



Sasseur (Kunming) Outlets



## Business and Operational Updates for the Third Quarter ended 30 September 2022

11 November 2022

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Unless otherwise stated, all references to currencies are in Singapore dollars and cents, as the case may be.

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# Key Highlights

出租车 顺风车  
用嘀嗒出行

出租车 顺风车  
用嘀嗒出行

嘀嗒出行 让每次出行变得温暖和愉快

13周年  
狂欢  
全场  
7折起

Sasseur (Chongqing Liangjiang) Outlets

# 3Q and 9M 2022 Key Highlights

Resilient performance, despite COVID-19 disruptions



## Financials

3Q 2022

**S\$30.8m**

EMA Rental Income<sup>1</sup>  
-2.1% year-on-year

**S\$23.5m**

Distributable Income  
+1.2% year-on-year

**1.838 cents**

Distribution Per Unit<sup>2</sup>  
+0.4% year-on-year

9M 2022

**S\$94.3m**

EMA Rental Income<sup>1</sup>  
+0.4% year-on-year

**S\$68.6m**

Distributable Income  
Unchanged year-on-year

**5.248 cents**

Distribution Per Unit<sup>2</sup>  
+0.8% year-on-year



## Capital Management

As at 30 Sep 2022

**4.7% p.a.**

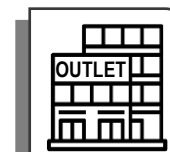
Weighted Average Cost of Debt  
Vs 31 Dec 2021: 4.4% p.a.

**26.4%**

Aggregate Leverage  
Vs 31 Dec 2021: 26.1%

**4.9x**

Interest Coverage Ratio  
Vs 31 Dec 2021: 5.1x



## Portfolio

3Q 2022

**RMB 962.2m**

Total Outlet Sales  
-3.5% year-on-year

**96.9%**

Portfolio Occupancy<sup>3</sup>  
Highest in 4 years,  
surpassed pre-COVID-19  
occupancy

**2.7 years**

Weighted Average Lease  
Expiry by net lettable area  
Vs 2Q 2022: 2.5 years

9M 2022

**RMB 2,833.2m**

Total Outlet Sales  
-6.3% year-on-year

1. Excluding straight-line accounting adjustments.
2. Represent Distribution Per Unit after retention for working capital purposes.
3. Portfolio occupancy rate for 3Q 2022. Occupancy is calculated based on average of the last day's occupancy of each month in the quarter.

# Mixed Recovery from COVID-19 for China in 3Q 2022

*Stringent COVID-19 controls and real estate industry weakness weigh on economic growth<sup>1</sup>*



- **Pick-up in China's growth in 3Q from 0.4% in 2Q, exceeding broad expectations<sup>1</sup>**

> GDP<sup>2</sup>: 3Q 2022 ▲ 3.9% YoY; 9M 2022 ▲ 3.0% YoY



- **Inflation remains relatively controlled in China, while elevated inflation is currently a challenge globally**

> Consumer price index<sup>2</sup>: ▲ 2.8% YoY in Sep 2022



- **Pace of retail sales' growth eased in Sep due to continuing COVID-19 disruptions**

> Retail sales of consumer goods<sup>3</sup>

> Sep 2022: ▲ 2.5% YoY (versus ▲ 2.7% YoY in Jul 2022 and ▲ 5.4% YoY in Aug 2022)

> 9M 2022: ▲ 0.7% YoY



- **Disposable income up in 9M 2022**

> Disposable income per capita of urban households<sup>4</sup>: ▲ 2.3% YoY in 9M 2022, after accounting for inflation

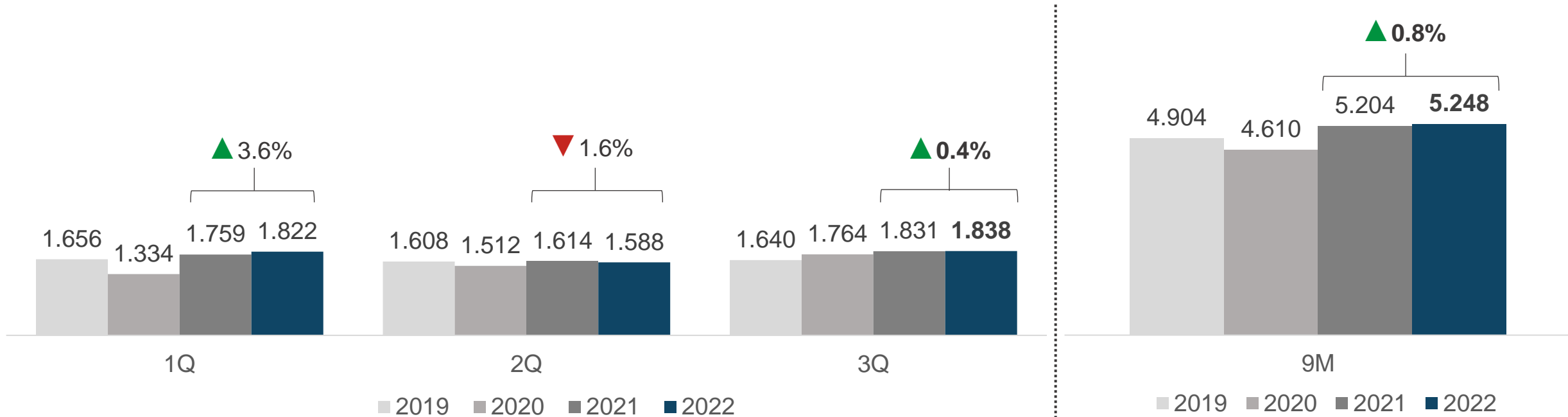
1. CNBC, "China GDP beats with a bounce in the third quarter, delayed data shows", 24 Oct 2022.  
2. CNBC, "China's consumer prices jump by the most in more than two years", 13 Oct 2022.  
3. National Bureau of Statistics of China, 25 Oct 2022.  
4. National Bureau of Statistics of China, 24 Oct 2022.

# DPU Profile

3Q 2022 DPU is highest 3Q DPU in 4 years, supported by EMA model



## Distribution per Unit (DPU), S cents



### Distribution Payment

Distribution period

**1 Jul to 30 Sep 2022**

Distribution per Unit

**1.838 S cents<sup>1</sup>**

Notice of Record Date	11 Nov 2022
Ex-dividend date	9 Dec 2022
Record date	12 Dec 2022
Payment date	28 Dec 2022

1. Distribution Per Unit after retention of S\$0.9 million.



# Financial Performance



# 3Q and 9M 2022 DPU Higher Year-on-Year

*DPU growth underpinned by strength of EMA model*



- 3Q 2022 EMA rental income (RMB) ▲ 1.1% year-on-year (YoY)
  - > Mainly due to ▼ 3.3% YoY variable component income; cushioned by ▲ 3.0% YoY higher fixed component income in the EMA model<sup>1</sup>
- Decline in variable component income was mainly due to
  - > Sporadic COVID-19 outbreaks in China from Aug–Sep 2022, leading to temporary closures of 2 outlets and reduced shopper traffic
  - > Extreme weather in both Chongqing Liangjiang Outlets and Chongqing Bishan Outlets in Aug 2022 which resulted in shortened opening hours in order to reduce the city's energy consumption
- Increase in distributable income to Unitholders is mainly due to income tax refund of S\$2.1m relating to Chongqing Liangjiang Outlets

	3Q 2022	3Q 2021	Variance %	9M 2022	9M 2021	Variance %
<b>Sales (RMB m)</b>	<b>962.2</b>	<b>996.6</b>	<b>(3.5)</b>	<b>2,833.2</b>	<b>3,022.7</b>	<b>(6.3)</b>
<b>EMA rental income (RMB m)<sup>2</sup></b>	<b>152.0</b>	<b>150.4</b>	<b>1.1</b>	<b>453.9</b>	<b>453.6</b>	<b>0.1</b>
- Fixed component (RMB m)	108.6	105.5	3.0	325.9	316.4	3.0
- Variable component (RMB m)	43.4	44.9	(3.3)	128.0	137.2	(6.7)
<b>EMA rental income (S\$ m)<sup>2,3</sup></b>	<b>30.8</b>	<b>31.4</b>	<b>(2.1)</b>	<b>94.3</b>	<b>93.9</b>	<b>0.4</b>
Distributable income to Unitholders (S\$ m)	23.5	23.2	1.2	68.6	68.6	–
Amount retained (S\$ m)	(0.9)	(1.0)	6.0	(4.3)	(5.5)	22.6
<b>DPU (S cents)</b>	<b>1.838</b>	<b>1.831</b>	<b>0.4</b>	<b>5.248</b>	<b>5.204</b>	<b>0.8</b>

1. More details on the Entrusted Management Agreement (EMA) model in the Appendix.

2. Exclude straight-line accounting adjustments.

3. Average S\$:RMB rate of 1:4.9338 for 3Q 2022, 1:4.7820 for 3Q 2021, 1:4.8136 for 9M 2022 and 1:4.8284 for 9M 2021.

# Robust Balance Sheet

*Stable asset values despite foreign exchange volatilities*



- Net asset value (NAV) per unit as at 30 Sep 2022 ▼7.1%
  - > Due to the weakening of RMB against S\$ by 5.1% as compared to 31 Dec 2021

S\$ m	As at 30 Sep 2022	As at 31 Dec 2021	Variance	Variance %
Investment properties	1,712.7	1,801.0	(88.3)	(4.9)
Cash and short-term deposits <sup>1</sup>	157.4	159.8	(2.4)	(1.5)
<b>Total assets</b>	<b>1,897.8</b>	<b>1,989.8</b>	<b>(92.0)</b>	<b>(4.6)</b>
Loans and borrowings	496.2	510.6	14.4	2.8
<b>Total liabilities</b>	<b>765.1</b>	<b>780.6</b>	<b>15.5</b>	<b>2.0</b>
<b>Net assets</b>	<b>1,132.7</b>	<b>1,209.2</b>	<b>(76.5)</b>	<b>(6.3)</b>
<b>NAV per Unit (S\$)<sup>2</sup></b>	<b>0.92</b>	<b>0.99</b>	<b>(0.07)</b>	<b>(7.1)</b>

1. Includes S\$88.6 million as at 30 Sep 2022 (31 Dec 2021: S\$102.0 million) relating to sales proceeds collected from outlets' customers on behalf of tenants.

2. Based on units in issue and to be issued of 1,231,092,058 and 1,222,205,028 as at 30 Sep 2022 and 31 Dec 2021 respectively.

# Prudent Capital Management

Low gearing; healthy interest coverage ratio



- Sensitivity to interest rates

> Every **+100bps in interest rate** translates to **-0.2 cents in DPU** p.a.<sup>1</sup>



**26.4%**

Low aggregate leverage



**4.9x**

Healthy interest coverage ratio



**S\$896.7m**

Sizeable debt headroom



**70.9%**

of Borrowings pegged to

- ① stable interest rate<sup>2</sup>
- ② hedged to fixed interest rate



	As at 30 Sep 2022	As at 31 Dec 2021
Gross borrowings	S\$500.5m	S\$518.6m
Aggregate leverage	26.4%	26.1%
Average debt maturity	0.5 years	1.2 years
Debt headroom <sup>3,4</sup>	S\$896.7m	S\$952.0m
Available undrawn facilities	S\$8.0m	S\$8.0m
Weighted average cost of debt per year	4.7%	4.4%
Interest coverage ratio	4.9 times	5.1 times

1. Based on units in issue of 1,227,847,440 as at 30 Sep 2022.

2. Stable rate refers to China's 5-year Loan Prime Rate.

3. Debt headroom is computed based on total assets and assumes a corresponding increase in total assets with new debts raised.

4. Based on MAS' prescribed leverage limit of 50.0%.

# Well-balanced Debt Profile

Equal mix of onshore and offshore loans



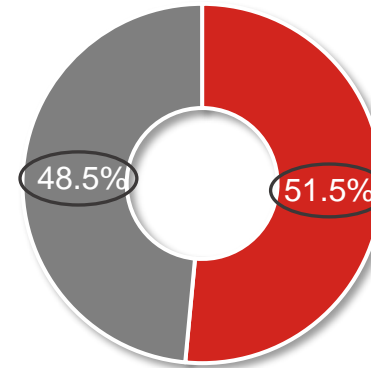
	Onshore loans	Offshore loans	
Amount outstanding, as at 30 Sep 2022 <sup>1</sup>	RMB 1.3b (~S\$ 258.0m)	S\$ 214.0m	US\$20.0m (~S\$ 28.6m)
Maturity	March 2023		
Lending rate	China's 5-year Loan Prime Rate (LPR)	Swap Offer Rate	US\$ London Interbank Offered Rate
	Stable rate	40% hedged to fixed rate	60% floating rate

**70.9%<sup>2</sup>**

of borrowings pegged to

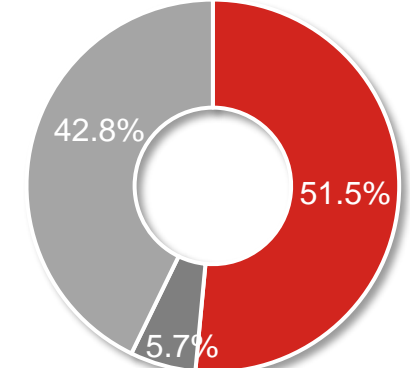
- ① Stable interest rate
- ② Hedged to fixed interest rate

Funding sources



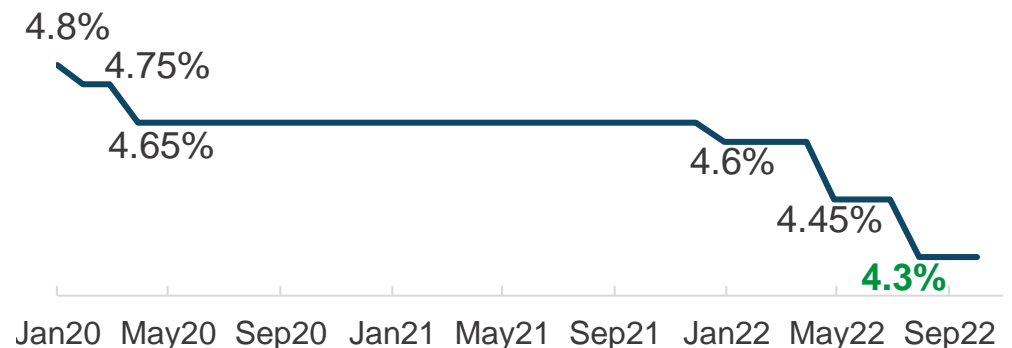
- Onshore loans
- Offshore loans

Debt currency profile



- RMB Loan
- US\$ Loan
- S\$ Loan

China's 5-year LPR (per annum) trending lower<sup>3</sup>



1. Based on S\$:RMB and US\$:S\$ exchange rates of 4.9717 and 1.4280 as at 30 Sep 2022 respectively.

2. Based on summation of 51.5% onshore loan proportion's 'Stable Rate' and 19.4% 'Hedged to Fixed Rate' (derived from 40% of 48.5% offshore loan proportion)

3. Source: tradingeconomics.com.

# Refinancing Progress on Track

*Deal at advanced stages*

- Sasseur REIT's existing borrowings due in Mar 2023
  - > Refinancing in progress: At advanced stage of process and loan documentation progressing well
  - > Participating banks are a group of regional banks with presence in Singapore and/or Hong Kong/China



## Targeting a well-staggered debt profile over time

Forging banking relationships with a larger base of lenders, including existing and new lenders

Total loan profile to be split into two separate loans;  
New facilities will comprise different tenors with different lending rates

# Portfolio Performance



Sasseur (Kunming) Outlets

# 3Q 2022 Outlet Sales Resilient Despite COVID Curbs

Shortened operating hours and temporary closures due to external factors



RMB m	Contribution <sup>1</sup> %	3Q 2022	3Q 2021	YoY Variance %	2Q 2022	QoQ Variance %
Chongqing Liangjiang	55.8%	536.3	544.9	-1.6%	431.7	+24.2%
Chongqing Bishan	7.8%	75.4	82.2	-8.4%	79.3	-5.0%
Hefei	21.3%	205.0	188.6	+8.7%	146.8	+39.7%
Kunming	15.1%	145.5	180.9	-19.6%	117.0	+24.4%
<b>Portfolio</b>	<b>100.0%</b>	<b>962.2</b>	<b>996.6</b>	<b>-3.5%</b>	<b>774.8</b>	<b>+24.2%</b>

- Year-on-Year (YoY) ▼, except Hefei Outlets, due to
  - > Local government's directives to conserve electricity during the heatwave period; Chongqing Liangjiang and Chongqing Bishan Outlets had shorter operating hours for 10 and 6 days<sup>2</sup> in Aug respectively
  - > Sporadic COVID-19 cases which led to mandated temporary closures of Chongqing Bishan and Kunming Outlets<sup>3</sup>
- Quarter-on-Quarter (QoQ) ▲, except Chongqing Bishan Outlets, due to
  - > Lower sales in 2Q 2022 as a result of inter-city travel restrictions during COVID-19 outbreaks in Mar-May, affecting many cities across China
  - > The 2<sup>nd</sup> quarter is typically the off-peak retail season for the year, coupled with lower prices of summer apparel sold which led to the lower sales in 2Q 2022
  - > 3Q 2022 sales was boosted by the Anniversary Sales events held in Sep
  - > Sales of Chongqing Bishan Outlets were affected by a combination of shortened operating hours and temporary closure<sup>3</sup>

1. Based on 3Q 2022 sales contribution.

2. Operating hours: Chongqing Liangjiang Outlets 17-21 Aug (cut by 1 hour daily), 22-26 Aug (cut by 7 hours daily); Chongqing Bishan Outlets 20-21 Aug (cut by 1 hour daily), 22-25 Aug (cut by 6.5 hours daily).

3. Temporary closures: Chongqing Bishan Outlets 26 Aug-1 Sep 2022 (7 days) ; Kunming Outlets 8-12 Sep 2022 and 25 Sep-6 Oct 2022 (total 11 days in 3Q 2022).

# 9M 2022 Outlet Sales Affected by External Challenges

Resilient 9M 2022 sales from Chongqing Liangjiang, Chongqing Bishan and Hefei Outlets



RMB m	Contribution <sup>1</sup> %	9M 2022	9M 2021	YoY Variance %
Chongqing Liangjiang	54.2%	1,534.1	1,576.3	-2.7%
Chongqing Bishan	9.3%	263.1	271.1	-3.0%
Hefei	21.0%	595.8	631.8	-5.7%
Kunming	15.5%	440.2	543.4	-19.0%
<b>Portfolio</b>	<b>100.0%</b>	<b>2,833.2</b>	<b>3,022.7</b>	<b>-6.3%</b>

- Chongqing Liangjiang, Chongqing Bishan and Hefei Outlets' sales relatively resilient, despite
  - > COVID-19 outbreaks across China from mid-Mar to end-May 2022
  - > Shortened operating hours for Chongqing Liangjiang and Chongqing Bishan Outlets in Aug 2022<sup>2</sup>
  - > Chongqing Liangjiang and Chongqing Bishan Outlets' Anniversary Sales events straddling Sep and Oct 2022 while in 2021, the events were held in Sep only
  - > Mandated temporary closure of Chongqing Bishan Outlets<sup>3</sup>
- Kunming Outlets' sales more affected due to active COVID-19 cases in the city for prolonged periods, resulting in
  - > 11 days' temporary closure in Sep<sup>3</sup>
  - > Lower inflow of domestic tourists visiting Kunming due to pandemic travel restrictions

1. Based on 9M 2022 sales contribution.

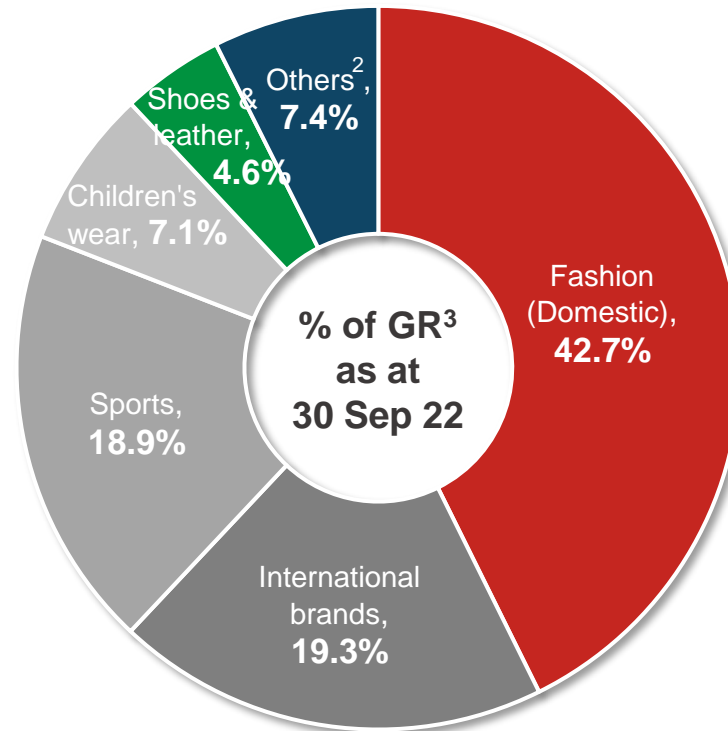
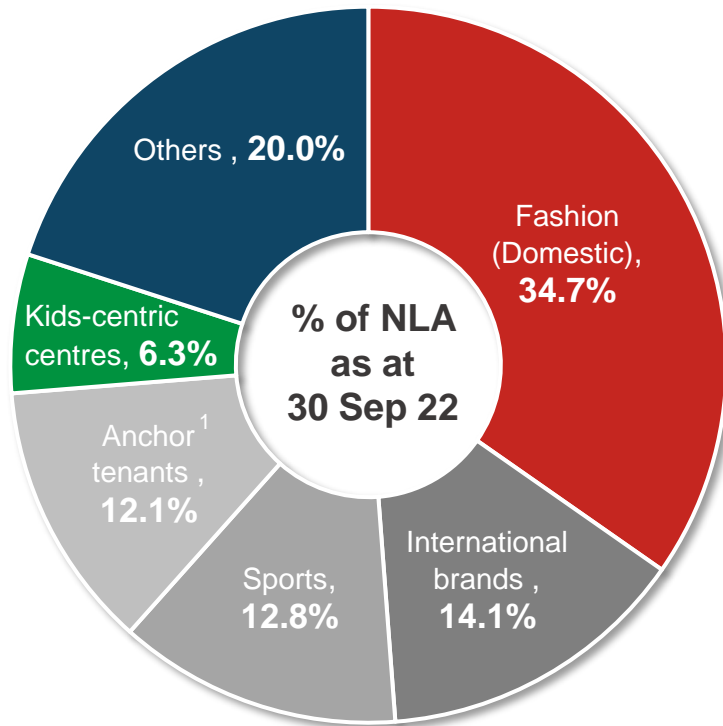
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3. Temporary closures: Chongqing Bishan Outlets 26 Aug-1 Sep 2022 (7 days); Kunming Outlets 8-12 Sep 2022 and 25 Sep-6 Oct 2022 (total 11 days in 3Q 2022).



# Diversified Trade Mix

Approximately 17% of portfolio's gross revenue contributed by top 10 tenants



Top 10 tenants contribute **16.6%** of the portfolio's gross revenue

No single tenant accounts for **>5%** of the portfolio's gross revenue

## Retail trends: 3Q 2022 vs 2Q 2022

- Trade mix for 3Q 2022 versus 2Q 2022 is relatively stable
- Slight drop in the proportion of Fashion (Domestic Brands) and an increase in the proportion of Sports brands, partially due to higher demand for sports-related brands during the Anniversary Sales events held in Sep 2022

1. 'Anchor tenants' are fixed rental leases, such as cinema, hotels and gym.

2. 'Others' comprises Accessories, Food & beverage, Anchor tenants, Lifestyle, Kids-centric centres and Ad-hoc; 'Ad-hoc' refers to temporary leases.

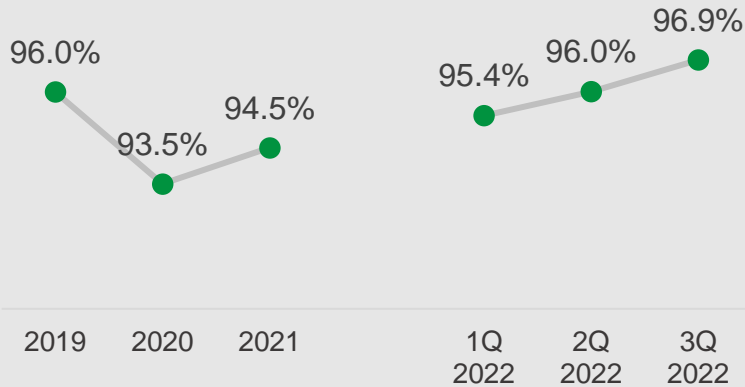
3. GR refers to Gross Revenue which is calculated based on average monthly gross revenue for period Jan-Sep 2022.

# Portfolio Occupancy Highest in 4 Years

Occupancy boosted by effective leasing strategies & completed asset enhancements

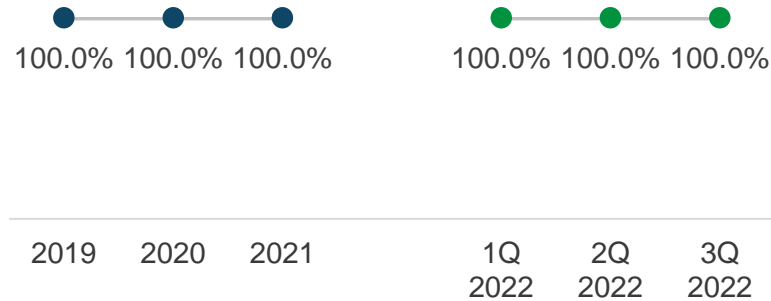


## Improving Portfolio Occupancy<sup>1,2</sup>



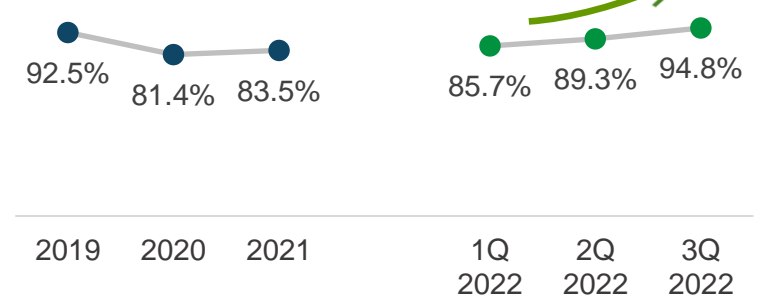
- Portfolio occupancy **exceeded pre-COVID level** in 2019
- Bishan Outlets' occupancy surpassed **90%** in 3Q 2022
- Hefei and Kunming Outlets have relatively higher vacancy rates due to **tenant mix adjustments**

## Chongqing Liangjiang



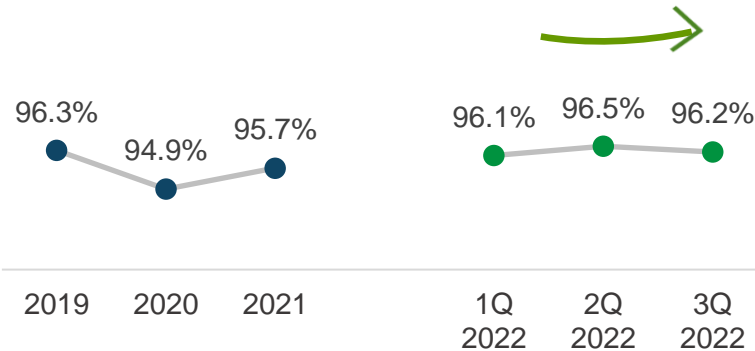
Occupancy remains at 100%

## Chongqing Bishan



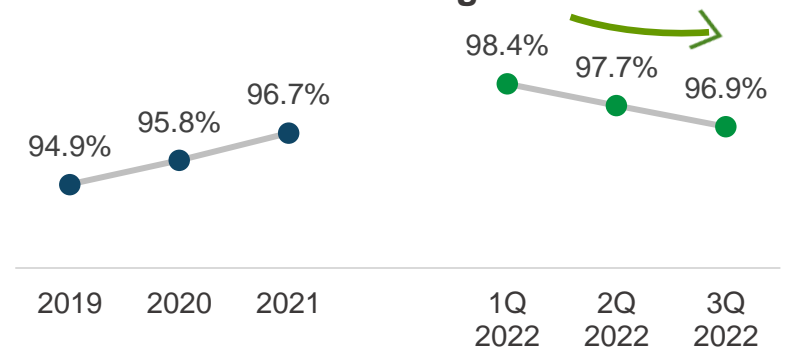
Occupancy surpassed 90%, demonstrating results of active leasing & asset enhancements

## Hefei



Stable occupancy observed in Hefei Outlets

## Kunming



Marginal decline due to tenant mix adjustments

1. For 1Q 2022, 2Q 2022 and 3Q 2022, occupancy is calculated based on average of the last day's occupancy of each month for each quarter.

2. For the financial years of 2019, 2020 and 2021, occupancy is calculated based on average of the last day's occupancy of each month in the fourth quarter of the year.

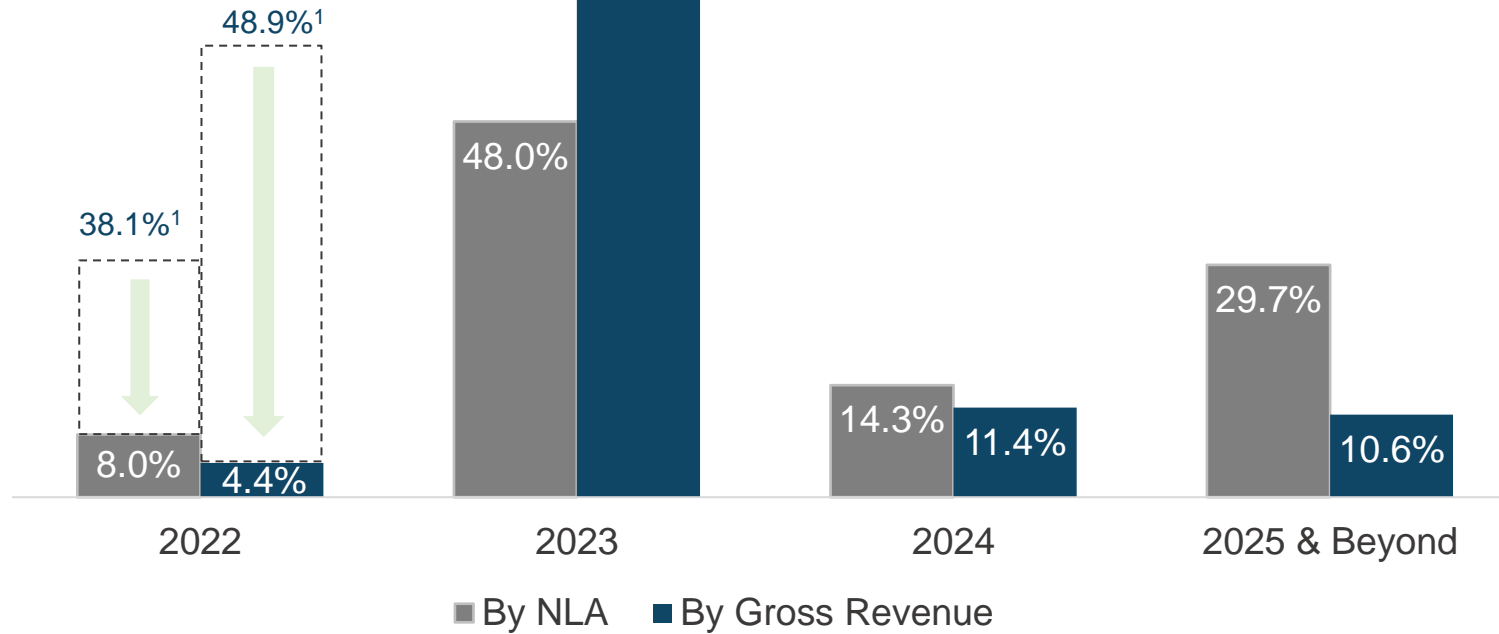
# Weighted Average Lease Expiry (WALE)

Bulk of remaining leases by gross revenue expiring in 2022 already pre-committed



## Lease Expiry Profile As at 30 Sep 2022

The majority of leases expiring in 2022 had been renewed by 3Q 2022, demonstrating the tenants' confidence in Sasseur outlets.



**WALE (years)**

**2.7**  
By Net Lettable Area

**1.3**  
By Gross Revenue

### Deliberate short leases to optimise tenant mix

- Adapting to fast-changing consumer preferences in China
- Provides flexibility to replace non-performing tenants with new successful brands

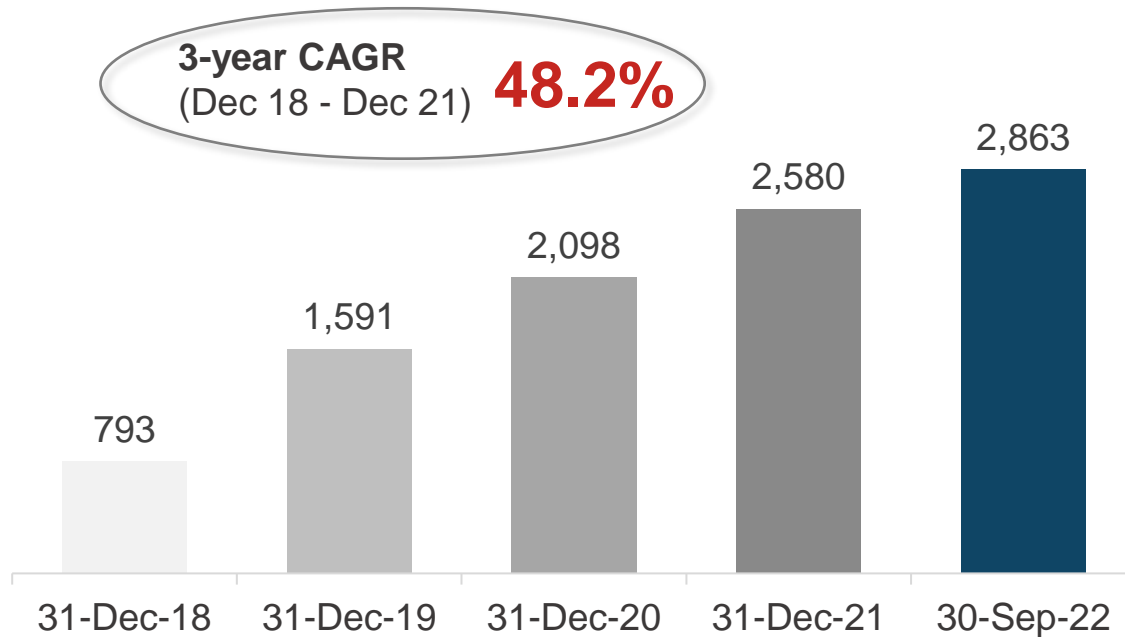
<sup>1</sup>: As at 30 Jun 2022

# Growing Number of VIP Members

VIP membership is an important driver for outlet sales

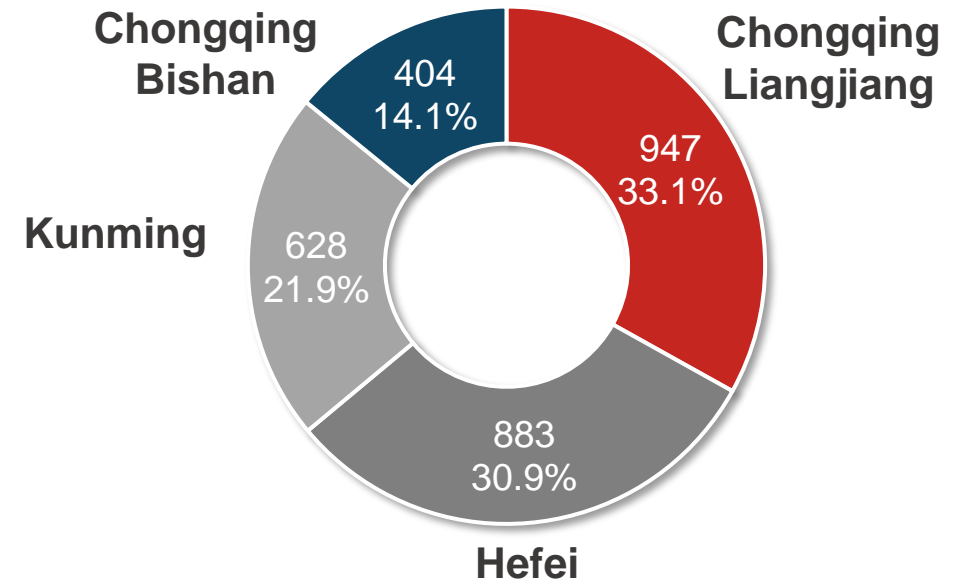


### Number of VIP Members in Portfolio ('000)



- Number of VIP members, as at 30 Sep 2022
- > ▲ 16.9% YoY, ▲ 3.8% QoQ

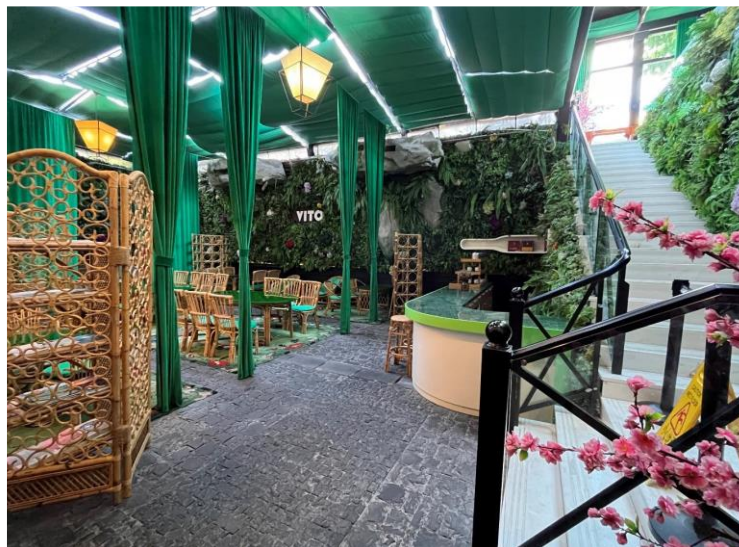
### Total VIP Members by Outlets ('000) As at 30 Sep 2022



**VIP** >**60%** contribution to the portfolio's 3Q 2022 outlet sales

# Asset Enhancement to Upgrade VIP Lounge

Providing exclusive VIP experiences to our key customer base



## Revamp of Chongqing Liangjiang Outlets' VIP Lounge

- Focus on enhancing the Outlets' bespoke VIP services
- Continue to allow high-spending VIP members to enjoy specially curated experiences, so as to enhance customer loyalty and retention
- Tier-based zones:
  - > Members' Centre (all VIP members)
  - > Elite Lounge (Gold card members)
  - > Premium Lounge (Platinum card members)
- Asset enhancement expected to be completed by end-2022

1. Above pictures are artist impressions.

# Exciting New Brands & Upgrades in 3Q 2022

Variety of fresh experiential offerings at Sasseur outlets



New MLB Store at Chongqing Liangjiang Outlets



New PUMA Store at Kunming Outlets



Revamped Timberland Store at Hefei Outlets



New Strawberry Farm at Chongqing Bishan Outlets

## Sports Brands



## Children's Wear Brands



## Food & Beverage Brands



# 2022 Anniversary Sales: Portfolio's 1<sup>st</sup> Day Sales Up YoY

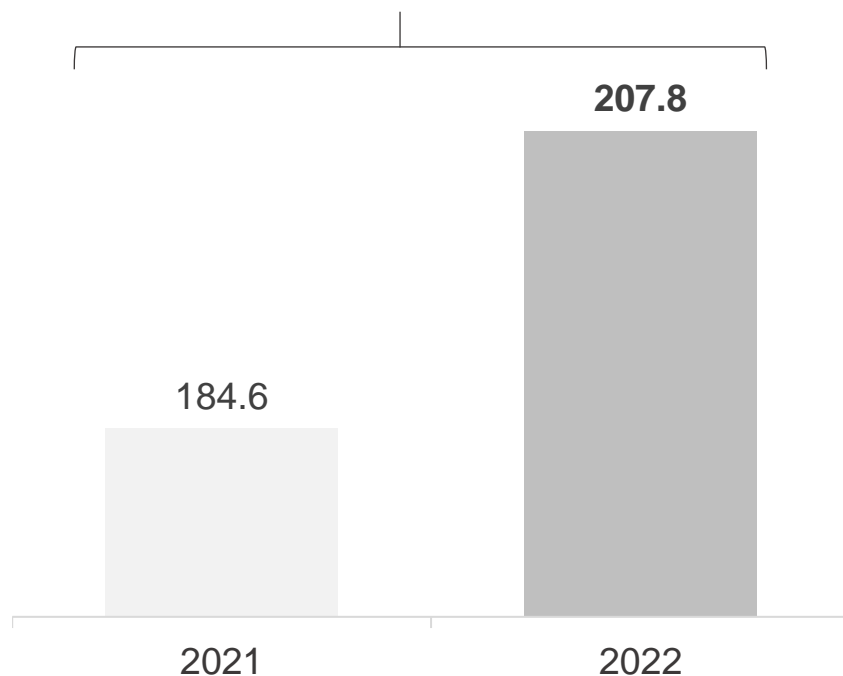
Chongqing Liangjiang and Kunming Outlets generated record sales on 1<sup>st</sup> day of event



Portfolio's 1<sup>st</sup> Day Combined Sales:  
**RMB 207.8m**

Portfolio's 1<sup>st</sup> Day Anniversary Sales (RMB m)

▲ 12.5% YoY



**Record 1<sup>st</sup> day sales**  
for Chongqing Liangjiang & Kunming Outlets



**Chongqing  
Liangjiang Outlets**  
**RMB 147.1m**  
▲ 10.0% YoY



**Kunming Outlets**  
**RMB 34.6m**  
▲ 19.1% YoY

# Highlights from Anniversary Sales in Sep 2022

*Exciting entertainment events plus shopping in the wee hours*



## Heavy Vehicle Traffic Streaming Into Outlets

Fully packed car parks with cars lining up along the roads



*Kunming Outlets*

## Round-the-clock Shopping

Shopping through the night; with shoppers still thronging the outlets past 5am



*Chongqing Liangjiang Outlets*

## Anniversary Celebrations

Sharing the joyous birthday occasion at all Sasseur outlets across different cities



*Hefei Outlets*

## Fringe Activities

Entertaining shoppers with live bands, Sichuan opera and fashion runway shows



*Chongqing Bishan Outlets*



*Chongqing Bishan Outlets*



*Kunming Outlets*



*Chongqing Liangjiang Outlets*



*Hefei Outlets*



# Media Features on Anniversary Sales Events

## Talk of the Town



### Anhui Wanjia Hotline 安徽万家热线

倒计时4天! 砂之船(合肥)奥莱6周年狂欢庆典即将开启!  
安徽万家热线 2022-09-05 20:29 Posted on 安徽



[4 days countdown! Sasseur \(Hefei\) Outlets' 6th anniversary celebration craze is about to begin!](#)

### Upstream News 上游新闻

#### 国庆假期两江新区商圈活动人气旺 前五日客流同比增长10.8%

上海新闻 2022-10-07 17:26 | 重庆晨报·上游新闻官方账号 关注

10月6日,在两江新区寸滩国际新城时尚消费区,砂之船(重庆两江)奥莱(以下简称:两江奥莱)人气旺盛,虽然周年庆活动已接近尾声,但全场品牌均参加了超大力度折上折、精心搭建的“夜玩、夜购、夜味”夜间消费平台等活动,让两江奥莱持续吸引客流。



记者从两江奥莱了解到,截至目前,周年庆活动销售业绩已突破34亿元。而在9月23日活动首日,销售业绩就突破1.47亿元,创了两江奥莱周年庆首日销售业绩的历史新高。

同样在时尚消费区,9月30日,两江新区“约惠两江·订车有礼”活动开幕,正式拉开两江新区“约惠两江·礼迎国庆”系列促消费活动。本次活动人流超30万人次。

初秋时节,正是户外玩耍的好时候。美联广场举办的山野潮流运动集市,也成为市

[Commerce in Liangjiang is booming with activities this golden week, shopper traffic up 10.8% YoY](#)

### Linkshop 联商网

联商网 10-20 from 新版微博 weibo... 成人礼

【“通宵不打烊”火爆依旧,砂之船超级周年庆带来哪些启发?】9月,作为奥莱行业领跑者,砂之船集团自创营销IP“砂之船超级周年庆”如期而至。长沙、合肥、南京、苏州、重庆、昆明、长春、西安、兰州、扬州、福州等城市的砂之船奥莱再次点燃了消费者购物热情。即使在疫情承压之下,砂之船... Full Text



[“Opening the whole night long” still popular as ever, what inspirations does Sasseur bring?](#)

### Chongqing Fashion 重庆时尚范儿

#### 砂之船(重庆璧山)奥莱九周年庆超级庆典完美收官

重庆时尚范儿 2022-10-13 15:12 重庆 关注

10月7日,砂之船(重庆璧山)奥莱“好戏连台,9你好看”九周年庆活动完美收官。据了解,本次活动亮眼活动不断,超低的折扣,超丰富的品牌与货品组合,再度“点燃”了区域消费者的购物热情。从活动开始直至活动结束,历时14天,为本地过节的消费者带来了不间断的“好戏连台”,进一步释放消费潜力,激活市场活力,提振区域经济。

#### 超级周年庆成区域消费热点

9月24日启事的砂之船(重庆璧山)奥莱“好戏连台,9你好看”九周年庆活动,通过超低的促销活动,商品折扣,带来了丰富的客流红利。据砂之船(重庆璧山)奥莱相关负责人介绍,活动期间客流同比上升25%,持续辐射周边热点生活区域和周边区县,成为周年庆及国庆期间的区域消费热点。



[Sasseur \(Chongqing Bishan\) Outlets Anniversary Sales ends on a perfect note](#)

# Sustainability



Sasseur (Hefei) Outlets

# Commitment to Sustainability Goals

*Making headway on sustainability journey*

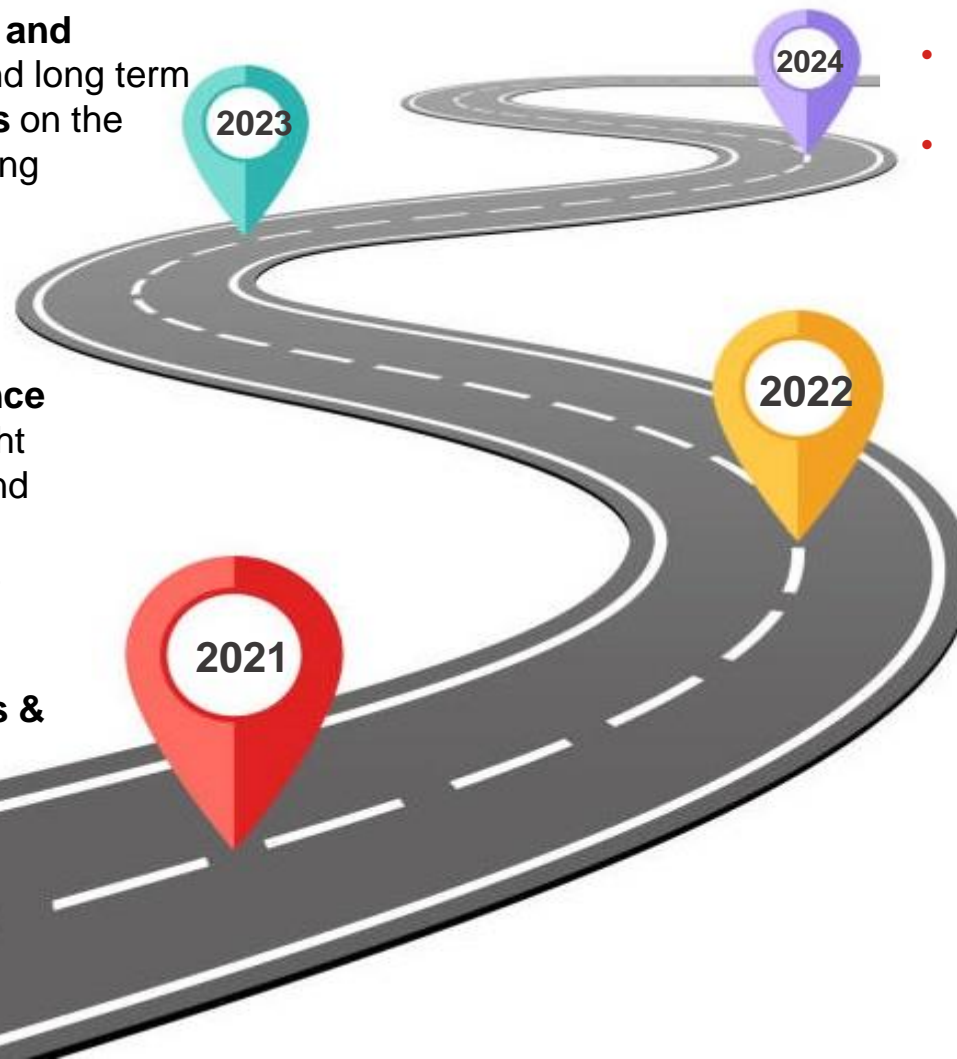


- Conduct **physical climate risk assessment** of all Sasseur REIT's outlets; **identify risks and opportunities** in the short, medium and long term
- **Identify actual and potential impacts** on the business, strategy and financial planning

- ✓ Established **sustainability governance structure**, with Board having oversight of sustainability performance, risks and opportunities
- ✓ Adopted **TCFD framework** to assess climate risks and opportunities
- ✓ Board & management team attended **workshops on climate-related risks & opportunities**

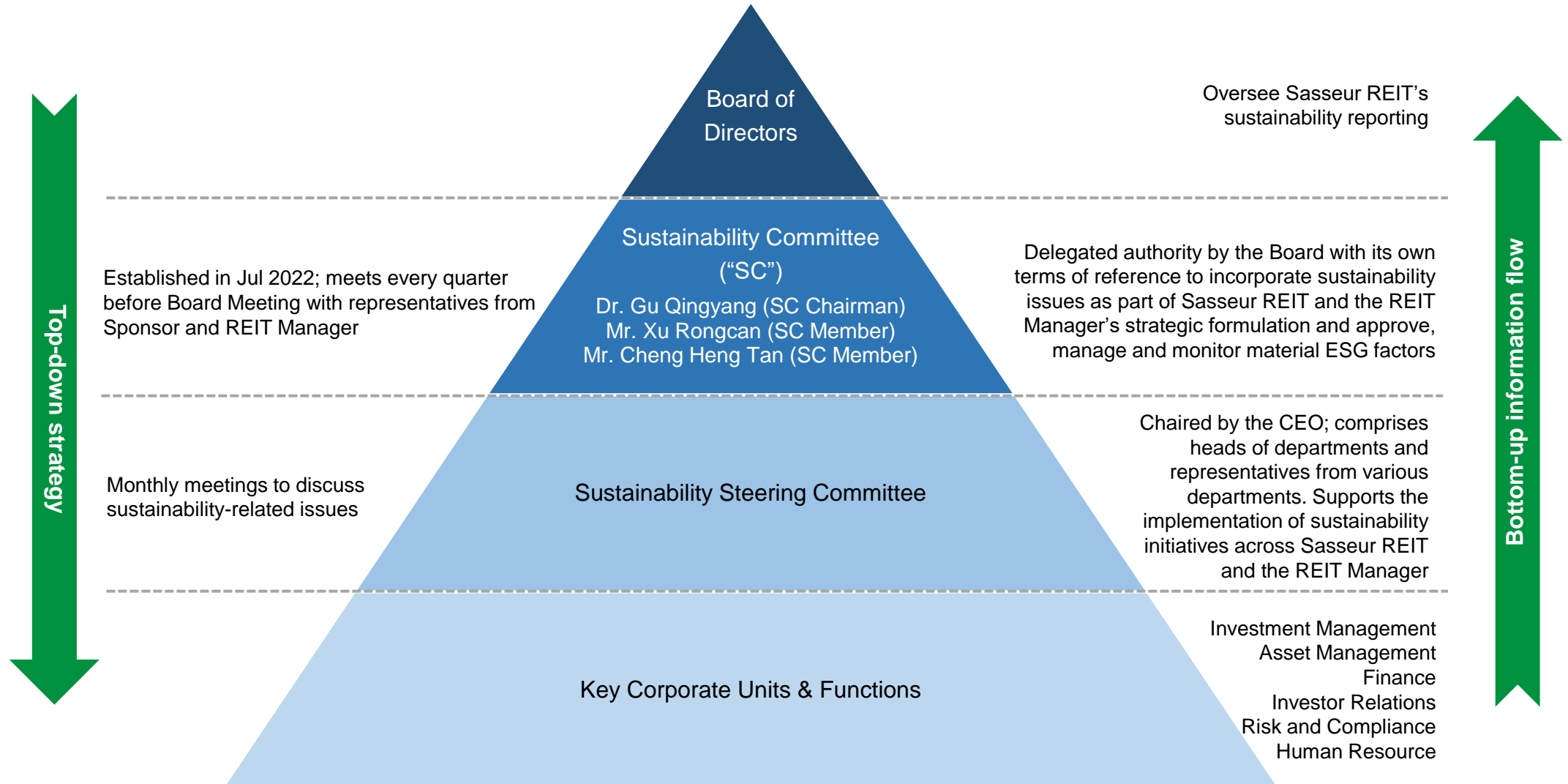
- Conduct **scenario analysis of impacts** including a 2°C or lower scenario
- **Integrate climate-related risks** into overall risk management framework
- Enhance the **process of managing climate-related risks**

- Set up **processes to identify, manage and integrate climate-related risks**
- **Establish metrics and targets** to measure GHG emissions and related risks
- To fulfil **disclosure of 26 out of 27 core ESG metrics** identified by SGX



# Strengthening Sustainability Governance Structure

Formalising the Sustainability Committee as part of commitment to sustainability



# Sustainability Achievements

Energy savings at Sasseur REIT's outlets



## Centralisation of Air-Conditioning System

### Chongqing Liangjiang Outlets

- ✓ Estimated electricity savings of **1.5** million kWh per annum

Centralised air-conditioning system and re-adjusted lowest temperature, keeping it at not below 18°C and 26°C during winter and summer seasons respectively, since Aug 2021.



## Floodlight Timing Adjusted Based on Sunset Timing

### Kunming Outlets

- ✓ Saved ~ **25,200** kWh of electricity during the first 6 months of implementation

Floodlights switched on according to time of sunset instead of at a fixed time daily, since Jan 2022.

## Installation of Solar-powered Lights

### Kunming Outlets

- ✓ **1,800** kWh of electricity generated during first 6 months of implementation
- ✓ Enough to power lights at the car park and common areas for **8** hours

Installation of solar-powered lights at car park and outdoor walkways since Feb 2022.



## Adjustment to Air-Conditioning Running Time

### Chongqing Bishan Outlets

- ✓ Saved ~ **8,000** million kWh of electricity monthly

Since Jun 2022, air-con compressor switched off 1 hour before business day ends.

# Sustainability Achievements

Water savings and reduction of greenhouse gases at Sasseur REIT's outlets



## Tapping of Spring Water

### Chongqing Bishan Outlets

- ✓ Reduction of **36,000 m<sup>3</sup>** of water annually

Started the tapping of spring water in 2018 to water plants, clean the outlet and refill water fountain.



## Expansion of Green Areas

### Chongqing Bishan Outlets, Chongqing Liangjiang Outlets & Kunming Outlets

- ✓ Green landscapes at Chongqing Liangjiang, Chongqing Bishan and Kunming Outlets expanded by **6,000 sqm**, **6,400 sqm** and **3,000 sqm** respectively

Expanding green spaces through planting of trees and enhancing landscapes at Chongqing Liangjiang, Chongqing Bishan and Kunming starting from 2008, 2014 and 2015 respectively, increasing the absorption of greenhouse gases.

## Recycling of Collected Waste Water

### Kunming Outlets

- ✓ Reduced **2,100 m<sup>3</sup>** of water annually

Set up a central collection point in Jul 2021 for waste water to be treated and recycled for the watering of plants.



# Industry Recognition for Corporate Governance

*Focusing on building a more sustainable business in the long run*



## Accolades



**Runner-Up**  
**Singapore Corporate Governance Award 2022,**  
**REITs & Business Trusts Category**

*Runner-up for 2<sup>nd</sup> consecutive year*



**Sole foreign asset REIT**  
to win an award in this award category

## Rankings

**Ranked 19<sup>th</sup> out of 44 REITs and Business Trusts**

**in the Singapore Governance and Transparency Index (SGTI)**

Sasseur REIT's score of 88.0 is

- An improvement of 1.1 points from 2021 and above the mean score of 85.3 under the REITs and Business Trusts category
- Highest achieved score since 2019 when the REIT was first included in the SGTI rankings

**Ranked 20<sup>th</sup> out of 45 REITS and Business Trusts**

**in the Governance Index for**

**Trusts (GIFT) 2021**

- Improvement from 34<sup>th</sup> place a year ago



# Looking Forward





# Business Environment Remains Uncertain in the Short-term



*Chinese government's zero-COVID strategy remains a key challenge*

- **China's economic growth expected to moderate in 2022**
  - > OECD has projected China's real GDP growth to slow to 3.2% in 2022 and may rebound to 4.7% in 2023<sup>1</sup>
- **Position on zero-COVID policy maintained<sup>2</sup>**
  - > Risks of further localised lockdowns remain
- **Government committed to implementation of measures to boost domestic consumption as key growth driver<sup>3</sup>**
  - > Boosting demand through employment and higher incomes
  - > Financial and fiscal policies to support infrastructure spending
  - > Measures rolled out earlier in the year, including tax rebates, will continue to be executed

1. OECD Economic Outlook, Interim Report Sep 2022.

2. Reuters, "China to refine COVID measures, reiterates need for persistence", 15 Oct 2022.

3. Bloomberg, "China's Premier Li Keqiang pledges faster growth after third-quarter expansion was 'no easy feat'", 28 Oct 2022.

# Navigating Short-term Headwinds

*REIT Manager maintaining disciplined approach to long-term growth*



## Localised COVID measures and lockdowns

- Chinese government implementing package of policies with **focus on domestic consumption**, to shore up economy recovery
- Long-term potential of **growing urbanisation and middle-class consumer spending** remains intact
- Sasseur outlets to continue rolling out **interactive and exciting thematic marketing events**



## Global inflationary pressures

- **Insulation from rising property operating costs** due to inflation, as Sasseur REIT's Sponsor bears all the operating expenses related to the running of all the outlets under the EMA model



## Foreign exchange volatilities

- Sasseur REIT's **hedging policy** to progressively hedge at least 30% and up to 100% of foreign currency exposure on committed net cashflows using hedging instruments with settlement dates within six months from the date of contract



## Rising interest rates affecting cost of debt

- Financial flexibility with Sasseur REIT's **low aggregate leverage** of 26.4%, one of the lowest amongst S-REITs<sup>1</sup>
- Mitigated by China's **decreasing loan prime rate**, lowering cost of the REIT's onshore debt

1. SGX Research S-Reits & Property Trusts Chartbook, "Five S-Reits with the lowest gearing ratios", 12 Sep 2022.

# Upcoming Promotional Events in Nov and Dec 2022

To increase consumer engagement and bolster tenants' sales



## Double 11 Carnival 双十一 1 Nov – 13 Nov 2022

## Domestic Brands Promotions 红色第五季 18 Nov – 27 Nov 2022

## Christmas & Year-end Promotions 跨年购 End Dec 2022 to Early Jan 2023

- Online orders are eligible for higher discounts
- Spend up to RMB 500 to enjoy additional RMB 50 discount
- Purchased points can be exchanged for RMB 50 and RMB 100 vouchers

- Annual event organised by all 4 Sasseur outlets
- Popular promotional events due to growing consumer preferences for domestic brands
- Featuring domestic brands like Li-Ning, ANTA , 361 Degrees etc.

- Major promotional event for 4Q
- Customers eagerly anticipate the event because of the wide product range available and attractive prices
- Extra points are awarded for each purchase

# 藝術商業 超級奧萊

Art Commerce Super Outlets



## Thank You

For enquiries, please contact:  
Ms Jeanette Pang, Investor Relations

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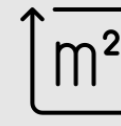
# Appendix

# Quality Portfolio

Outlets located in high-growth cities with large populations



Number of outlets  
**4**

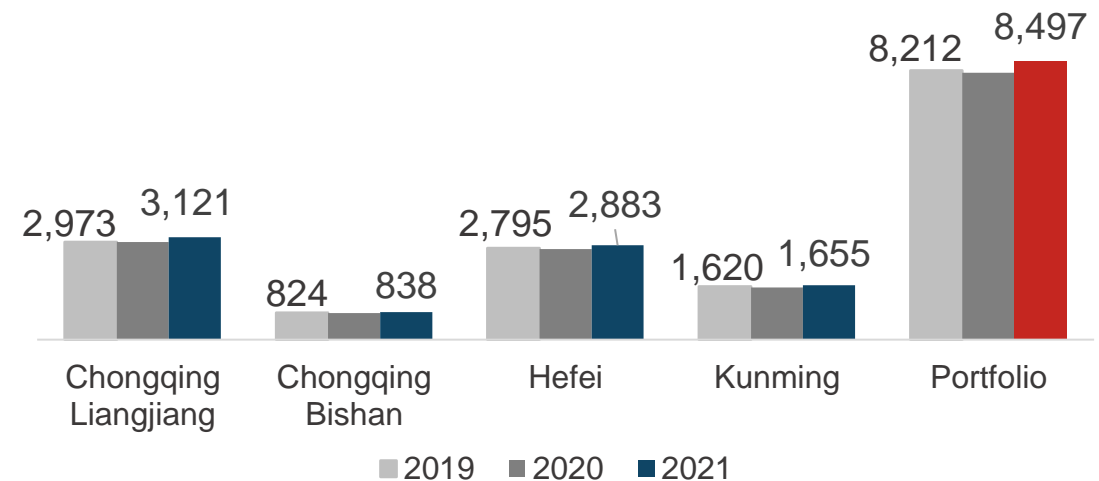


Net lettable area (NLA)  
**310,242 sqm**



Portfolio valuation<sup>1</sup>  
**RMB 8.5b**

Valuations (RMB m) as at 31 Dec



1. Based on independent valuation as at 31 Dec 2021 by Savills Real Estate Valuation (Beijing) Limited.

# Portfolio Snapshot<sup>1</sup>



Outlets 奥特莱斯	Chongqing Liangjiang 重庆两江	Chongqing Bishan 重庆璧山	Hefei 合肥	Kunming 昆明
Year of Commenced Operations	2008	2014	2016	2016
GFA (sqm) <sup>2</sup>	73,373	68,791	147,316	88,257
NLA (sqm) <sup>2</sup>	50,885	44,706	144,583	70,067
Occupancy Rate (%) <sup>3</sup>	100%	94.8%	96.2%	96.9%
Number of Tenants	391	230	341	268
Top Brands/Tenants (by sales)	NIKE, +39	NIKE, Adidas	NIKE, Coach	NIKE, Adidas
Valuation (RMB mil, 31 Dec 21)	3,121	838	2,883	1,655
% of Portfolio Valuation	36.7%	9.9%	33.9%	19.5%

1. As at 30 Sep 2022, unless otherwise stated.

2. Figures are rounded to the nearest whole numbers.

3. Occupancy is calculated based on average of the last day's occupancy of each month in the third quarter of 2022.

# Sponsor's Growing Footprint and Brand Reach

Sasseur REIT leveraging full Sponsor support



Sasseur Group (57.35% stake in Sasseur REIT<sup>1</sup>)

**30** years' experience focusing on outlet operations in China

**15** operating outlets in China<sup>2</sup>, with another **3** upcoming outlets



## Sponsor's upcoming outlets

	Nanjing II	Shijiazhuang	Wulumuqi
<b>Opening Date</b> (Tentative)	Dec 2022	May 2023	May 2024
<b>GFA (sqm)</b>	~100,000	~83,000	~126,000
<b>Car Park Lots</b>	c. 1,100	c. 3,500	c.2,000

## Sasseur REIT's acquisition pipeline

- Acquisition priority: Xi'an and Guiyang Outlets, granted Right of First Refusal (ROFR) from Sponsor
- Assets in the pipeline: 3<sup>rd</sup> party owned assets which Sasseur Group has ROFR to acquire from the owners

1. As at 30 Sep 2022.

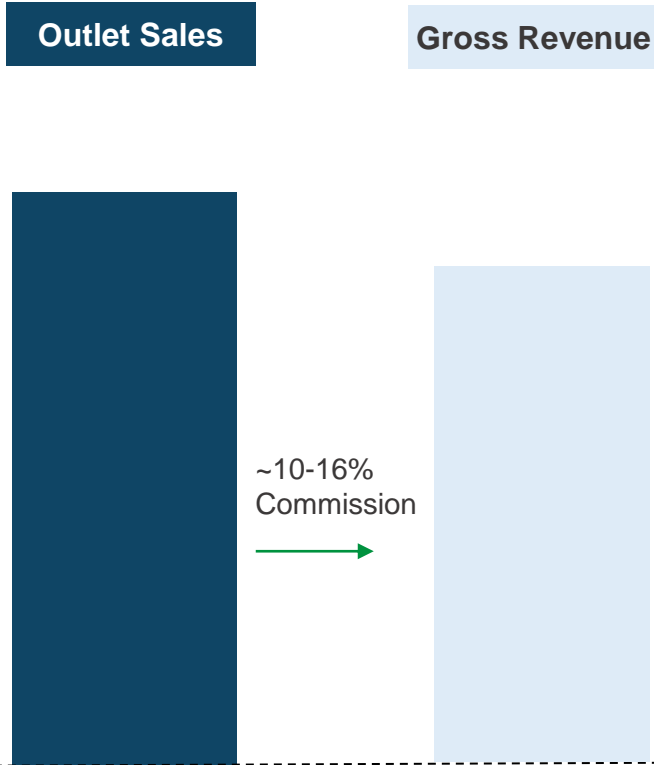
2. Including the 4 outlets owned by Sasseur REIT.



# Entrusted Management Agreement (EMA) Model

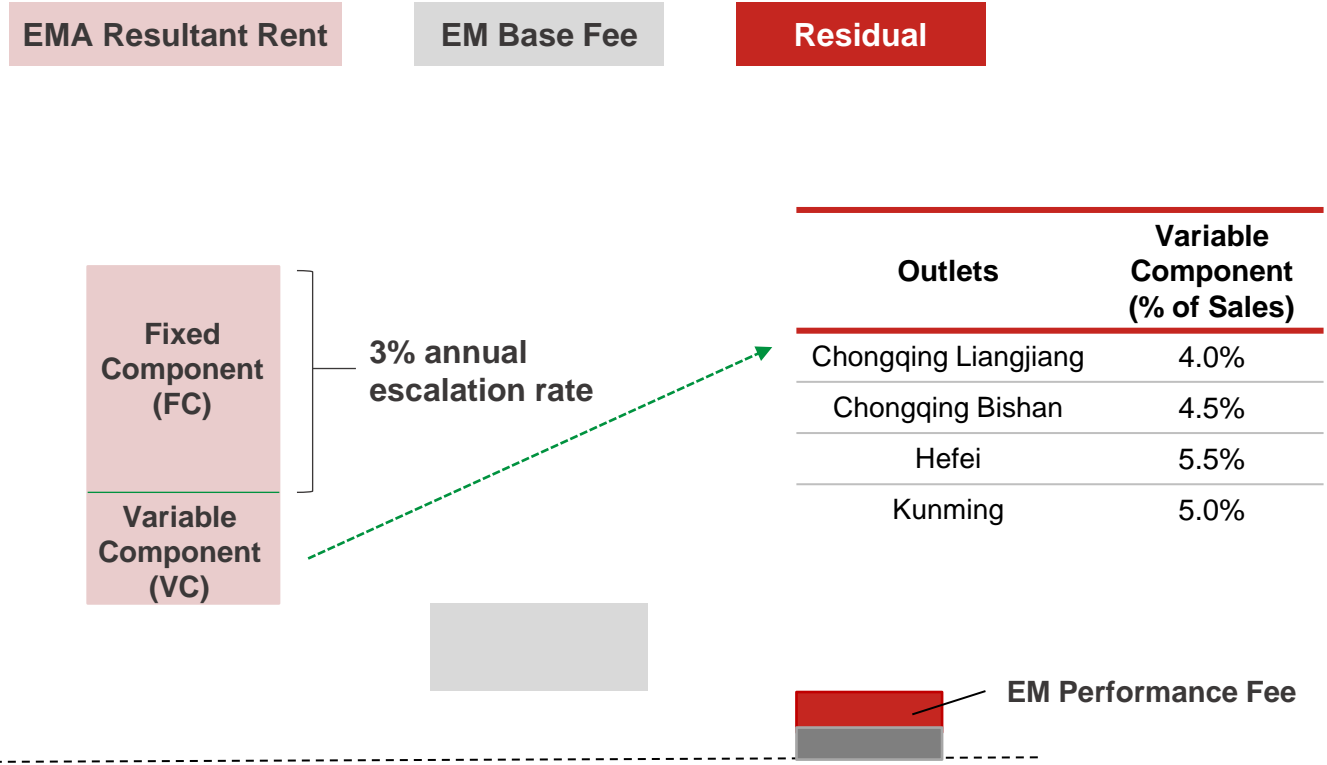


## Business Model



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

## REIT Income Model



- EMA Resultant Rent (“RR”) comprises FC and VC
- REIT paid EMA Resultant Rent before EM Base Fee
- VC is pegged to the Sales of the Outlet
- EM Base Fee: Up to 30% of GR to the Entrusted Manager
- EM Performance Fee:
  - > 60% x (GR - RR - EM Base Fee)
- Payment to REIT:
  - > 40% x (GR - RR - EM Base Fee)

*Aligning the interests of the Entrusted Manager, REIT Manager and Unitholders*