



**SASSEUR REAL ESTATE INVESTMENT TRUST**  
(a real estate investment trust constituted on 30 October 2017  
under the laws of the Republic of Singapore)

**PRESS RELEASE**

**Sasseur REIT's 3Q 2018 Distributable Income to Unitholders  
Beats Forecast by 4.5% in Continuation of Strong Sales  
Momentum**

- Entrusted Management Agreement (“EMA”) rental income<sup>1</sup> for YTD 2018 was S\$58.7 million, higher than forecast by 2.6%
- YTD 2018 Sales for the REIT’s portfolio Outlet malls properties was RMB 2,041.5 million, higher than the figures of forecast and the same period last year by 7.0% and 36.7% respectively
- The Management expects the strong performance to continue for the remaining quarter of the fiscal year, putting the REIT on track to achieving its forecasted sales targets for the year
- YTD Sales increased by 36.7% YoY, significantly higher than the projected growth rate of 24% per annum for the outlets sector in China. This is mainly attributed to Sasseur’s unique approach to combining Business with Art. With over 30 years of experience in the branded fashion and outlet mall business, the sponsor has adopted four core values that define its business strategies, by integrating emotion, aesthetics, scenario planning and prudent capital management. The super outlet “(1 + N) x Big Data” business model, unique to Sasseur featuring “Art, Technology and Brand”, was created to differentiate and strengthen its’ competitive advantages in the market. Sasseur outlets not only provides high quality branded goods with an attractive value for money proposition for its customers, it also constantly strives to meet the rapid changing tastes of the growing Chinese middle class. This has made Sasseur the leading international outlet brand in Asia.

**Singapore, 12 November 2018** – Sasseur Asset Management Pte. Ltd. (“**Sasseur Asset Management**” or the “**Manager**”, “砂之船资产管理公司”), the manager of Sasseur Real Estate Investment Trust (“**Sasseur REIT**” or the “**REIT**”, “砂之船房地产投资信托”), is pleased to announce its financial results for the three months (“**3Q 2018**”) ended 30 September 2018 and for the period from 28 March 2018 to 30 September 2018 (“**YTD 2018**”).

	3Q 2018			YTD 2018		
	Actual <sup>(1)</sup> S\$ '000	Forecast <sup>(2)</sup> S\$ '000	Variance %	Actual <sup>(1)</sup> S\$ '000	Forecast <sup>(2)</sup> S\$ '000	Variance %
EMA rental income <sup>1</sup>	29,081	28,872	+0.7%	58,680	57,191	+2.6%
Distributable income to Unitholders	18,196	17,420	+4.5%	36,939	35,332	+4.5%
Distribution per unit (S\$ cents)	1.542	1.476	+4.5%	3.130	2.994	+4.5%

<sup>1</sup> Exclude straight-line adjustment



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- (1) The actual results of the REIT Group's foreign subsidiaries were translated using the average SGD: RMB rate of 1: 5.012 and 1: 4.906 for 3Q 2018 and YTD 2018 respectively.
- (2) The forecast figures were derived from the seasonal forecast for 3Q 2018 and YTD 2018 respectively, based on Forecast Period 2018 as disclosed in Sasseur REIT Prospectus dated 21 March 2018 (the "Prospectus"). An exchange rate for SGD:RMB of 1: 4.930 was adopted in the forecast.

**Portfolio Performance**

For YTD 2018, EMA rental income<sup>1</sup> (concessionary similar to Net property income) was S\$58.7 million, 2.6% higher than the forecasted S\$57.2 million. Total Sales of RMB 2,041.5 million was similarly 7.0% higher than the forecasted RMB 1,908.1 million.

Total Sales (RMB million)	3Q 2018			YTD 2018		
	Actual <sup>(1)</sup>	Forecast <sup>(2)</sup>	Variance %	Actual <sup>(1)</sup>	Forecast <sup>(2)</sup>	Variance %
Chongqing Outlets	612.9	557.8	+9.9%	1,095.6	1,024.0	+7.0%
Bishan Outlets	96.4	87.0	+10.8%	176.6	163.1	+8.2%
Hefei Outlets	216.6	214.8	+0.8%	425.3	415.9	+2.3%
Kunming Outlets	187.5	172.6	+8.6%	344.0	305.1	+12.7%
<b>Portfolio</b>	<b>1,113.4</b>	<b>1,032.2</b>	<b>+7.9%</b>	<b>2,041.5</b>	<b>1,908.1</b>	<b>+7.0%</b>

Total sales of RMB 2,041.5 million was also significantly higher than the Total sales of RMB 1,493.4 million in the same period of the previous year by 36.7% as shown in the table below. This is attributable to higher outlet sales registered at the four portfolio properties viz the Chongqing, Bishan, Hefei and Kunming Outlet malls. The stronger sales, both on a year-on-year and forecasted basis, ties in well with the high growth story in China's outlet industry, with the sector projected to grow at 24% per annum over the next 3 years<sup>2</sup> and poised to become the largest outlet industry in the world, ahead of the USA, by 2030.

Total Sales (RMB million)	3Q 2018 Actual <sup>(1)</sup>	3Q 2017 Proforma	Variance %	YTD 2018 Actual <sup>(1)</sup>	YTD 2017 Proforma	Variance %
Chongqing Outlets	612.9	517.4	+18.5%	1,095.6	939.5	+16.6%
Bishan Outlets	96.4	69.8	+38.1%	176.6	129.5	+36.4%
Hefei Outlets	216.6	135.1	+60.3%	425.3	260.4	+63.4%
Kunming Outlets	187.5	98.2	+91.1%	344.0	164.0	>100%
<b>Portfolio</b>	<b>1,113.4</b>	<b>820.5</b>	<b>+35.7%</b>	<b>2,041.5</b>	<b>1,493.4</b>	<b>+36.7%</b>

For YTD 2018, distributable income also exceeded forecast by 4.5%, registering a value of S\$36.9 million. Accordingly, distribution per unit ("DPU") was 3.130 Singapore cents, representing an

<sup>2</sup> Based on the Independent Market Research Report by China Insights Consultancy dated 5 Mar 2018, China's outlet market is expected to grow in sales revenue at a CAGR of 24.2% from 2016 to 2021.



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annualised distribution yield of 8.4% based on Sasseur REIT's market close price of S\$0.725 on 30 September 2018.

For 3Q 2018, the strengthening of the Singapore Dollar ("SGD") against Chinese Yuan ("RMB" or "CNY") to 5.032 as of 30<sup>th</sup> September 2018, from 4.839 as of 30<sup>th</sup> June 2018. Despite that, DPU for 3Q 2018 (1.542 Singapore cents) was still about 0.3% higher than that for the financial period from 28<sup>th</sup> March 2018 to 30<sup>th</sup> June 2018, should they be normalized to the same day counts<sup>3</sup>. Portfolio occupancy rate was 94.4% in 3Q 2018 despite annual tenant reshuffle exercise in September, which accounted for some temporary frictional vacancy.

Commenting on the Group's performance for the period, Mr. Anthony Ang, Chief Executive Officer of Sasseur REIT manager said, **"The third quarter has seen strong growth as sales volume continues to grow. This is boosted by higher sales prices per unit and higher spending per customer during the autumn and winter seasons as well as major promotion events, such as the September anniversary activities. The good sales performance may be attributed to the excellent work of the operation team of the entrusted manager. Despite the trade war with US and slowing down of China's economy growth, Sasseur REIT's strong sales growth demonstrated that outlets industry in China is unaffected as (1) the characteristics of outlets industry is recession-resilient, (2) the domestic consumption by the middle class in China remains robust and resilient, and (3) the Chinese government is also promoting domestic consumption to support economic growth. For the remaining quarter of the fiscal year, we expect our four outlet malls in Chongqing, Bishan, Hefei and Kunming to continue the strong performance and achieve the forecasted sales targets for the year."**

### Growth Prospects

Sasseur REIT has a strong pipeline of potential properties available for future acquisition, with 2 Right of First Refusal ("**ROFR**") properties in Xi'an and Guiyang, and 3 pipeline properties in Nanjing, Hangzhou and Changchun. Though some of these properties are relatively new, their sales performances have been very strong. Assuming all of these properties are acquired in future, that could possibly expand the aggregate Gross Floor Area ("**GFA**") of its initial portfolio by more than 3 times.

Additionally, the Sponsor continues to actively expand its portfolio of Outlet malls, with Sasseur (Changsha) outlet slated to open later this year. The Sponsor has also installed a general-partner-scheme recently to provide the Outlet mall operation management teams with performance bonus in the respective Outlet malls that they operate. The performance bonus will be linked to the results of

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<sup>3</sup> DPU for 3Q 2018 (92 days) is S\$ cents 1.542. DPU for the financial period from 28<sup>th</sup> March 2018 to 30<sup>th</sup> June 2018 (95 days) was S\$ cents 1.587.



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these Outlet malls operations. This will align the interests of the mall operation management teams more tightly with the business, and will contribute positively to the superior performance of all the Sasseur Outlet malls.

**Capital Management**

Sasseur REIT's debt structure and maturity profile are well balanced with low refinancing risk. As at 30 September 2018, aggregate leverage stood at 32.5%. Total debt is approximately S\$511 million, of which RMB-denominated loans comprises 75.5% of the allocation with Singapore dollar-dominated loans taking up the remaining 24.5%. The significantly higher proportion of onshore loans was a deliberate choice by the Manager to mitigate currency risk and ensure stability of its Singapore-dollar denominated distributions.

Going forward, the Manager seeks to diversify its sources of funding, optimise its capital structure and lower its cost of capital so as to further strengthen the REIT's balance sheet and reduce its interest costs.

**Distribution Policy**

For the period from the Listing Date to 31 December 2019, the Manager shall make distributions of 100.0% of the distributable income to Unitholders. Thereafter, the Manager shall continue to distribute at least 90.0% of the REIT's amount available for distribution, subject to regular review to ascertain the best interests of the REIT and its unitholders.

Distribution to Unitholders will be made on a semi-annual basis, with the amount calculated based on the half-yearly results of the REIT. The first distribution after the listing for the period from the Listing Date to 30 June 2018 had been paid by the Manager on 27 September 2018.

- End -



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**About Sasseur REIT**

Sasseur REIT is the first outlet mall REIT to be listed in Asia. Sasseur REIT offers investors with the unique opportunity to invest in the fast-growing retail outlet mall sector in the People's Republic of China (the "PRC") through its initial portfolio of four quality retail outlet mall assets strategically located in fast growing cities in China such as Chongqing, Kunming and Hefei, with a net lettable area of 304,573.1 sq m.

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

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

**About the Manager – SASSEUR ASSET MANAGEMENT PTE. LTD.**

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

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

**About the Sponsor – SASSEUR CAYMAN HOLDING LIMITED**

The Sponsor Group is one of the leading premium outlet groups in the PRC, ranked within the top 500 service companies in the PRC. With about 30 years of experience in arts commerce, the Sponsor Group has become Asia's famous outlet operator for its strategic approach of integrating emotion, aesthetics, scenario planning and prudent capital management, as well as its " (1+N) x Big Data" Super Outlet business model.

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



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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.