed from semi-annually to quarterly with effect from first quarter 2019. Save for this, there is no other change in the distribution policy.

(E) ADDITIONAL INFORMATION

DEALING IN SECURITIES

The Group has adopted a set of internal compliance code on dealing with securities transactions to provide guidance to its officers regarding dealings in the Company's securities, in compliance with Rule 1207(19) of the SGX-ST Listing Manual.

To this end, the Manager has issued guidelines to its Directors and officers whom include (both of the Manager and any subsidiary or related corporation), will be notified of the closed window period by an internal memorandum, which set out prohibitions against dealing in the Company's securities during the period beginning 1 month and 2 weeks before the date of the announcement of the full year or quarterly results respectively and ending on the date of the announcement of the relevant results.

Directors and officers are also advised against dealing in the securities on short-term consideration and when they are in possession of any unpublished material price-sensitive information of the Group, and to be mindful of the law on insider trading.

DEALING WITH CONFLICTS OF INTEREST

In accordance with the Compliance Manuals adopted by the Manager, the following principles and procedures have been established to deal with potential conflicts of interest which the Manager (including its Directors, executive officers and employees) may encounter in managing Sasseur REIT:

- (a) the Manager is a dedicated manager to Sasseur REIT and will not manage any other REIT or be involved in any other real property business without obtaining approval from the MAS;
- (b) all resolutions at meetings of the Board or Board resolutions in relation to matters concerning Sasseur REIT must be approved by a majority vote of the Directors, including at least one Independent Director;
- (c) in respect of matters in which Sasseur REIT's Sponsor, shareholder and/or its subsidiaries have an interest, whether directly or indirectly, the nominees appointed by the relevant shareholder, Sponsor or subsidiary to the Board will abstain from voting. For such matters, the quorum must comprise a majority of the Independent Directors and shall exclude such Directors who are the nominees of Sponsor, shareholder and/or its subsidiaries;
- (d) in respect of matters in which a Director or his associates have an interest, whether direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and shall exclude such interested Director(s);
- (e) Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party; and
- (f) at least one-third of the Board shall comprise Independent Director.

CORPORATE GOVERNANCE REPORT

In addition, the Trust Deed provides that if the Manager is required to decide whether to or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of the Trust with such person which is a Related Party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of the Trust, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Manager (including its Independent Directors) will have a duty to ensure that the Manager shall comply with the aforesaid.

Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party and shall be reported to and communicated to the ARC.

INTERESTED PERSON TRANSACTIONS (“IPT”) / RELATED PARTY TRANSACTIONS (“RPT”)

IPT Policies and Procedures

RPT refers to IPT under the SGX-ST Listing Manual and “Interested Party Transactions” under the Property Funds Appendix.

The Manager has in place policies and procedures and established an internal control system on IPTs to ensure that all future RPTs will be undertaken on normal commercial terms and not be prejudicial to the interests of Sasseur REIT and its Unitholders.

As a general rule, the Manager must demonstrate to its ARC that such transactions satisfy the foregoing criteria. This may entail obtaining (where practicable) quotations from parties unrelated to the Manager; or obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager will maintain a register to record all RPTs which are entered into by Sasseur REIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

The Manager has also incorporated into its internal audit plan a review of IPTs/RPTs entered into by Sasseur REIT to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the ARC. If a member of the ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

KPMG had also been engaged by the Manager to review the compliance of the disclosed IPTs of the Manager. In addition, the Internal Auditors provide an independent oversight on the IPT process and framework and to flag out any errors or potential issues, so as to ensure accuracy, effectiveness and completeness of the records and that the necessary disclosures have been made to the ARC and Board.

Further, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of Sasseur REIT's net tangible assets (based on the latest audited accounts) will be subject to review by the Audit and Risk Committee at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Sasseur REIT's net tangible assets (based on the latest audited accounts) will be subject to the review and prior approval of the Audit and Risk Committee. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of Sasseur REIT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager. Further, under the SGX-ST Listing Manual and the Property Funds Appendix, such transactions would be announced via SGXNET; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of Sasseur REIT's net tangible assets (based on the latest audited accounts) will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit and Risk Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

CORPORATE GOVERNANCE REPORT

Pursuant to the SGX-ST Listing Manual, transactions with a value below S\$100,000 are disregarded for the purpose of the announcement and Unitholders' approval requirements under the SGX-ST Listing Manual as set out in the paragraph above. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Related Parties.

Where matters concerning Sasseur REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Sasseur REIT with a Related Party of the Manager (which would include relevant "associates" as defined under the SGX-ST Listing Manual) or Sasseur REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of Sasseur REIT and the Unitholders; and are in accordance with all applicable requirements of the Property Funds Appendix and/or the SGX-ST Listing Manual relating to the transaction in question.

Further, the Trustee has the discretion under the Trust Deed to decide whether or not to enter into transaction involving a related party of the Manager or Sasseur REIT. If the Trustee is to sign any contract with a related party of the Manager or Sasseur REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the SGX-ST Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

Save for the transactions described under "Related Party Transactions in Connection with the Setting Up of Sasseur REIT and the Offering", Sasseur REIT will comply with Rule 905 of the SGX-ST Listing Manual by announcing any Interested Person Transaction in accordance with the SGX-ST Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same interested person during the same financial year, is 3.0% or more of Sasseur REIT's latest audited net tangible assets.

The aggregate value of all Interested Person Transactions in accordance with the SGX-ST Listing Manual in a particular financial year, each of at least S\$100,000 in value and which are subject to Rules 905 and 906 of the SGX-ST Listing Manual, will be disclosed in Sasseur REIT's annual report for the relevant financial year.

All interested person transactions are subject to review by the ARC at its quarterly meetings to ensure that such transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

MATERIAL CONTRACTS

The dates of, parties to, and general nature of every material contract which the Trustee has entered into within the two years preceding the date of Prospectus (not being contracts entered into in the ordinary course of the business of Sasseur REIT) are as follows:

- (i) the Trust Deed;
- (ii) the Sponsor ROFR;
- (iii) the BVI Holding Companies Sale and Purchase Agreements;
- (iv) the Grant Agreements;
- (v) the Purchase Option Agreements;
- (vi) the Master Entrusted Management Agreement;
- (vii) the Individual Entrusted Management Agreements;
- (viii) the Licence Agreements;
- (ix) the Deed of Indemnity in relation to Bishan Outlets; and
- (x) the Deed of Indemnity in relation to the Non-Registration of Tenancy Agreements.

CORPORATE GOVERNANCE REPORT

USE OF PROCEEDS

The use of proceeds raised from the IPO, including proceeds from the loan facilities, is in accordance with the stated uses as disclosed in the Prospectus, and is set out below:

	Amount allocated (S\$'000)	Amount utilized (S\$'000)	Balance (S\$'000)
Redemption	396,000	396,000	-
Repayment of existing onshore loans	397,566	397,566	-
Issue expenses and other transaction costs	54,314	49,583	4,731
General corporate and working capital purposes	70,686	69,575	1,111
Total	918,566	912,724	5,842

The breakdown on the use of the above funds for the general corporate and working capital needs is as follows:

	Amount utilised (S\$'000)
Finance costs	3,472
Trustee fee	139
Other trust expenses	439
Loan to subsidiary	5,000
Distribution for the period from Listing Date to 31 December 2018 ¹	60,525
Total	69,575

The Manager will make further announcements via SGXNET on the utilisation of the remainder of the IPO proceeds as and when such funds are substantially disbursed.

¹ Includes distribution for the period from 1 July 2018 to 31 December 2018 to be paid on 28 March 2019.

REPORT OF THE TRUSTEE

DBS Trustee Limited (the “Trustee”) is under a duty to take into custody and hold the assets of Sasseur Real Estate Investment Trust (the “Trust”) held by it or through its subsidiaries (collectively known as the “Group”) in trust for the holders of units (the “Unitholders”) in the Trust. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Sasseur Asset Management Pte. Ltd. (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 30 October 2017 which was supplemented by a first supplemental deed dated 19 March 2018 (the “Trust Deed”) between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the period covered by these financial statements set out on pages 100 to 138, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

**For and on behalf of the Trustee,
DBS Trustee Limited**

Jane Lim Puay Yuen
Director

Singapore
25 March 2019

STATEMENT BY THE MANAGER

In the opinion of the directors of Sasseur Asset Management Pte. Ltd. (the “Manager”), the Manager of Sasseur Real Estate Investment Trust (the “Trust”), the accompanying financial statements set out on pages 100 to 138 comprising the Statement of Financial Position and Consolidated Statement of Portfolio of the Group and the Statement of Financial Position of the Trust as at 31 December 2018, the Consolidated Statement of Total Return, Consolidated Distribution Statement, Consolidated Statement of Changes in Unitholders’ Funds and Consolidated Statement of Cash Flows of the Group and the Statement of Changes in Unitholders’ Funds of the Trust for the financial period from 30 October 2017 (date of constitution) to 31 December 2018 are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2018, the consolidated total returns, consolidated distributable income, consolidated changes in unitholders’ funds, consolidated cash flows of the Group and the changes in unitholders’ funds of the Trust for the financial period from 30 October 2017 (date of constitution) to 31 December 2018 and the statement of portfolio of the Group as at 31 December 2018 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 30 October 2017 which was supplemented by a first supplemental deed dated 19 March 2018. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

**For and on behalf of the Manager,
Sasseur Asset Management Pte. Ltd.**

Cheng Heng Tan
Director

Singapore
25 March 2019

INDEPENDENT AUDITOR'S REPORT

To the Unitholders' of Sasseur Real Estate Investment Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sasseur Real Estate Investment Trust (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the statement of financial position and consolidated statement of portfolio of the Group and the statement of financial position of the Trust as at 31 December 2018, the consolidated statement of total return, consolidated distribution statement, consolidated statement of changes in unitholders' funds and consolidated statement of cash flows of the Group and the statement of changes in unitholders' funds of the Trust for the financial period from 30 October 2017 (date of constitution) to 31 December 2018 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in unitholders' funds of the Trust are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting framework for Unit Trusts" ("RAP 7") issued by the Institution of Singapore Chartered Accountants, so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2018 and the consolidated total returns, consolidated distributable income, consolidated changes in unitholders' funds, consolidated cash flows of the Group, and the changes in unitholders' funds of the Trust for the financial period from 30 October 2017 (date of constitution) to 31 December 2018 and the statement of portfolio of the Group as at 31 December 2018.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties

As at 31 December 2018, the carrying amount of investment properties was \$1,539,491,000 which accounted for 87.0% of total assets. The valuation of the investment properties is significant to our audit due to its magnitude. In addition, their valuation is complex and highly dependent on a range of estimates made by the Manager of the Trust (the "Manager") and the external valuer engaged by the Manager annually. As disclosed in Note 21(d), the valuations of investment properties are highly sensitive to changes in the significant unobservable inputs, particularly those relating to price per square feet and discount rates.

We assessed the Group's process relating to the selection of the external valuer, the determination of the scope of work of the valuer, and the review of the valuation reports issued by the external valuer. We evaluated the objectivity, independence and expertise of the external valuer. We also read the terms of engagement between the Group and the valuer to ascertain whether there are matters that might have affected their objectivity or placed limitations in the scope of their work.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders' of Sasseur Real Estate Investment Trust

Key Audit Matters (continued)

Valuation of investment properties (continued)

We involved our internal real estate and valuation specialists to assist us in assessing the appropriateness of the valuation models and the reasonableness of the significant assumptions used in the valuation of investment properties. We evaluated the reasonableness of the significant assumptions used in the estimation process adopted by the Manager and the external valuer by comparing them against available industry data, taking into consideration comparability and market factors. In addition, we discussed with the external valuer to understand the valuation techniques and basis for the significant assumptions used. We assessed the reasonableness of the movements in fair value of the investment properties and the associated deferred tax consequences arising from the fair value changes. We also assessed the adequacy of disclosures in Note 21(d) to the consolidated financial statements relating to the significant assumptions used in the valuation process, given the estimation uncertainty and sensitivity of the valuations.

Other Information

The Manager is responsible for other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting framework for Unit Trusts*" ("RAP 7") issued by the Institution of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease the Group's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders' of Sasseur Real Estate Investment Trust

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Manager.
- Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Low Yen Mei.

Ernst & Young LLP
*Public Accountants and
Chartered Accountants*

Singapore
25 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group 2018 \$'000	Trust 2018 \$'000
Assets			
Non-current assets			
Investment properties	4	1,539,491	-
Investment in subsidiaries	5	-	951,558
		1,539,491	951,558
Current assets			
Prepayments, deposits and other receivables	6	25,546	42,661
Cash and short-term deposits	7	203,641	32,866
		229,187	75,527
Total assets		1,768,678	1,027,085
Liabilities			
Non-current liabilities			
Loans and borrowings	8	485,564	121,641
Deferred tax liabilities	9	50,944	-
Derivative financial instrument	10	154	154
		536,662	121,795
Current liabilities			
Other payables and accruals	11	142,705	1,233
Loans and borrowings	8	7,713	-
Tax payables		7,632	-
		158,050	1,233
Total liabilities		694,712	123,028
Net assets		1,073,966	904,057
Represented by:			
Unitholders' funds		1,073,966	904,057
Units in issue and to be issued ('000)	12	1,188,953	1,188,953
Net asset value per unit (\$)		0.90	0.76

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

CONSOLIDATED STATEMENT OF TOTAL RETURN

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

	Note	Group Period from 30 October 2017 (date of Constitution) to 31 December 2018 \$'000
Property income ¹	13	42,081
EMA rental income ¹	14	93,525
Property expenses ¹	15	(19,633)
Manager's management fees		(6,053)
Trustee's fees		(226)
Other trust expenses	16	(11,068)
Finance income		232
Finance costs	17	(31,155)
Net change in fair value of financial derivative		(154)
Total return before fair value adjustment to investment property and tax		67,549
Fair value adjustments to investment properties	4	170,375
Total return for the period before tax		237,924
Tax expense	18	(68,699)
Total return for the period attributable to Unitholders		169,225
Earnings per Unit (EPU) (cents)		
Basic and Diluted	19	14.32

- 1 Property income and property expenses are income generated and expenses incurred for the period from 30 October 2017 (date of constitution) to 27 March 2018. As further disclosed in Note 1, with effect from 28 March 2018 (listing date), the Group receives EMA rental income under the Entrusted Management Agreement (EMA), and all the operating expenses of the properties are borne by the Entrusted Manager.

CONSOLIDATED DISTRIBUTION STATEMENT

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

	Group Period from 30 October 2017 (date of Constitution) to 31 December 2018 \$'000
Amount available for distribution to Unitholders at the date of constitution	-
Total return for the period attributable to Unitholders	169,225
Distribution adjustments (Note A)	(97,267)
Amount available for distribution to Unitholders	71,958
Distribution to Unitholders during the period	
- Distribution of 1.587 cents per Unit for the period from 28 March 2018 (date of listing) to 30 June 2018	(18,731)
- Distribution of 3.541 cents per Unit for the period from 1 July 2018 to 31 December 2018	(41,794) ¹
Total distribution to Unitholders	(60,525)
Amount not available for distribution ²	(11,428)
Amount available for distribution to Unitholders at the end of the period	5
Distribution per Unit (DPU) (cents)³:	5.128
Note A – Distribution adjustments comprise:	
- Manager's management fees payable in Unit	6,053
- Amortisation of debt-related transaction costs	4,077
- Straight-line adjustments	(3,653)
- Fair value adjustments to investment properties	(170,375)
- Deferred tax expense	57,164
- Initial Public Offering expenses	8,865
- Foreign exchange differences	448
- Net change in fair value of financial derivative	154
Distribution adjustments	(97,267)

- 1 Distribution relating to the period from 1 July 2018 to 31 December 2018 will be made subsequent to the reporting date (Note 26).
- 2 Pursuant to the Trust Deed, the Distribution Period covers the distribution income after Listing Date. Amount not available for distribution relates to returns from the period of 30 October 2017 (date of constitution) to 27 March 2018 and is retained for general corporate and working capital purposes.
- 3 The DPU relates to distributions for the period from 28 March 2018 (Listing Date) to 31 December 2018 which is based on the number of units in issue of 1,180,280,000.

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

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

	Note	Group Period from 30 October 2017 (date of Constitution) to 31 December 2018 \$'000	Trust Period from 30 October 2017 (date of Constitution) to 31 December 2018 \$'000
At 30 October 2017 (date of constitution)		- ¹	- ¹
Operations			
Total return for the period attributable to Unitholders		169,225	(20,025)
Net increase/(decrease) in net assets resulting from operations		169,225	(20,025)
Unitholders' transactions			
Units in issue			
- Issuance of Consideration Units ²	12	1,062,289	1,062,289
- Adjustment due to implied loss discount to investment property value at Initial Public Offering	12	(110,731)	(110,731)
- Issuance of new Units at Initial Public Offering	12	396,000	396,000
- Redemption of Consideration Units	12	(396,000)	(396,000)
- Issue costs	12	(14,798)	(14,798)
- Distribution to Unitholders'	12	(18,731)	(18,731)
		918,029	918,029
Units to be issued			
Manager's management fee payable in Units	12	6,053	6,053
Net increase in net assets resulting from Unitholders' transactions	12	924,082	924,082
Foreign currency translation reserve			
Movement in foreign currency translation reserve		(19,341)	-
Total Unitholders' Fund as at 31 December 2018		1,073,966	904,057

1 Less than \$1000.

2 Considerations Units are the units issued by the Trust to Cayman Holdco (Note 1) as purchase consideration for the acquisition of the BVI Holding Companies. The "BVI Holding Companies" are incorporated in the British Virgin Islands and are the immediate holding companies of the "HK holding companies". The "HK Holding Companies" are companies incorporated in Hong Kong and are the immediate holding companies of the Property companies ("PRC Property Companies").

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

	Note	Group Period from 30 October 2017 (date of Constitution) to 31 December 2018 \$'000
Cash flows from operating activities		
Total return for the period before tax		237,924
<u>Adjustments for:</u>		
Manager's management fees payable in units		6,053
Straight-line adjustments	4	(3,653)
Net fair value gains on investment properties	4	(170,375)
Net change in fair value of financial derivative		154
Finance costs	17	31,155
Finance income		(232)
		101,026
Cash flow before changes in working capital		
<u>Changes in working capital:</u>		
Prepayments, deposits and other receivables		(15,304)
Other payables and accruals		38,155
		123,877
Cash generated from operations		
Tax paid		(5,115)
Interest received		232
		118,994
Net cash generated from operating activities		
Cash flows from investing activities		
Cash inflow on acquisition of investment properties and related assets and liabilities	5	58,015
Capital expenditure on investment properties	4	(7,565)
		50,450
Net cash generated from investing activities		
Cash flows from financing activities		
Proceeds from bank loans	8	525,654
Repayments of bank loans		(404,649)
Proceeds from issuance of units	12	396,000
Redemption of Consideration Units	12	(396,000)
Payment of Initial Public Offering related expenses		(25,144)
Payment of transaction costs relating to loans and borrowings		(20,858)
Distribution to Unitholders		(18,731)
Interest paid	8	(27,142)
Increase in restricted cash		(2,125)
		27,005
Net cash generated from financing activities		
Net increase in cash and cash equivalents		
Effect on exchange rate changes on cash and cash equivalents		(1,323)
		196,449
Cash and cash equivalents at the end of the period	7	195,126

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

STATEMENT OF PORTFOLIO

As at 31 December 2018

Description of Property	Location	Tenure of Land	Remaining Term of Lease (Year)	Lease Expiry	Valuation as at 31 December 2018	Valuation as at 31 December 2018	Percentage of Total Net Assets attributable to Unitholders as at 31 December 2018
					RMB'000	\$'000	%
Chongqing Outlets	No. 1 Aotelaisi Road, Beibuxin District, Chongqing	Leasehold	28.4	2047	2,901,000	579,481	53.9
Bishan Outlets	No. 9 Baiyang Road, Bishan District, Chongqing	Leasehold	32.8	2051	790,000	157,804	14.7
Hefei Outlets	No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province	Leasehold	34.6	2053	2,521,000	503,576	46.9
Kunming Outlets	No.181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province	Leasehold	35.3	2054	1,495,000	298,630	27.8
Investment properties, at valuation						1,539,491	143.3
Other assets and liabilities (net)						(465,525)	(43.3)
Net assets attributable to Unitholders						1,073,966	100.0

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

1. General

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

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

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

The registered office of the Manager is located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The principal place of business is located at 7 Temasek Boulevard, #06-05, Suntec Tower One, Singapore 038987.

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

Entrusted Management Agreement

On 1 March 2018, the Trustee, the Manager and the Sponsor have entered into a Master Entrusted Management Agreement (“EMA”) in relation to management of the Properties’ operations. Sasseur (Shanghai) Holding Company Limited, a wholly-owned subsidiary of the Sponsor, is the Entrusted Manager of the Trust.

The terms of the EMA are for 10 years from the Listing Date. Pursuant to the terms of the EMA, all the operating expenses of the properties shall be borne by the Entrusted Manager throughout the entire EMA duration.

Under the EMA, Group is entitled to receive EMA rental income, a sum of fixed rent (the “fixed component”) and a variable rent (the “variable component”) plus performance sharing if any. The fixed component is expected to contribute not more than 70% of the EMA Resultant Rent. The fixed component for each Properties shall increase at an escalation rate of 3.0% per annum, in line with inflationary expectation. EMA Resultant Rent is the sum of fixed component and variable component. Performance sharing is based on the differential between the Gross Revenue and EMA Resultant Rent and after deducting the Entrusted Manager Base Fee (“EM Base Fee”), defined in Note 1(c).

The variable component for each Property is pegged to a percentage of their respective total sales of a range between 4.0% to 5.5%. Gross Revenue is property income plus the income received or receivable by the the “PRC Property Companies” from investments in other permissible investments. PRC Property Companies are the subsidiaries of the Trust listed in Note 5.

Property Income is defined as total amounts received or receivable from tenants under tenancy agreement which includes other incomes such as payment for operation and property maintenance, advertising and promotional expense and service fees and other income including carpark incomes, income received or receivable from leasing of common areas.

Under the EMA, the Entrusted Manager will ensure that the aggregate of the fixed component and variable component that is payable to the Group from the Property Income collected from the properties will not be less than a stipulated amount (the “Minimum Rent”). If the amount payable to the Group falls below the Minimum Rent, the Group will be entitled to receive the shortfall.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

1. General (continued)

The Minimum Rent requirement will only fall away if the Initial Portfolio achieved the Minimum Rent for two consecutive years commencing from the financial period ended 31 December 2018.

Minimum Rent requirement is as follows:

- RMB 472.9 million (SGD 95.9 million) with respect to 31 December 2018 (pro-rated, if applicable from Listing Date to 31 December 2018)
- RMB 611.4 million (SGD 124.0 million) with respect to the year ending 31 December 2019

The Minimum Rent from financial year ended 2020 onwards (if applicable) shall be equivalent to the minimum rent with respect to 31 December 2019.

Unlike conventional lease arrangements, whereby tenants make rental payments to the landlord on a monthly basis; a “point-of-sale and cash management system” in each shop unit of the retail tenant which the PRC Property Companies will collect, the total sale proceeds of items sold by the tenants in the respective Properties, and such proceeds will be deposited into the respective bank accounts of each PRC Property Companies. The PRC Companies will deduct the rental income from the total sale proceeds and return the balance to each shop unit of the retail tenant.

The fee structures of these services are as follows:

(a) Management fee

The Manager is entitled under the Trust Deed to receive the following remuneration for the provision of asset management services:

Base Fee

Pursuant to the Trust Deed, the Manager is entitled to a Base Fee not exceeding the rate of 10.0% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the distributable income. The Base Fee is payable to the Manager either in the form of cash or Units out of the Properties as the Manager may elect, in such proportions as may be determined by the Manager.

The Manager has elected to receive 100.0% of its Base Fee in the form of Units for the financial period from 28 March 2018 to 31 December 2018 and for the financial year ending 31 December 2019.

The portion of the Base Fee, payable either in the form of cash or Units, is payable quarterly in arrears. Where the Base Fee is payable in Units, Units will be issued based on the volume weighted average price for a Unit for all trades transacted on SGX-ST in the ordinary course of trading for the last 10 business days (as defined in the Trust Deed) immediately preceding the relevant business day.

Performance fee

Pursuant to the Trust Deed, the Manager is entitled to a performance fee of 25.0% of the difference in Distribution Per Unit (“DPU”) in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee, but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in such relevant financial year may be less than the DPU in any financial year(s) prior to the preceding financial year.

No performance fee is payable for the financial period from and including the date of establishment of the Trust to 31 December 2017 and for the financial year ended 31 December 2018. For financial year ended 31 December 2019, the calculation of the performance fee shall be determined using the difference between the actual DPU in such financial year with the actual DPU in the financial year ended 31 December 2018.

The performance fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. Where the performance fee is payable in Units, Units will be issued based on the volume weighted average price for a Unit for all trades transacted on SGX-ST in the ordinary course of trading for the last 10 business days (as defined in the Trust Deed) immediately preceding the relevant business day.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

1. General (continued)

Business model (continued)

(a) Management fee (continued)

Acquisition fee

Pursuant to the Trust Deed, the Manager is entitled to receive an acquisition fee of 0.75% of the acquisition price of any real estate purchased, whether directly or indirectly through one or more subsidiaries, by the Trust (pro-rated if applicable to the proportion of the Trust's interest in the real estate acquired) from related parties and 1.0% of the acquisition price for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion).

The acquisition fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. In respect of any acquisition of real estate assets from related parties, such a fee should be in the form of units issued by the Trust at the prevailing market price(s) instead of cash. Such units should not be sold within 1 year from the date of their issuance.

The acquisition fee is payable as soon as practicable after completion of the acquisition or sale. There was no acquisition fees paid for the Initial Portfolio of assets acquired by the Trust.

Divestment fee

Pursuant to the Trust Deed, the Manager is entitled to receive a divestment fee of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the sale price of any real estate sold or divested, the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle, the sale price of any investment sold or divested by the Trust whether directly or indirectly through one or more subsidiaries, by the Trust.

The divestment fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. Any payment to third party agents or brokers in connection with the disposal of any assets shall be paid to such persons out of the Properties, and not out of the divestment fee received or to be received by the Manager. There is no divestment fee in the current period.

Development Management fee

Pursuant to the Trust Deed, the Manager is entitled to receive a development management fee of 3.0% of the total project costs incurred in development projects. Project costs is defined to mean the sum of construction cost based on project final account prepared by the project quantity surveyor or issues by the appointed contractor; principal consultants fees, cost of obtaining all approval for the project, site staff cost, interest costs on borrowings used to finance project cashflow, any other costs including contingency expenses.

The development management fee is payable in equal instalments over the construction period of each development project based on best estimates. The divestment fee is payable as soon as practicable after completion of the acquisition or sale. There is no development management fee in the current period.

(b) Trustee's fee

The Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Properties, subject to a minimum of S\$15,000 per month, excluding out-of-pocket expenses and GST, in accordance with the Trust Deed. The Trustee's fee is accrued daily and will be paid monthly in arrears in accordance with the Trust Deed. The actual fee payable will be determined between the Manager and the Trustee from time to time.

(c) Entrusted management fee

The Entrusted Manager is entitled to a management fee per annum comprising of Base Fee ("EM Base Fee") and a variable performance fee ("EM performance fee").

EM Base Fee

Base Fee is derived from the lower of 30% of Gross Revenue of the Group and Gross Revenue less EMA resultant rent.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

1. General (continued)

Business model (continued)

(c) Entrusted management fee (continued)

EM Performance fee

The Entrusted Manager is entitled to performance fee based on differential between the Gross Revenue and EMA resultant rent after deducting EM Base Fee. The performance fee shall be paid annually and the calculation shall be determined using 60% of the Gross Revenue deducting EMA resultant rent and EM Base Fee. There is no performance fee in the current period.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed.

2.2 Functional and presentation currency

The Group’s consolidated financial statements are presented in Singapore dollars (“SGD” or “\$”). The Trust and each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”). The functional currency of the Trust and the subsidiaries of the Group are in Chinese Renminbi (“RMB”). The presentation currency is SGD as the financial statements are meant primarily for users in Singapore. All values in the tables are rounded to the nearest thousand (\$’000), except when otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2.4 Significant accounting judgements and estimates

The preparation of the Group’s consolidated financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities at the end of each reporting period.

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

There are no critical judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial information.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of investment properties

The investment properties are stated at fair value based on independent valuations undertaken by Savills Real Estate Valuation (Beijing) Limited as at the reporting date. The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

2. Basis of preparation (continued)

2.4 Significant accounting judgements and estimates (continued)

Fair value of investment properties (continued)

The fair value of the investment properties are determined by the independent valuers using of Discounted Cash Flow (“DCF”). The key assumptions are provided in Note 21 (d).

The carrying amounts of the investment properties carried at fair value as at 31 December 2018 is \$1,539,491,000.

3. Significant accounting policies

The accounting policies set out below have been applied by the Group consistently to the period presented in these financial statements.

3.1 Basis of consolidation and business combination

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Trust. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values as at acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit and loss. Any excess of the sum of fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group’s previously held equity interest in the acquiree (if any), over the net fair value of the acquiree’s identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit and loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit and loss.

When the acquisition of an investment property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. Acquisition-related costs are capitalised to the investment property at the time the acquisition is completed.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the investee.

In the Trust’s statement of financial position, investment in subsidiaries are accounted for at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

3. Significant accounting policies (continued)

3.2 Revenue recognition

Revenue is recognised to the extent that it is received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Property income/EMA rental income

Property income/EMA rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in profit and loss due to its operating nature except for contingent rental income which is recognised when it arises. Tenant lease incentives are recognised as a reduction of rental income over the lease term on a straight-line basis.

(b) Finance income

Finance income comprises interest income which is recognised as it accrues using the effective interest method.

3.3 Expenses

Property management fees and operating expenses

Property management fees and operating expenses are recognised on an accrual basis.

Management fees

Management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1 (a).

Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is the Trustee fee which is based on the applicable formula stipulated in Note 1 (b).

3.4 Finance expenses

Finance costs comprise interest expense incurred on borrowings and amortisation of borrowing-related transaction costs.

3.5 Earnings per unit

The Group presents basic and diluted earnings per unit data for its units. Basic earnings per unit is calculated by dividing the total return for the year attributable to Unitholders of the Trust by the weighted average number of Units outstanding during the year.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term fixed deposits that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

3.7 Foreign currencies

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Trust and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

3. Significant accounting policies (continued)

3.7 Foreign currencies (continued)

Transactions and balances (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount in the foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

3.8 Investment properties

Investment properties are properties that are owned by the Group and are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the CIS Code issued by MAS.

3.9 Financial instruments

(a) Non-derivative financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statements of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the loans and receivables category.

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Financial assets comprise loans, other receivables and cash and cash equivalents. Cash and cash equivalents comprise cash at bank.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

3. Significant accounting policies (continued)

3.9 Financial instruments (continued)

(c) Non-derivative financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities as financial liabilities measured at amortised cost. Such financial liabilities are recognised initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process.

Other financial liabilities comprise other payables, rental security deposits and loans and borrowings.

3.10 Impairment of financial assets

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3.11 Unitholders' funds

Unitholders' funds are classified as equity. Issue costs relate to expenses incurred in connection with the issue of Units. These expenses are deducted directly against Unitholders' funds.

3.12 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

3. Significant accounting policies (continued)

3.12 Taxes (continued)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value in the PRC, the presumption that the carrying amounts will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.13 Distribution policy

The Trust's distribution policy is to distribute 100% of distributable income for the period from the Listing Date to 31 December 2018 and the financial year from 1 January 2019 to 31 December 2019. Thereafter, the Manager will distribute at least 90% of its annual income available for distribution for each subsequent financial year. The actual level of distribution will be determined at the discretion of the Board of Directors of the Manager. Distribution to Unitholders will be changed from semi-annually to quarterly with effect from financial year starting 1 January 2019.

3.14 Leases – as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.2 (a). Contingent rents are recognised as revenue in the period in which they are earned.

3.15 Segment reporting

For the purpose of operating segments, the Group is organised into operating segments on a property by property basis. The properties are independently managed by the Entrusted Managers who are responsible for the performance of the property under their charge. Discrete financial information is provided to the Manager on a property by property basis. The Manager regularly reviews this information in order to allocate resources to the property and to assess the property performance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

3. Significant accounting policies (continued)

3.16 New standards issued but not yet effective

The Group has not adopted the following standards as applicable to the Group that have been issued but not yet effective:

	<i>Effective for annual periods beginning on or after</i>
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019

FRS 109 *Financial instruments*

FRS 109 replaces the existing guidance in FRS 39, *Financial Instruments: Recognition and Measurement*. FRS 109 includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual reporting periods beginning on or after 1 January 2018, with an early adoption permitted. The Group does not expect any significant impact to arise from these changes.

FRS 115 *Revenue from contracts with customers*

FRS 115 establishes a framework for determining when to recognise revenue and how much revenue to recognise. The objective of the standard establishes principles to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, with an early adoption permitted. The Group does not expect any significant impact to arise from these changes.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases, a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard is effective for annual periods beginning on or after 1 January 2019. This standard is not expected to have any significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

4. Investment properties

	Group 2018 \$'000
<u>Consolidated Statement of Financial Position</u>	
As at 30 October 2017 (date of constitution)	-
Acquisition of investment properties	1,499,887
Adjustment due to implied loss discount to investment property value at Initial Public Offering	(110,731)
Exchange differences	(3,076)
Investment properties, at implied acquisition value (Note 5)	1,386,080
Capital expenditure incurred	7,565
Net fair value gains on investment properties	174,028
Exchange differences	(28,182)
As at 31 December 2018	<u>1,539,491</u>
<u>Consolidated Statement of Total Return</u>	
Net fair value gains on investment properties	174,028
Net effect of straight-line adjustments ¹	(3,653)
Fair value adjustments to investment properties recognised in the Consolidated Statement of Total Return	<u>170,375</u>

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

- 1 Arising from accounting for rental income on a straight-line basis, the difference between revenue recognised and the contractual cash flow is included in the carrying value of the investment property and subsequently adjusted to the fair value change in investment properties recognised in profit or loss.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2018. The valuations were performed by Savills Real Estate Valuation (Beijing) Limited, an independent valuer with a recognised and relevant professional qualification and with a recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs are disclosed in Note 21(d).

Properties pledged as security

As at 31 December 2018, all the investment properties are pledged as security to secure bank loans (see Note 8).

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

5. Investment in subsidiaries

	Trust 2018 \$'000
Unquoted equity investment at cost	951,558

Details of the subsidiaries of the Trust are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held 2018 %
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Direct subsidiary:

Sasseur Singapore Holdings Pte. Ltd. ¹	Singapore	Investment holding	100
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Indirect subsidiaries:

British Virgin Islands ("BVI") Holding Companies

Sasseur Bishan (BVI) Limited ²	British Virgin Islands	Investment holding	100
Sasseur Hefei Limited ²	British Virgin Islands	Investment holding	100
Sasseur Jinan Limited ²	British Virgin Islands	Investment holding	100

Hong Kong ("HK") Holding Companies

Sasseur Bishan HK Limited ²	Hong Kong	Investment holding	100
Hong Sun Development Group Limited ²	Hong Kong	Investment holding	100
Sasseur Hefei HK Limited ²	Hong Kong	Investment holding	100
Sasseur Jinan HK Limited ²	Hong Kong	Investment holding	100

PRC Holding Companies

Sasseur (Hefei) Investment Consultancy Co., Ltd. ²	People's Republic of China	Investment holding	100
Sasseur (Kunming) Investment Consultancy Co., Ltd. ²	People's Republic of China	Investment holding	100

PRC Property Companies

Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd. ²	People's Republic of China	Property holding	100
Sasseur (Chongqing) Business Co., Ltd. ²	People's Republic of China	Property holding	100
Hefei Sasseur Commercial Management Co., Ltd. ²	People's Republic of China	Property holding	100
Kunming Sasseur Commercial Management Co., Ltd. ²	People's Republic of China	Property holding	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

5. Investment in subsidiaries (continued)

- 1 Audited by Ernst & Young LLP Singapore
- 2 Audited by Ernst & Young LLP China

Acquisition of investment properties and related assets and liabilities

On 16 November 2017, the Group acquired an Initial Portfolio of four retail outlet malls located in PRC comprising Chongqing Outlets, Bishan Outlets, Hefei Outlets, Kunming Outlets (collectively, the "Properties").

Assets and liabilities of the Properties as at the acquisition date were:

	Note	Date of acquisition (16 November 2017) \$'000
Investment properties	4	1,386,080
Deferred tax assets	9	5,229
Trade and other receivables		10,578
Pledge deposits		6,539
Cash and short-term deposits		58,015
		<hr/> 1,466,441
Loans and borrowings	8	(397,981)
Trade and other payables		(116,902)
		<hr/> (514,883)
Total net assets		<hr/> <hr/> 951,558

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

6. Prepayments, deposits and other receivables

	Group 2018 \$'000	Trust 2018 \$'000
Refundable deposits	493	-
VAT/GST recoverables	9,876	1,850
Other receivables	11,956	3
Amounts due from subsidiary (non-trade)	-	40,563
Amounts due from related parties (trade)	2,971	28
	<hr/> 25,296	<hr/> 42,444
Prepayments	250	217
	<hr/> <hr/> 25,546	<hr/> <hr/> 42,661

Amounts due from subsidiary and amounts due from related parties are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Included in other receivables of the Group is an amount of \$7,967,000 relating to sale proceeds of items sold by the tenants in the respective Properties which are yet to be received from merchant banks due to cashless mode of payment made by customers of the outlets.

7. Cash and short-term deposits

	Group 2018 \$'000	Trust 2018 \$'000
Cash and short-term deposits	203,641	32,866
Less: Restricted cash	(8,515)	(2,131)
Cash and cash equivalents	<hr/> 195,126	<hr/> 30,735

Restricted cash relates to cash balances which are used to secure bank facilities.

The interest rates of short-term deposits placed with financial institutions for the Group and Trust is 1.69% to 1.95% and 0.70% to 1.30% respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

8. Loans and borrowings

	Group 2018 \$'000	Trust 2018 \$'000
Secured bank loans	512,599	125,000
Less: Unamortised transaction costs	(19,322)	(3,359)
	<u>493,277</u>	<u>121,641</u>
Non-current	485,564	121,641
Current	7,713	-
	<u>493,277</u>	<u>121,641</u>

The Group through its subsidiaries, Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd, Sasseur (Chongqing) Business Co., Ltd, Hefei Sasseur Commercial Management Co., Ltd and Kunming Sasseur Commercial Management Co., Ltd. has put in place an aggregate amount of RMB 1,960 million, 5-year onshore term loans, with repayment of 1% of initial principal semi-annually, to refinance existing onshore loans.

The Trust has also put in place a \$125 million 3-year offshore term loan to fund Initial Public Offering issue expenses and other transaction costs and for general working capital purposes. The weighted average cost of borrowings of the onshore term loans and offshore term loan are 5.7% and 4.4% respectively.

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

- (a) mortgages on the borrowing subsidiaries' investment properties (see Note 4) and
- (b) assignment of all rights, titles and benefits with respect to the properties mortgaged.

As at 31 December 2018, these term loans were fully drawn down. 50% of the offshore term loan had been hedged using floating-for-fixed interest rate swaps.

As at 31 December 2018, the outstanding principal, interest rate and maturity of the loans and borrowings are as set forth below:

Group	Nominal interest rate %	Term	Year of maturity	Face value 2018 \$'000	Carrying amount 2018 \$'000
Onshore term loans	4.75	5 years ¹	2023	387,599	371,636
Offshore term loan	3.06 - 3.57	3 years	2021	125,000	121,641
				<u>512,599</u>	<u>493,277</u>

1 Included in Onshore term loans is an amount of \$7,713,000 relating to 1% outstanding loan principal to be repayable semi-annually.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

8. Loans and borrowings (continued)

Trust	Nominal interest rate %	Term	Year of maturity	Face value 2018 \$'000	Carrying amount 2018 \$'000
Offshore term loan	3.06 - 3.57	3 years	2021	125,000	121,641

A reconciliation of liabilities arising from the Group's financing activities is as follows:

Group	Acquisition of investment properties (Note 5) \$'000	Proceeds from bank loans \$'000	Loan principal and related cost payments \$'000	Non-cash changes		31 December 2018 \$'000
				Exchange differences \$'000	Finance cost (Note 17) \$'000	
Loans and borrowings	397,981	525,654	(425,507)	(8,928)	4,077	493,277
Interest payables	-	-	(27,142)	313	27,078	249

9. Deferred tax liabilities

	Group 2018 \$'000	Trust 2018 \$'000
Deferred tax liabilities	50,944	-

Movements in deferred tax of the Group during the period are as follows:

Deferred tax asset/(liabilities)	Unutilised tax losses \$'000	Change in fair value of investment properties \$'000	Unremitted earnings on foreign subsidiaries \$'000	Total \$'000
At 30 October 2017 (date of constitution)	-	-	-	-
Arising from acquisition of investment properties and related assets and liabilities (Note 5)	5,229	-	-	5,229
Recognised in Consolidated Statement of Total Return	(5,539)	(49,309)	(2,316)	(57,164)
Exchange differences	310	654	27	991
	-	(48,655)	(2,289)	(50,944)

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

10. Derivative financial instrument

	Group and Trust		
	Contract/ notional amount	Assets	Liabilities
	\$'000	\$'000	\$'000
Interest rate swap	62,500	-	154
Derivative financial instrument as a percentage of the Group's net assets			0.01%
Derivative financial instrument as a percentage of the Trust's net assets			0.02%

The Group enters into interest rate swap to manage its exposure to interest rate movements on its floating rate interest-bearing borrowing by swapping the interest expense on these borrowing from floating rate to fixed rate. The fixed interest rate on interest rate swap is 1.99% per annum and the floating interest rate is based on a 3-month swap offer rate.

The Group held interest rate swap to provide fixed rate funding for a term of 2 years.

The changes in fair value of the interest rate swaps are recognised in the consolidated statement of total return.

11. Other payables and accruals

	Group	Trust
	2018	2018
	\$'000	\$'000
Refundable security deposits	6,451	-
Advances from tenants	342	-
Interest payables	249	37
VAT and other tax payables	642	-
Construction payables	31,816	-
Amounts due to related parties (non-trade)	308	39
Accrued expenses	2,281	1,157
Property tax payables	573	-
Other payables	100,043	-
	142,705	1,233

The non-trade amounts due to related parties are unsecured, interest-free and repayable on demand in cash.

Included in other payables is an amount of \$96,540,000 relating to revenue collected from customers on behalf of each retail tenant.

Construction payables consist of outstanding payments of past construction works arising from acquisition of investment properties and related assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

12. Units in issue and to be issued

	2018	
	Group and Trust	
	Number of Units '000	\$'000
As at 30 October 2017 (date of constitution)	- ¹	- ¹
Units in issue		
- Issuance of Consideration Units	1,062	1,062,289
- Sub-division of Units	1,179,218	-
- Adjustment due to implied loss discount to investment property value at Initial Public Offering	-	(110,731)
- Issuance of new Units at Initial Public Offering	495,000	396,000
- Redemption of Consideration Units	(495,000)	(396,000)
- Issue costs	-	(14,798)
- Distribution to Unitholders	-	(18,731)
Total issued Units as at 31 December 2018	1,180,280	918,029
Units to be issued		
- Manager's management fees payable in Units (Note 23)	8,673	6,053
Total Units issued and to be issued as at 31 December 2018	1,188,953	924,082

1 Less than 1,000 Units and \$1,000

During the financial period, the following Units were issued and to be issued:

- There are 2,531,748 Units to be issued in satisfaction of the Manager's management fee for the period from 28 March 2018 to 30 June 2018 based on the volume weighted average price for the last 10 Business Days immediately preceding 30 June 2018 of \$0.7402.
- There are 2,548,306 Units to be issued in satisfaction of the Manager's management fee for the period from 1 July 2018 to 30 September 2018 based on the volume weighted average price for the last 10 Business Days immediately preceding 30 September 2018 of \$0.7142.
- There are 3,593,298 Units to be issued in satisfaction of the Manager's management fee for the period from 1 October 2018 to 31 December 2018 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 December 2018 of \$0.6565

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- One vote per Unit;
- Receive income and other distributions attributable to the Units held;
- Receive audited accounts and the annual reports of the Trust;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust;
- Attend all Unitholders' meetings. The Trustee or the Manager (and the Manager shall at request in writing of not less than 50 Unitholders or Unitholders representing not less than 10% of the total Units issued) may at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

12. Units in issue and to be issued (continued)

A Unitholder has no equitable or proprietary interest in the underlying asset of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate or interest in any asset and the real estate-related assets (or any part thereof) of the Group.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issuance of Units. Included in issue costs are approximately \$366,000 of fees paid to the auditors of the Group for services rendered in relation to the Initial Public Offering of the Trust.

13. Property income

	Period from 30 October 2017 (date of constitution) to 31 December 2018 Group \$'000
Rental income	41,968
Other income	113
	<u>42,081</u>

14. EMA rental income

	Period from 30 October 2017 (date of constitution) to 31 December 2018 Group \$'000
EMA rental income	<u>93,525</u>

EMA rental income is accounted for on a straight-line basis over the lease term. Excluding net effect of straight-line adjustments of \$3,653,000, EMA rental income is \$89,872,000 (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

15. Property expenses

Included in property expenses are the following:

	Period from 30 October 2017 (date of constitution) to 31 December 2018 Group \$'000
Property management fee	12,174
Property tax	1,753
Property operating expenses	5,706
	19,633
	19,633

16. Other trust expenses

Included in other trust expenses are the following:

	Period from 30 October 2017 (date of constitution) to 31 December 2018 Group \$'000
Auditors of the Group:	
- Audit fees	429
- Non-audit fees ¹	598
Legal expenses	95
Valuation and other professional fees	718
Initial Public Offering expenses	8,483
Foreign exchange differences	448
Other expenses	297
	11,068
	11,068

1 Included in non-audit fees is an amount of \$382,000 paid to the auditors of the Group for services rendered in relation to the Initial Public Offering of the Trust. The total fees rendered in relation to the Initial Public Offering of the Trust is \$748,000, with an amount of \$366,000 included in issue costs (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

17. Finance costs

	Period from 30 October 2017 (date of constitution) to 31 December 2018 Group \$'000
Effective interest expenses on borrowings	31,155

Included in the effective interest expenses on borrowings are interest expenses on loans and borrowings amounting to \$27,078,000 (Note 8) and amortisation of debt-related transaction costs of S\$4,077,000 (Note 8).

18. Tax expense

The major components of tax expense for the period ended 31 December 2018 are:

	Period from 30 October 2017 (date of constitution) to 31 December 2018 Group \$'000
Income tax expense	
Current period	11,534
Deferred tax expense	
Movement in temporary difference	57,164
	68,699

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

18. Tax expense (continued)

The income tax expense on the results for the financial period differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Period from 30 October 2017 (date of constitution) to 31 December 2018 Group \$'000
Total return for the period before tax	237,924
Tax calculated using Singapore tax rate of 17%	40,447
Adjustments:	
Non-deductible expenses	2,333
Effect of different tax rates in foreign jurisdictions	20,479
Effect of preferential tax rate ¹	(397)
Tax losses not allowed to be carried forward ²	3,404
Tax on unremitted earnings on foreign subsidiaries	2,316
Others	117
	<u>68,699</u>

All income tax are overseas income tax of HK Holding Company and PRC Property Companies.

- 1 Effect of preferential tax rate is a tax rate of 15% for the Bishan Outlets obtained from the State Administration of Taxation of the People's Republic of China.
- 2 Tax losses resulted from losses from the Trust.

19. Earnings per unit

Basic earnings per unit is based on:

	Period from 30 October 2017 (date of constitution) to 31 December 2018 Group \$'000
Total return for the period after tax	<u>169,225</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

19. Earnings per unit (continued)

	Group Number of Units 2018 '000
Weighted average number of Units	1,181,994

Basic EPS is calculated based on the weighted number of Units for the period. This comprises of:

- (a) The weighted average number of Units in issue for the period; and
- (b) The estimated weighted average number of Units issuable as payment of Manager's management fees.

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the period.

20. Financial risk management

Capital management

The Manager aims to optimise the capital structure and cost of capital, within the borrowing limits set out in the Property Fund Appendix. The Manager's strategy of the management of capital involves adopting and maintaining appropriate Aggregate Leverage level to ensure optimal returns to Unitholders, while maintaining flexibility in respect of future capital expenditures or acquisitions. The Manager will endeavour to employ an optimal capital structure, comprising an appropriate mix of debt and equity in financing the acquisition of properties and asset enhancement activities of its properties.

The Manager will, in the event that the Group incurs any future borrowings, periodically review the Group's capital management policy with respect to its Aggregate Leverage and modify the policy as its management deems prudent in light of prevailing market conditions. The Manager will endeavour to match the maturity of the Group's indebtedness with the maturity of the Group's investment assets, and to employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code. With effect from 1 January 2016, the CIS Code stipulates that the total borrowings and deferred payments (collectively the "Aggregate Leverage") of a property fund should not exceed 45.0% of the Properties.

As of 31 December 2018, Aggregate Leverage of the Group is 29.0%. The Group has complied with the Aggregate Leverage limit of 45.0% during the financial period.

Overview of risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The following sections provide details regarding the Group's and Trust's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

20. Financial risk management (continued)

Market risk

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to Singapore dollar ("SGD") and United States dollar ("USD"). Foreign exchange risk arises from future transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the companies within the Group.

The Group and Trust has transactional currency exposures arising from cash and short-term deposits, prepayments, deposits and other receivables, other payables and accruals and loans and borrowings that are denominated in a currency other than its functional currency. These transactions are mainly denominated in SGD and USD. Where appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign exchange risk.

The Group's and Trust's exposure to foreign currency risk are as follows:

Group	SGD 2018 \$'000	USD 2018 \$'000	Total 2018 \$'000
Cash and short-term deposits	43,396	10,141	53,537
Prepayments, deposits and other receivables	3	-	3
Other payables and accruals	(1,233)	-	(1,233)
Loans and borrowings	(121,641)	-	(121,641)
Net (liabilities)/assets	(79,475)	10,141	(69,334)

Trust	SGD 2018 \$'000	USD 2018 \$'000	Total 2018 \$'000
Cash and short-term deposits	32,866	-	32,866
Prepayments, deposits and other receivables	40,594	-	40,594
Other payables and accruals	(1,233)	-	(1,233)
Loans and borrowings	(121,641)	-	(121,641)
Net liabilities	(49,414)	-	(49,414)

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

20. Financial risk management (continued)

Market risk (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity of the Group' and Trust's total return before tax to a reasonably possible change in the SGD and USD exchange rates against the functional currency of the Group, with all other variables held constant.

		Increase/(decrease) in total return before tax	
		Group	Trust
		2018	2018
		\$'000	\$'000
SGD	- strengthened by 5%	(3,974)	(2,471)
SGD	- weakened by 5%	3,974	2,471
USD	- strengthened by 5%	507	-
USD	- weakened by 5%	(507)	-

Interest rate risk

The Group has fixed-rate onshore term loans and 50% of the offshore term loan has been hedged using floating-for-fixed interest rate swap. The total borrowings carry fixed-rate interest amounted to 87.8% of the Group's borrowings which reduces interest rate volatility.

The Group has minimal interest rate risk as the Group has substantially hedged its floating-rate financial liabilities, and its total return after tax and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The Group has minimal exposure to credit risk through its "Point-of-sale and cash management system".

For other financial assets (including cash and short-term deposits), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group believes that there is no credit risk inherent in the Group's other receivables, based on historical payment behaviours and the security deposits held. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are with creditworthy debtors with a good collection track record with the Group.

Derivative financial instrument are only centered into with banks and financial counterparties with sound credit ratings.

Cash and short-term deposits are placed with financial institutions which are regulated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

20. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and the Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and Trust's reputation.

The Manager monitors its liquidity risk and maintains a level of cash and short-term deposits deemed adequate by management to finance the Group's and Trust's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the Code on Collective Investment Schemes issued by the MAS concerning limits on total borrowings.

The Group's loan facilities are set out in note 8.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Group	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year	Within 2 to 5 years	More than 5 years
			\$'000	\$'000	\$'000
2018					
Non-derivative financial liabilities					
Other payables and accruals ¹	141,721	141,721	141,721	-	-
Loans and Borrowings	493,277	597,362	30,580	566,782	-
	634,998	739,083	172,301	566,782	-

1 Excludes VAT and other tax payables and advances from tenants.

Trust	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year	Within 2 to 5 years	More than 5 years
			\$'000	\$'000	\$'000
2018					
Non-derivative financial liabilities					
Other payables and accruals	1,233	1,233	1,233	-	-
Loans and Borrowings	121,641	134,224	4,456	129,768	-
	122,874	135,457	5,689	129,768	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

21. Fair values of assets and liabilities

(a) Fair value hierarchy

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

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

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

(b) Assets and liabilities measured at fair value

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

Group	\$'000			Total
	Level 1	Level 2	Level 3	
2018				
Assets measured at fair value				
Non-financial assets				
Investment properties				
- Retail outlet malls	-	-	1,539,491	1,539,491
Total non-financial assets	-	-	1,539,491	1,539,491
Liabilities measured at fair value				
Financial liabilities				
Derivative financial instrument				
- Interest rate swap	-	154	-	154
Total financial liabilities	-	154	-	154

(c) Level 2 fair value measurements

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

Derivative financial instrument

The fair value of interest rate swap is based on valuations provided by the financial institutions that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

21. Fair values of assets and liabilities (continued)

(d) Level 3 fair value measurements

Information about significant unobservable inputs used in Level 3 fair value measurement

Investment properties

The investment properties are stated at fair value based on independent valuations undertaken by Savills Real Estate Valuation (Beijing) Limited as at the reporting date. The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

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

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

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used:

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow approach	Discount rates range from 9.5% to 11.5% per annum	Higher discount rate would result in a lower fair value, while lower rate would result in a higher fair value.
	Price per square feet of \$25 to \$59 per annum	Higher rental rate would result in a higher fair value, while lower rates would result in a lower fair value.

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment properties:

	Group 2018 \$'000
Fair value of investment properties as at 31 December	
Increase in discount rate of 25 basis points	(35,181)
Decrease in discount rate of 25 basis points	36,429
Increase in price per square foot of 25 basis points	37,551
Decrease in price per square foot of 25 basis points	<u>(37,551)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

21. Fair values of assets and liabilities (continued)

(d) Level 3 fair value measurements

Movements in Level 3 assets and liabilities measured at fair value

The reconciliation for investment properties measured at fair value based on significant unobservable inputs (Level 3) is disclosed in Note 4.

Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use up to two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose amounts are reasonable approximation of fair value

The carrying amount of the Group and Trust's current financial assets and liabilities approximated their fair value. The fair value of the Group and the Trust's non-current loans and borrowings with floating interest rate approximate their rate value.

(f) Assets and liabilities not measured at fair value for which fair value is disclosed

The following table shows an analysis of each class of assets and liabilities not measured at fair value at the end of the reporting period, for which fair value is disclosed:

Group	\$'000			Total
	Level 1	Level 2	Level 3	
2018				
Financial liabilities				
- Onshore term loans	-	-	367,187	367,187
Total financial liabilities	-	-	367,187	367,187

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

21. Fair values of assets and liabilities (continued)

(f) Assets and liabilities not measured at fair value for which fair value is disclosed (continued)

Determination of fair value

Onshore term loans

The fair value as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

22. Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	Trust
	2018	2018
	\$'000	\$'000
Capital commitments in relation to investment properties	6,054	-

(b) Operating lease commitments – as lessor

The Group's PRC Property Companies have entered into separate individual Entrusted Management Agreement (EMA) with its Entrusted Manager to operate, maintain, manage and market the properties and shall be entitled to receive future minimum rental receivable at the end of the reporting period as follows:

	Group
	2018
	\$'000
Within 1 year	123,557
After 1 year but within 5 years	343,230
After 5 years	285,408
	<u>752,195</u>

23. Related party transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

23. Related party transactions (continued)

	Period from 30 October 2017 (date of constitution) to 31 December 2018 Group \$'000
Acquisition of investment properties and related assets and liabilities from Sponsor (Note 5)	951,558
EMA rental income received/receivable from Entrusted Manager (Note 14)	89,872
Manager's management fees payable (Note 12)	6,053
Trustee's fees paid/payable	<u>226</u>

24. Financial ratios

	Period from 30 October 2017 (date of constitution) to 31 December 2018 Group %
Ratio of expenses to weighted average net assets ¹	
- Including performance component of the Manager's management fees	1.07
- Excluding performance component of the Manager's management fees	1.07
Portfolio turnover rate ²	<u>-</u>

1 The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to expenses of the Group, excluding finance cost, net foreign exchange differences and tax expense. The Group did not pay any performance fee for the financial period from 30 October 2017 (date of constitution) to 31 December 2018.

2 The annualised ratio is computed based on the lower of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value in accordance with the formulae stated in CIS.

25. Operating segments

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

The Group's reportable segments are investment properties located in PRC used primarily for retail purposes. The Group has 4 reportable segments as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

25. Operating segments (continued)

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly manager’s management fee, trustee’s fees, trust expenses, finance income, finance costs and related asset and liabilities.

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

Information regarding the Group’s reportable segments is presented in the tables below.

Segment results

Group	Chongqing Outlets \$’000	Bishan Outlets \$’000	Hefei Outlets \$’000	Kunming Outlets \$’000	Unallocated \$’000	Total \$’000
Property Income	23,660	3,374	8,905	6,142	-	42,081
EMA rental income	41,015	8,574	26,331	17,605	-	93,525
Property expenses	(10,680)	(2,402)	(3,914)	(2,637)	-	(19,633)
Manager’s management fees	-	-	-	-	(6,053)	(6,053)
Trustee’s fees	-	-	-	-	(226)	(226)
Other trust expenses	(184)	(48)	(48)	(56)	(10,732)	(11,068)
Finance income	-	-	-	-	232	232
Finance costs	(10,314)	(2,633)	(8,808)	(4,878)	(4,522)	(31,155)
Net change in fair value of financial derivative	-	-	-	-	(154)	(154)
Fair value adjustments to investment properties	78,605	11,370	52,872	27,528	-	170,375
Total return for the period before tax	122,102	18,235	75,338	43,704	(21,455)	237,924
Tax expense	(30,891)	(5,787)	(20,201)	(11,329)	(491)	(68,699)
Total return for the period	91,211	12,448	55,137	32,375	(21,946)	169,225
Segment assets	651,001	171,122	563,329	321,960	61,266	1,768,678
Segment liabilities	299,283	59,248	139,012	72,616	124,553	694,712
Other Segment items:						
Capital expenditure	1,234	2,719	3,053	559	-	7,565

Geographical segments

All of the Group’s investment properties are used for retail purposes and are located in PRC.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 October 2017 (date of constitution) to 31 December 2018

25. Operating segments (continued)

- (a) The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position.

	Group 2018 \$'000
Cash and short-term deposits	53,665
Prepayments, deposits and other receivables	4,630
Amounts due from related parties (trade)	2,971
	<u>61,266</u>

- (b) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

	Group 2018 \$'000
Offshore term Loan	121,641
Other payables and accruals	2,912
	<u>124,553</u>

26. Subsequent event

On 18 February 2019, the Manager declared a distribution of 3.541 cents per Unit for the period from 1 July 2018 to 31 December 2018.

27. Comparative information

No comparative figures have been presented as this is the first set of financial statements prepared for the Group and the Trust since the date of its constitution.

28. Authorisation of financial statements for issue

The financial statements were authorised for issue by the Manager and the Trustee on 25 March 2019.

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons for the financial period ended 31 December 2018, which fall under the SGX-ST Listing Manual and Appendix 6 of the Code on Collective Investment Schemes (excluding transactions of less than S\$100,000 each) are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than S\$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions during the financial period under review under Unitholders' mandate pursuant to Rule 920 (excluding transactions of less than S\$100,000) S\$'000
Sasseur Asset Management Pte. Ltd. - Management fees	6,053	-
Sasseur (Shanghai) Holding Company Limited - EMA rental income	89,872	-
Sasseur Cayman Holding Limited - Acquisition of investment properties and related assets and liabilities	951,558	-
DBS Trustee Ltd - Trustee fees	226	-

Save as disclosed above, there were no additional interested person transactions (excluding transactions of less than S\$100,000 each) or other material transactions entered into during the financial period under review.

The fees and charges payable by Sasseur REIT to the Manager under the Trust Deed, and receivables from the Entrusted Manager under the Master Entrusted Management Agreement and the Individual Entrusted Management Agreements, the Property Sale and Purchase Agreements, each of which constitutes an interested person transaction, are deemed to have been specifically approved by the Unitholder upon purchase of the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual of the SGX-ST to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will affect Sasseur REIT.

Please also see Related Party Transactions in Note 23 to the Financial Statements.

SUBSCRIPTION OF SASSEUR REIT UNITS

Total issuable units in relation to the base component of the Manager's management fees for the period from 28 March 2018 to 31 December 2018 was 8,673,352 Units and will be issued in the first quarter of 2019.

UNITHOLDERS' INFORMATION

As at 11 March 2019

ISSUED AND FULLY PAID UNITS

Number of units : 1,188,953,352 units ("Units")
 Voting rights : One vote per Unit

There were no treasury units and subsidiary holdings, and there is only one class of Units in Sasseur REIT.

STATISTICS OF UNITHOLDINGS

Size of Unitholding	Number of Unitholders	%	Number of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	680	20.76	663,700	0.06
1,001 - 10,000	1,906	58.20	9,098,500	0.77
10,001 - 1,000,000	669	20.43	28,416,100	2.39
1,000,001 and above	20	0.61	1,150,775,052	96.78
	3,275	100.00	1,188,953,352	100.00

SUBSTANTIAL UNITHOLDERS AS AT 11 MARCH 2019

(As recorded in the Register of Substantial Unitholders)

	Direct Interest	%	Deemed Interest	%
Sasseur Cayman Holding II Ltd. ⁽¹⁾	-	-	680,045,500	57.20
Sasseur Cayman Holding Limited ⁽¹⁾	-	-	680,045,500	57.20
Sasseur (BVI) Holding II Limited ⁽¹⁾	-	-	680,045,500	57.20
Shimmer Fair Holdings Limited ⁽¹⁾	-	-	680,045,500	57.20
Shimmer Fair Management Limited ⁽¹⁾	-	-	680,045,500	57.20
TMF (Cayman) Ltd. ⁽¹⁾	-	-	680,045,500	57.20
Xu Rongcan ⁽¹⁾	-	-	680,045,500	57.20
Yang Xue ⁽²⁾	-	-	680,045,500	57.20
Meritz Securities Co., Ltd. ⁽³⁾	23,120,000	1.94	55,060,000	4.63
Mertiz Financial Group Inc. ⁽³⁾	-	-	130,300,000	10.96
Jung Ho Cho ⁽³⁾	-	-	130,300,000	10.96

Notes:

⁽¹⁾ Shimmer Fair Management Limited ("Shimmer Fair Management") is the sole shareholder of Shimmer Fair Holdings Limited ("Shimmer Fair Holdings") which is in turn the sole shareholder of Sasseur (BVI) Holding II Limited ("Sasseur (BVI) Holding II").

Sasseur (BVI) Holding II holds 79.83% of the share capital of Sasseur Cayman Holding Limited (the "Sponsor") and the Sponsor is in turn the sole shareholder of Sasseur Cayman Holding II Ltd. ("Cayman Holdco").

TMF (Cayman) Ltd. ("TMF (Cayman)") as the trustee of Xu Family Trust is the sole shareholder of Shimmer Fair Management. The Xu Family Trust is a discretionary trust established by Mr. Xu Rongcan as settlor and the sole member of the Protective Committee and Investment Committee of Xu Family Trust, for the benefit of its beneficiaries, being Mr. Xu Rongcan who is the primary beneficiary of the Xu Family Trust during his lifetime and whilst not incapacitated.

In addition, as the sole power to make investment decision relating to the assets of the Xu Family Trust is vested on an investment committee, of which Mr. Xu Rongcan is the sole member, only he can make all decisions relating to any purchase, sale, exchange or retention of the shares in Shimmer Fair Management as well as the exercise of any voting and other rights on behalf of the Xu Family Trust.

UNITHOLDERS' INFORMATION

As at 11 March 2019

As Cayman Holdco is deemed to be interested in 677,775,600 Units held through DBS Nominees (Private) Limited and 2,269,900 Units held through Haitong International Securities (Singapore) Private Limited, each of Shimmer Fair Management, the Sponsor, Sasseur (BVI) Holding II, Shimmer Fair Holdings, Shimmer Fair Management, TMF (Cayman) and Mr. Xu Rongcan is also deemed to be interested in the 680,045,500 Units.

- (2) Ms. Yang Xue is the spouse of Mr. Xu Rongcan and is deemed to be interested in the Units which he has an interest in.
- (3) Each of Meritz Securities Co., Ltd. ("MS"), Meritz Fire & Marine Insurance Co., Ltd. ("MFM") and Meritz Capital Co., Ltd. ("MC") (collectively, the "Meritz Group") had subscribed for an aggregate of 57,800,000 units during Sasseur REIT's initial public offering and has a direct interest in 23,120,000, 23,120,000 and 11,560,000 units respectively in Sasseur REIT ("Units").

Pursuant to a unit charge over an aggregate of 72,500,000 Units granted on 26 October 2018 to each of Meritz Group by a member of Sasseur Cayman Holding Limited and its subsidiaries, each of MS, MFM and MC is deemed to be interested in 29,000,000, 29,000,000 and 14,500,000 Units respectively.

MC, a wholly-owned subsidiary of MS, has an aggregate interest in 26,060,000 Units comprising (i) direct interest in 11,560,000 Units and (ii) deemed interest in 14,500,000 Units due to the unit charge. MS therefore has direct interest in 23,120,000 Units and deemed interests in 55,060,000 Units comprising (i) deemed interest of 29,000,000 Units due to the unit charge and (ii) deemed interest in MC's 26,060,000 Units.

MFM has an aggregate interest in 52,120,000 Units comprising (i) direct interest in 23,120,000 Units and (ii) deemed interest in 29,000,000 Units due to the unit charge.

As Meritz Financial Group Inc. ("Meritz Holdco") is a 42.99% shareholder of MS and a 54.30% shareholder of MFM, it is therefore deemed to be interested in an aggregate of 130,300,000 Units comprising of MS's aggregate interest in 78,180,000 Units and MFM's aggregate interest in 52,120,000 Units.

As Mr. Jung Ho Cho ("Mr. Cho")'s aggregate direct and deemed interest in Meritz Holdco is 69.06%, he is therefore deemed to be interested in Meritz Holdco's interest in 130,300,000 Units.

TWENTY LARGEST UNITHOLDERS AS AT 11 MARCH 2019

No.	Name of Unitholders	Number of Units	%
1.	DBS NOMINEES (PRIVATE) LIMITED	488,519,800	41.09
2.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	274,741,500	23.11
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	67,957,300	5.72
4.	PHILLIP SECURITIES PTE LTD	66,253,500	5.57
5.	BPSS NOMINEES SINGAPORE (PTE.) LTD.	58,800,800	4.95
6.	DBSN SERVICES PTE. LTD.	38,146,100	3.21
7.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	37,061,600	3.12
8.	RAFFLES NOMINEES (PTE.) LIMITED	34,606,100	2.91
9.	OCBC SECURITIES PRIVATE LIMITED	26,214,700	2.20
10.	CKK HOLDINGS PTE LTD	12,500,000	1.05
11.	UOB KAY HIAN PRIVATE LIMITED	11,701,900	0.98
12.	SASSEUR ASSET MANAGEMENT PTE LTD	8,673,352	0.73
13.	DB NOMINEES (SINGAPORE) PTE LTD	6,604,000	0.56
14.	HEXACON CONSTRUCTION PTE LTD	4,500,000	0.38
15.	MERRILL LYNCH (SINGAPORE) PTE. LTD.	3,415,800	0.29
16.	IFAST FINANCIAL PTE. LTD.	3,041,000	0.26
17.	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,784,400	0.23
18.	LIEW CHEE KONG	2,057,000	0.17
19.	HSBC (SINGAPORE) NOMINEES PTE LTD	1,696,200	0.14
20.	CHUA LEONG HAI @CHUA LEANG HAI	1,500,000	0.13

UNITHOLDERS' INFORMATION

As at 11 March 2019

PERCENTAGE OF UNITHOLDING IN PUBLIC'S HANDS

Based on the information made available to the Manager as at 11 March 2019, approximately 37.12% of the Units in Sasseur REIT are held in the hands of public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 JANUARY 2019

Name of Director	Direct Interest No. of Units	Deemed Interest No. of Units
Xu Rongcan ⁽¹⁾	-	680,045,500
Yang Xue ⁽²⁾	-	680,045,500
Cheng Heng Tan	350,000	-
Gu Qingyang	312,500	-
Wu Geng	125,000	-
Wang Jun	-	-
Zhou Yimin	-	-
Mario Boselli	-	-

Notes:

- (1) Shimmer Fair Management is the sole shareholder of Shimmer Fair Holdings which is in turn the sole shareholder of Sasseur (BVI) Holding II Limited ("Sasseur (BVI) Holding II"). Sasseur (BVI) Holding II holds 79.83% of the share capital of Sasseur Cayman Holding Limited (the "Sponsor") and the Sponsor is in turn the sole shareholder of Sasseur Cayman Holding II Ltd. ("Cayman Holdco"). As Cayman Holdco is deemed to be interested in 677,775,600 Units held through DBS Nominees (Private) Limited and 2,269,900 Units held through Haitong International Securities (Singapore) Private Limited, Shimmer Fair Management is also deemed to be interested in the 680,045,500 Units.

All the shares in Shimmer Fair Holdings are held by TMF (Cayman) as trustee for the Trust (through Shimmer Fair Management), as the primary beneficiary of the Trust until his death or incapacitation, Mr Xu is still deemed interested in all the 680,045,500 Units.

- (2) Yang Xue is the spouse of Xu Rongcan and is deemed to be interested in the Units which he has an interest in.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of the holders of the units of Sasseur Real Estate Investment Trust (“**Sasseur REIT**”) and the holders of units of Sasseur REIT, the “**Unitholders**”) will be held at Meeting Room 303 & 304, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Wednesday, 17 April 2019 at 10.30 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of DBS Trustee Limited, as trustee of Sasseur REIT (the “**Trustee**”), the Statement by Sasseur Asset Management Pte. Ltd., as manager of Sasseur REIT (the “**Manager**”), and the Audited Financial Statements of Sasseur REIT for the financial period ended 31 December 2018 and the Auditors’ Report thereon. **(Resolution 1)**
2. To re-appoint Ernst & Young LLP as Auditors of Sasseur REIT to hold office until the conclusion of the next AGM of Sasseur REIT, and to authorise the Manager to fix their remuneration. **(Resolution 2)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution, with or without any modifications:

3. That authority be and is hereby given to the Manager, to:
 - (a) (i) issue Units in Sasseur REIT (“**Units**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and
 - (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) must not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) must not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) shall be based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the deed of trust constituting Sasseur REIT (as supplemented) (the “**Trust Deed**”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

NOTICE OF ANNUAL GENERAL MEETING

- (4) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Sasseur REIT or (ii) the date by which the next AGM of Sasseur REIT is required by the applicable laws or regulations or the Trust Deed to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Sasseur REIT to give effect to the authority conferred by this Resolution. **(Resolution 3)**

[Please see Explanatory Note]

By Order of the Board
 Sasseur Asset Management Pte. Ltd.
 (Company Registration No. 201707259N)
 as manager of Sasseur REIT

Lai Kuan Loong Victor
 Toh Li Ping, Angela
 Company Secretaries

2 April 2019

Explanatory Note:

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of the Unitholders of Sasseur REIT, or (ii) the date by which the next AGM of the Unitholders of Sasseur REIT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier, to issue Units and to make or grant Instruments (such securities, warrants or debentures) convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent (50%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any), of which up to twenty per cent (20%) may be issued other than on a pro rata basis to Unitholders (excluding treasury Units and subsidiary holdings, if any).

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Ordinary Resolution is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Notes:

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in the Unitholder's stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies in the proxy form the number of Units in relation to which each proxy has been appointed.

NOTICE OF ANNUAL GENERAL MEETING

“**relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy(ies) must be deposited at the Manager’s registered office address at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than seventy-two (72) hours before the time appointed for holding the meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company or a Depositor, as the case may be (i) consents to the collection, use and disclosure of the member or Depositor’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member or a Depositor discloses the personal data of the member or Depositor’s proxy(ies) and/or representative(s) to the Company (or its agents), the member or Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member or Depositor’s breach of warranty.

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SASSEUR REAL ESTATE INVESTMENT TRUST

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than one proxy to attend and vote at the Annual General Meeting and vote (please see note 2 for the definition of "relevant intermediary").
2. For CPF/SRS investors who have used their CPF monies to buy Units of Sasseur REIT, this Report to Unitholders is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. **PLEASE READ THE NOTES TO THE PROXY FORM**

I/We*, _____ (Name), NRIC/Passport number* _____

of _____ (Address)

being a Unitholder/Unitholders of Sasseur Real Estate Investment Trust ("**Sasseur REIT**", and the units of Sasseur REIT, the "**Units**"), hereby appoint(s):

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Units	%
Address			

or, both of whom failing, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM of Sasseur REIT to be held at Meeting Room 303 & 304, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Wednesday, 17 April 2019 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/ she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Ordinary Resolutions relating to:	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾
ORDINARY BUSINESS			
1	To receive and adopt the Report of DBS Trustee Limited, as trustee of Sasseur REIT (the " Trustee "), the Statement by Sasseur Asset Management Pte. Ltd., as manager of Sasseur REIT (the " Manager "), and the Audited Financial Statements of Sasseur REIT for the financial period ended 31 December 2018 and the Auditors' Report thereon.		
2	To re-appoint Ernst & Young LLP as Auditors of Sasseur REIT to hold office until the conclusion of the next AGM of Sasseur REIT, and to authorise the Manager to fix their remuneration		
SPECIAL BUSINESS			
3	To authorise the Manager to issue Units and to make or grant convertible instruments.		

(1) If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of Units, as appropriate, in the boxes provided.

Dated this _____ day of _____ 2019

Total number of Units in:	No. of Units
(a) CDP Register	
(b) Register of Unitholders	

Signature of Unitholder(s)
or, Common Seal of Corporate Unitholder

* Delete where inapplicable

NOTES:

1. A unitholder of Sasseur REIT (“**Unitholder**”) who is not a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

“relevant intermediary” means:

 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy(ies) (the “**Proxy Form**”) must be deposited at the Manager’s registered office address at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for the AGM.
4. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of Sasseur REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this proxy form will be deemed to relate to all the Units held by the Unitholder.
5. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.
6. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing or if the appointer is a corporation, it must be executed either under its common seal or under the hand of an officer or attorney so authorised.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly appointed officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney must (failing previous registration) be deposited with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. A corporation which is a Unitholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
10. At any general meeting of the Unitholders, a resolution put to the vote of such meeting shall be decided on a poll. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he or she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the AGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.
11. CPF Approved Nominees acting on the request of the CPF/SRS investors who wish to attend the AGM are requested to submit in writing, a list with details of the CPF/SRS investors’ names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee) shall reach the Manager’s registered office address at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for holding the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 2 April 2019.

GENERAL:

The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form lodged if the Unitholder, being the appointor, is not shown to have Units entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by CDP to the Manager.

CORPORATE INFORMATION

THE MANAGER

Sasseur Asset Management Pte. Ltd.
Company Registration Number: 201707259N

BUSINESS OFFICE ADDRESS (THE MANAGER)

7 Temasek Boulevard
#06-05 Suntec Tower One
Singapore 038987
Telephone: +65 6255 2953
Fax: +65 6873 0930

REGISTERED OFFICE ADDRESS (THE MANAGER)

50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Telephone: +65 6536 5355
Fax: +65 6536 1360

BOARD OF DIRECTORS (THE MANAGER)

Non-Executive:

Xu Rongcan (Chairman)
Yang Xue
Wang Jun
Zhou Yimin
Gu Qingyang (Lead Independent Director)
Mario Boselli (Independent Director)
Cheng Heng Tan (Independent Director)
Wu Geng (Independent Director)

AUDIT AND RISK COMMITTEE (THE MANAGER)

Cheng Heng Tan (Chairman)
Gu Qingyang
Wu Geng

NOMINATING AND REMUNERATION COMMITTEE

(THE MANAGER)
Gu Qingyang (Chairman)
Xu Rongcan
Wu Geng

COMPANY SECRETARIES (THE MANAGER)

Lai Kuan Loong Victor
Toh Li Ping, Angela

TRUSTEE

DBS Trustee Limited
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

UNIT REGISTRAR

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: +65 6536 5355
Fax: +65 6536 1360

AUDITOR

Ernst & Young LLP
One Raffles Quay
Level 18, North Tower
Singapore 048583

AUDIT PARTNER-IN-CHARGE

Low Yen Mei
(Appointed with effect from financial year ended 31
December 2018)

SGX STOCKFACTS STOCK CODE

CRPU

SPONSORSHIP STATEMENT

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Sasseur REIT (the "Offering"). DBS Bank Ltd. and Bank of China Limited, Singapore Branch were the joint global coordinators to the Offering. DBS Bank Ltd., Bank of China Limited, Singapore Branch, China International Capital Corporation (Singapore) Pte. Limited, Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited, Haitong International Securities (Singapore) Pte. Ltd. and Maybank Kim Eng Securities Pte. Ltd. were the joint bookrunners and underwriters to the Offering.



SASSEUR ASSET MANAGEMENT PTE. LTD.

As Manager of Sasseur REIT

Company Registration No.: 201707259N

7 Temasek Boulevard. #06-05

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Singapore 038987

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