



For Immediate Release

## Sasseur REIT Delivered Highest 3<sup>rd</sup> Quarter DPU of 1.831 Cents and Highest 9-Month 2021 DPU of 5.204 Cents

- Despite headwinds in China, Sasseur REIT's four outlets recorded year-to-date total sales of RMB 3.02 billion, 21.8% growth year-on-year
- On a q-o-q basis, sales grew 12.0% despite a 0.5%<sup>1</sup> decline in China's total retail consumption
- Improved portfolio performance boosted by September anniversary sales and higher occupancy due to proactive asset management

	3Q 2021	2Q 2021	Change (%) +/-	3Q 2020	Change (%) +/-	9M 2021	9M 2020	Change (%) +/-
EMA Rental Income (RMB mil)	150.4	145.8	3.1	152.6	(1.4)	453.6	420.7	7.8
- Fixed Component (RMB mil)	105.5	105.5	-	102.4	3.0	316.4	307.2	3.0
- Variable Component (RMB mil)	44.9	40.3	11.2	50.2	(10.5)	137.2	113.5	20.9
EMA Rental Income (exclude straight-line adjustments) (S\$ mil)	31.4	30.2	4.1	30.3	3.9	93.9	83.5	12.5
Income Available for Distribution to Unitholders (S\$ mil)	23.2	21.7	6.9	21.2	9.4	68.6	55.4	23.9
Distribution Per Unit (SG cents) <sup>2</sup>	1.831	1.614	13.4	1.764	3.8	5.204	4.610	12.9

Note: Average SGD: RMB rate of 1:4.7820 for 3Q 2021, 1:4.8302 for 2Q 2021, 1:5.0396 for 3Q 2020, 1:4.8284 for 9M 2021 and 1:5.0372 for 9M 2020

**Singapore, 12 November 2021** – Sasseur Real Estate Investment Trust (“Sasseur REIT”; 砂之船房地产投资信托) reported distributable income of S\$23.2 million and DPU of 1.831 Singapore cents for the quarter ended 30 September 2021 (“**3Q 2021**”), representing a year-on-year increase of 9.4% and 3.8% respectively, its manager Sasseur Asset Management Pte. Ltd. (“**SAMPL**” or “**REIT Manager**”) said.

Sasseur REIT's four outlets in China generated total sales of RMB 996.6 million during 3Q 2021, 12.0% growth quarter-on-quarter (“**q-o-q**”). Total sales for the nine months ended 30 September 2021 (“**9M 2021**”) of RMB 3.02 billion were 21.8% higher than RMB 2.48 billion sales recorded a year ago, reflecting the

<sup>1</sup> National Bureau of Statistics of China [http://www.stats.gov.cn/english/PressRelease/202110/t20211019\\_1823034.html](http://www.stats.gov.cn/english/PressRelease/202110/t20211019_1823034.html)

<sup>2</sup> Assuming 100% distribution rate, the DPU in 3Q 2021 and 9M 2021 will be 1.913 SG cents and 5.661 SG cents respectively.



outlets' resilience amid the ongoing global pandemic. Compared to 3Q 2020, EMA Rental Income of RMB 150.4 million in 3Q 2021 was marginally lower by 1.4% due to 10.5% lower variable component. The slight decline was due to relatively dampened consumer sentiment resulting from the large-scale outbreak of COVID-19 cases which originated from Nanjing in July 2021. Shopper traffic in our outlets was affected due to strict government regulations, including partial lockdown and travel restrictions, to control the COVID-19 outbreak. In addition, the unusually warm weather reaching as high as 35 degree Celsius in September had reduced shoppers' demand for winter fashion, thus affecting overall sales. Notwithstanding the above, 3Q 2021 DPU was higher by 3.8% as a result of lower interest expenses, tax and trust expenses at the REIT level, together with a favourable RMB to SGD exchange rate.

The REIT manager has elected to retain S\$1.0 million of distributable income this quarter for asset enhancement initiatives ("AEI") and working capital requirements. For the first nine months of 2021, DPU totalled 5.204 Singapore cents, 12.9% higher than 4.610 Singapore cents a year ago. On a like-for-like basis, assuming no retention of distributable income, the DPU for the first nine months of 2021 would have been 5.661 Singapore cents, nearly 23% higher than 2020.

Ms Cecilia Tan, CEO of SAMPL said, "Against the challenging backdrop of constrained consumer spending which was affected by the Delta variant outbreak and unusually warm weather, Sasseur REIT's outlet sales still registered a remarkable 12.0% growth in 3Q 2021 compared to 2Q 2021. Our proactive asset management strategies which include revitalising tenant mix, asset upgrading and careful curation of offerings delivered an encouraging set of results this quarter. In September, we held our most anticipated mega anniversary sale event of the year, where outlets operated overnight until 6am on the first day, with hourly flash sales activities to keep shoppers excited throughout the night. This event spanning over more than two weeks contributed to approximately half of the quarter's total sales."

### **Portfolio Update**

Portfolio average occupancy rate across the four outlets rose to 93.7% in 3Q 2021 compared to 92.5% in 2Q 2021. Promotions on popular platforms such as WeChat (微信), TikTok (抖音) and Xiaohongshu (小红书), coupled with active customer engagement, boosted VIP memberships across the four outlets to 2.51 million as of 30 September 2021, 5.8% higher compared to 30 June 2021, and 28% higher compared to 3Q 2020.

The REIT manager implemented several strategic AEI to enhance the appeal of the outlets. We managed to creatively unlock value at the most matured 13-year-old flagship Sasseur Chongqing Liangjiang Outlets by converting a management office at Level 5 into revenue-generating retail spaces featuring food and beverage, sports brands and ad-hoc sales booths. A soft launch of this new retail level was held in September 2021 before the anniversary sale and saw encouraging patronage. AEI works at Chongqing



Liangjiang Outlets are expected to complete by December 2021, with the benefits expected to be fully reflected in 2022 onwards.

Sasseur Chongqing Bishan Outlets is also undergoing AEI to improve circulation and mall aesthetics to enhance shopper experience. 25 new brands were brought into the mall during 3Q 2021 boosting its product offerings to cater to a wider range of shoppers. This outlet's average occupancy improved to 82.0%, reversing the downward trend since 1Q 2021.

Meanwhile, Hefei Outlets signed a new three-year lease of 2,234 sqm with a new gym operator during 3Q 2021 at an approximately 20% higher rent compared to the outgoing gym tenant; the gym's vacancy period was kept at a minimal of three weeks, reflecting high demand for space at Sasseur REIT's outlets.

### **Capital Management**

Sasseur REIT has the lowest gearing amongst the S-REITs. Its gearing remained low and stable at 27.2% as at 30 September 2021 compared to 27.9% as at 31 December 2020 while interest coverage ratio improved from 4.0 times as at 31 December 2020<sup>3</sup> to 4.8 times as at 30 September 2021<sup>3</sup>. These reflect the strong fundamentals of the outlets as well as prudent capital management. Both onshore and offshore debts of approximately S\$516 million will mature in March 2023, with average debt maturity of 1.5 years as at 30 September 2021. The REIT Manager is actively exploring refinancing opportunities with a view to de-risking the current debt profile of Sasseur REIT by staggering its debt maturity and amount.

### **Outlook**

China's GDP grew 4.9% y-o-y<sup>4</sup> in the third quarter of 2021 amid headwinds such as supply chain bottlenecks, power shortages, sporadic COVID-19 outbreaks, and concerns surrounding the property sector. Despite slower economic growth, Sasseur REIT's outlets are well-positioned to benefit from China's dual circulation policies which promote domestic consumption.

Having administered over 2.3 billion vaccines doses (fully inoculating more than 77% of its population)<sup>5</sup>, China continues to adopt a zero-tolerance approach to COVID-19. Fortunately for Sasseur REIT, its outlets are minimally impacted and continue to operate as per normal. Nonetheless, the operational teams continue to implement strict health measures at each outlet to ensure the safety of customers, tenants and staff.

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<sup>3</sup> The interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding the effects of any fair value changes in financial instruments and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees (including amortisation of borrowing-related transaction costs).

<sup>4</sup> National Bureau of Statistics of China [http://www.stats.gov.cn/english/PressRelease/202110/t20211018\\_1822968.html](http://www.stats.gov.cn/english/PressRelease/202110/t20211018_1822968.html)

<sup>5</sup> National Health Commission of the People's Republic of China <http://en.nhc.gov.cn/index.html> and [https://news.qq.com/zt2020/page/feiyuan.htm?isnm=1&chlid=news\\_news\\_top&qimei=c6efdf367fd584f6&devid=c6efdf367fd584f6&hareto=wx#/?ADTAG=hwai%3Fuid%3D](https://news.qq.com/zt2020/page/feiyuan.htm?isnm=1&chlid=news_news_top&qimei=c6efdf367fd584f6&devid=c6efdf367fd584f6&hareto=wx#/?ADTAG=hwai%3Fuid%3D)

Chairman of SAMPL, Mr Vito Xu, said, “The outlet industry will continue to remain appealing as consumers are on the hunt for a good deal, especially so during economic downturn. As conventional retail sales weaken, more stockpile will flow into our outlets where customers can enjoy higher discounts, translating into greater sales volume and revenue for our outlets. It is this unique position which adds resilience to our business model, which is why Sasseur REIT continues to deliver a healthy set of results, despite the slower economic growth in China during the third quarter.

The operational team continues to refine and implement growth strategies that will enhance our outlets’ value proposition as well as profitability. China’s push of ‘common prosperity’ is likely to benefit the middle-income population, in turn increasing our target customer base and driving growth in Sasseur REIT’s outlet business.

Lastly, we are immensely honoured to have received the Runner-up of Singapore Corporate Governance Award 2021 (REITs & Business Trusts) at the recent SIAS Investors’ Choice Awards 2021 earlier in October. It is a significant milestone for a relatively young REIT such as Sasseur REIT. We are committed to maintaining a high standard of corporate governance, an ethos which guides us to operate in the best interests of our stakeholders.” he said.

Sasseur REIT congratulates its sponsor Sasseur Group on the grand opening of Sasseur (Suzhou Bay) Outlets in Suzhou, China on 1<sup>st</sup> October 2021. The new outlet covers over 120,000 square meters of total area and carries more than 600 international and domestic brands. This brings the total number of outlets operated by Sasseur Group to 14, further expanding its operational footprint and branding in China.



Sasseur Chongqing Liangjiang Outlets



Sasseur Hefei Outlets

Crowded scenes at Sasseur Outlets during the Sasseur Anniversary Sale held in September 2021.

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### **About Sasseur REIT**

Sasseur REIT is the first retail outlet mall REIT listed in Asia. Sasseur REIT offers investors 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 312,844 square metres.

Sasseur REIT is established with the investment strategy to 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 manager Sasseur REIT's assets and liabilities for the benefit of Unitholders.

As the first retail outlet mall REIT 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 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 art-commerce, the Sponsor Group has attained recognition in Asia as a leading outlet operator which adopts a strategic approach of integrating emotion, aesthetics, scenario planning and prudent capital management, as well as its "A x (1+N) x DT" Super Outlet business model.

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



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## **IMPORTANT NOTICE**

*The value of the units of Sasseur REIT (“Units”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, DBS Trustee Limited, as trustee of Sasseur REIT, Sasseur Cayman Holding Limited, as the sponsor of Sasseur REIT or any of their respective affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units (the “Unitholders”) have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.*

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