



SASSEUR REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the 4th Quarter 2018 and Financial Period from 28 March 2018 (Listing Date) to
31 December 2018

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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.

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Introduction

Sasseur Real Estate Investment Trust (the “Sasseur REIT”) is a Singapore real estate investment trust constituted as a private trust (“Sasseur Trust”) by a trust deed dated 30 October 2017 which was supplemented by a first supplemental deed dated 19 March 2018, entered into by Sasseur Asset Management Pte. Ltd. as Manager of Sasseur REIT (the “Manager”) and DBS Trustee Limited as Trustee of Sasseur REIT (the “Trustee”). Sasseur Real Estate Investment Trust and its subsidiaries are collectively known as the “REIT Group”.

Sasseur REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 28 March 2018 (the “Listing Date”). Sasseur REIT’s investment strategy is investing principally, directly or indirectly, in a diversified portfolio of income-producing real estate, primarily comprised retail outlet mall, as well as real estate related assets in relation to the foregoing, with an initial focus on Asia.

The Sasseur REIT’s initial portfolio comprises the following four retail outlet malls (the “Properties”) strategically located in cities of economic potential in the PRC:

- **Chongqing Outlets**

Chongqing Outlets is a retail outlet mall that targets middle and upper-class consumers with higher disposable incomes. Chongqing Outlets was designed and built to reflect an Italian architectural style, distinguishing itself through an experiential shopping concept. Chongqing Outlets houses a cinema, children recreational facilities as well as an array of restaurants. The Chongqing Outlets is located in the northeast region of the city and is approximately 10 km away from the Chongqing Jiangbei International Airport.

- **Bishan Outlets**

Bishan Outlets was designed to be a one-stop shopping destination in the Bishan and West Chongqing areas, combining retail shopping with entertainment, food, education and leisure. Bishan Outlets features (i) a “Super Children’s Centre” (which features retail stores offering a selection of infant and children’s clothing labels, an early childhood education centre, an enrichment centre, a children’s playground, a children’s photography centre and a children’s theatre); and (ii) a “Super Sports Hall” (which houses the outlet stores of sports brands such as Nike, Adidas and Le Coq Sportif and also features a fitness centre). In addition to the foregoing, there are several pubs and bars found in Bishan Outlets and Bishan Outlets is poised to be a trendy meeting point for the young. Bishan Outlets is located in the west of Chongqing. As the closest district to the downtown area of Chongqing, Bishan Outlets can be accessed within a one-hour drive (approximately 37 km) from the downtown area of Chongqing.

- **Hefei Outlets**

Hefei Outlets caters to middle class consumers by offering a wide range of entertainment choices as well as luxury brand stores. Hefei Outlets also features one of the largest cinemas in east China and the first five-star cinema in Hefei under the UME cinema chain, with 17 cinemas equipped with state-of-the-art audio and visual systems and more than 2,500 seats. Hefei Outlets is located in the High-Tech Industrial Development Zone, which is one of the PRC’s national high-tech industrial development zones.

- **Kunming Outlets**

Kunming Outlets offers a wide array of retail options including outlet mall shopping, healthcare services, entertainment and cultural facilities, thereby providing its customers with a comprehensive lifestyle and entertainment experience intended to promote retail spending and enhance customer loyalty. Kunming Outlets is targeted at middle class consumers, catering to their growing preference for luxury brands such as Burberry. Kunming Outlets also carries popular domestic brands to cater to a wide customer base. Kunming Outlets is located in Taiping New City, a new development platform for urban expansion by the government of Anning City.

Sasseur REIT is presenting its financial results for the fourth quarter ended 31 December 2018 (“**4Q 2018**”) and for the financial period from the Listing Date to 31 December 2018 (“**FY 2018**”).

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Distribution Policy

Sasseur REIT's distribution policy is to distribute 100.0% of its income available for distribution to Unitholders for the period from the Listing Date to 31 December 2019. Thereafter the Manager will distribute at least 90.0% of Sasseur REIT's income available for distribution with the actual level of distribution to 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 first quarter 2019. Save for this, there is no other change in the distribution policy.

Summary of Sasseur REIT Group Results

	4Q 2018			FY 2018		
	1 October 2018 to 31 December 2018			Listing Date to 31 December 2018		
	Actual ⁽¹⁾ S\$'000	Forecast ⁽²⁾ S\$'000	Variance %	Actual ⁽¹⁾ S\$'000	Forecast ⁽²⁾ S\$'000	Variance %
EMA rental income	30,948	30,089	2.9	93,525	91,531	2.2
Income available for distribution to Unitholders	23,591	18,422	28.1	60,530	53,754	12.6
Distribution per unit ("DPU") (cents) ⁽³⁾	1.999	1.561	28.1	5.128	4.554	12.6
Annualised distribution yield (%) ⁽⁴⁾						
- Based on IPO listing price of S\$0.80	9.9%	7.7% ⁽⁵⁾	28.6	8.4%	7.4% ⁽⁵⁾	13.5
- Based on 31 December 2018 closing price of S\$0.65	12.2%	n.m.	n.m.	10.3%	n.m.	n.m.

n.m. – Not meaningful

In the absence of the Entrusted Management Agreements ("EMA"), the distribution per unit and the annualised distribution yield (based on IPO listing price of S\$0.80) would be 1.404 Singapore cents and 7.0% for 4Q 2018 and 3.990 Singapore cents and 6.5% for FY 2018 respectively.

Notes:

- (1) The actual results of the REIT Group's foreign subsidiaries were translated using the average SGD:RMB rate of 1: 5.033 and 1: 4.948 for 4Q 2018 and FY 2018 respectively.
- (2) The forecast figures were derived from the seasonal forecast for 4Q 2018 and FY 2018 respectively, based on the 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.
- (3) The distribution per unit of 1.999 Singapore cents is equivalent to 10.061 Renminbi cents for 4Q 2018 and 5.128 Singapore cents is equivalent to 25.373 Renminbi cents for FY 2018 respectively.
- (4) The annualised distribution yield for 4Q 2018 and FY 2018 was on a pro-rata basis for 92 days and 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 respectively.
- (5) The forecast annualised distribution yield of 7.7% and 7.4% were derived from the seasonal forecast for 4Q 2018 and FY 2018 respectively, based on the annualised return of 7.5% for the Forecast Period 2018 as disclosed in the Prospectus.

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

	Note	4Q 2018			FY 2018		
		Actual ⁽¹⁾ S\$'000	Forecast ⁽²⁾ S\$'000	Variance %	Actual ⁽¹⁾ S\$'000	Forecast ⁽²⁾ S\$'000	Variance %
<u>Consolidated Statement of Total Return</u>							
EMA rental income	1	30,948	30,089	2.9	93,525	91,531	2.2
Manager's management fees ⁽³⁾		(2,359)	(1,843)	(28.0)	(6,053)	(5,376)	(12.6)
Trustee's fees		(77)	(76)	(1.3)	(226)	(230)	1.7
Other trust expenses	2	683	(589)	n.m.	(11,028)	(12,839)	14.1
Finance income		71	141	(49.6)	232	283	(18.0)
Finance costs	3	(7,061)	(6,906)	(2.2)	(21,682)	(20,955)	(3.5)
Net change in fair value of financial derivative	4	(154)	–	n.m.	(154)	–	n.m.
Fair value adjustments to investment properties	5	186,579	598	n.m.	182,682	(3,653)	n.m.
Total return for the period before tax		208,630	21,414	>100	237,296	48,761	>100
Tax expenses	6	(58,280)	(5,831)	>100	(68,071)	(15,527)	>100
Total return for the period after tax		150,350	15,583	>100	169,225	33,234	>100
Total return after tax attributable to:							
Unitholders		150,350	15,583	>100	169,225	33,234	>100
<u>Distribution Statement</u>							
Total return attributable to Unitholders		150,350	15,583	>100	169,225	33,234	>100
Distribution adjustments	7	(126,759)	2,839	n.m.	(108,695)	20,520	n.m.
Total return available for distribution to Unitholders		23,591	18,422	28.1	60,530	53,754	12.6

n.m. – Not meaningful

Footnotes:

- (1) The actual results of the REIT Group's foreign subsidiaries were translated using the average SGD:RMB rate of 1: 5.033 and 1: 4.948 for 4Q 2018 and FY 2018 respectively.
- (2) The forecast figures were derived from the seasonal forecast for 4Q 2018 and FY 2018 respectively, based on the Forecast Period 2018 as disclosed in the Prospectus. An exchange rate for SGD:RMB of 1: 4.930 was adopted in the forecast.
- (3) The Manager has elected to receive 100% of its base fee in the form of units for the period from Listing Date to 31 December 2018.

Notes:

- 1 EMA rental income is accounted for on a straight-line basis over the lease term. EMA rental income without straight-line rental accounting adjustment is as follows:

	4Q 2018			FY 2018		
	Actual S\$'000	Forecast S\$'000	Variance %	Actual S\$'000	Forecast S\$'000	Variance %
EMA rental income	30,948	30,089	2.9	93,525	91,531	2.2
Straight-line rental accounting adjustment	244	598	n.m.	(3,653)	(3,653)	–
EMA rental income (exclude straight-line adjustment)	31,192	30,687	1.6	89,872	87,878	2.2

- 2 Other trust expenses for FY 2018 of S\$11.0 million included S\$8.9 million IPO transaction costs and the remaining are recurring audit, tax compliance and other corporate expenses. Lower other trust expenses of S\$1.8 million is mainly contributed by lower IPO transaction costs as compared to forecast.

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- 3 Finance costs comprised the following:

	4Q 2018			FY 2018		
	Actual S\$'000	Forecast S\$'000	Variance %	Actual S\$'000	Forecast S\$'000	Variance %
Interest expense on borrowings	(5,750)	(5,668)	(1.4)	(17,633)	(17,187)	(2.6)
Amortisation of transaction costs	(1,311)	(1,238)	(5.9)	(4,049)	(3,768)	(7.5)
	(7,061)	(6,906)	(2.2)	(21,682)	(20,955)	(3.5)

- 4 This related to derivative loss from mark-to-market of the interest rate swaps for hedging purpose.

- 5 Fair value adjustments to investment properties comprised the following:

	4Q 2018			FY 2018		
	Actual S\$'000	Forecast S\$'000	Variance %	Actual S\$'000	Forecast S\$'000	Variance %
Fair value gains on investment properties	186,335 ¹	–	n.m.	186,335 ¹	–	n.m.
Straight-line rental accounting adjustment	244	598	n.m.	(3,653)	(3,653)	–
	186,579	598	n.m.	182,682	(3,653)	n.m.

¹ Fair value gains on investment properties of S\$186.3 million was recognised when compared to implied acquisition cost which included a marked-down of S\$110.7 million during initial public offering as disclosed in the Prospectus. Excluding this marked-down, fair value gains on investment properties was S\$75.6 million which reflects a 5.0% increase in fair value of the properties as compared to the valuation as at 30 September 2017 appraised by independent valuers.

- 6 Tax expenses comprised income tax, deferred tax and withholding tax relating to the REIT Group's foreign subsidiaries.

	4Q 2018			FY 2018		
	Actual S\$'000	Forecast S\$'000	Variance %	Actual S\$'000	Forecast S\$'000	Variance %
Current period:						
- Income tax	(2,833)	(4,692)	39.6	(10,000)	(11,805)	15.3
- Deferred tax ²	(55,447)	(1,055)	n.m.	(58,071)	(3,511)	n.m.
- Withholding tax	–	(84)	100.0	–	(211)	100.0
	(58,280)	(5,831)	n.m.	(68,071)	(15,527)	n.m.

² Deferred tax expenses of S\$55.4 million for 4Q 2018 and S\$58.1 million for FY2018 largely relate to deferred tax expenses arose from property fair value gains.

- 7 Included in distribution adjustments are the following:

	4Q 2018			FY 2018		
	Actual S\$'000	Forecast S\$'000	Variance %	Actual S\$'000	Forecast S\$'000	Variance %
<u>Distribution adjustments</u>						
Manager's management fees payable in Units	2,359	1,843	28.0	6,053	5,376	12.6
Amortisation of upfront debt-related transaction costs	1,311	1,238	5.9	4,049	3,768	7.5
Straight lining rental adjustment	244	598	n.m.	(3,653)	(3,653)	–
Fair value adjustments to investment properties	(186,579)	(598)	n.m.	(182,682)	3,653	n.m.
Statutory reserves	1,117	(1,297)	n.m.	–	(3,179)	n.m.
Deferred tax expense	55,447	1,055	n.m.	58,071	3,511	n.m.
IPO transaction costs	(1,145)	–	n.m.	8,865	11,044	(19.7)
Foreign exchange loss	333	–	n.m.	448	–	n.m.
Net change in fair value of financial derivative	154	–	n.m.	154	–	n.m.
Total distribution adjustments	(126,759)	2,839	n.m.	(108,695)	20,520	n.m.

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1(b)(i) Statements of Financial Position

As at 31 December 2018		
Note	REIT Group S\$'000	REIT S\$'000
Assets		
Non-current assets		
	Investment properties	–
1	Investment in subsidiaries	951,558
		1,539,491
Current assets		
	Prepayments, deposits and other receivables	42,661
	Cash and bank balances	32,866
		75,527
	Total assets	1,027,085
Liabilities		
Non-current liabilities		
	Loans and borrowings	121,641
	Deferred tax liabilities	–
	Derivative financial instruments	154
		121,795
Current liabilities		
	Other payables and accruals	1,233
	Loans and borrowings	–
	Tax payables	–
		1,233
	Total liabilities	123,028
	Net assets	904,057
	Represented by:	
	Unitholders' funds	904,057

Footnotes:

- (1) The results of the REIT Group's foreign subsidiaries were translated using the closing SGD: RMB rate of 1: 5.006 as at 31 December 2018.

Note:

- 1 Investment properties are stated at fair value based on 31 December 2018 appraisals conducted by Savills Real Estate Valuation (Beijing) Limited.

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1(b)(ii) Aggregate Amount of Borrowings and Debt Securities

	As at 31 December 2018	
	REIT Group S\$'000	REIT S\$'000
Secured loans and borrowings		
- Amount repayable within one year	7,713	–
- Amount repayable after one year	504,886	125,000
	512,599	125,000
Less: Unamortised upfront debt-related transaction costs	(19,322)	(3,359)
Total loans and borrowings	493,277	121,641

Details of any collateral

The REIT Group has put in place an aggregate amount of RMB 1,960 million (S\$391.5 million) onshore term loans (the “Onshore Facilities”) and S\$125.0 million offshore term loan (the “Offshore Facility”). As at 31 December, RMB 19.6 million (S\$4.0 million) was repaid for onshore facilities.

The Onshore Facilities are secured by:

- (a) an unconditional and irrevocable guarantee from Sasseur (Hefei) Investment Consultancy Co., Ltd. and Sasseur (Kunming) Investment Consultancy Co., Ltd. on a joint and several basis;
- (b) a first ranking mortgage over the Properties;
- (c) a pledge of all sales receivables and proceeds, rental income, rental deposits, and other revenue derived from the Properties by the PRC Property Companies and the Onshore Guarantors;
- (d) an assignment of all material agreements including property management agreements, asset management agreements and Entrusted Management Agreements, in relation to the Properties;
- (e) an assignment of all the insurance policies in relation to the Properties with the onshore security agent named as the first beneficiary;
- (f) assignment of all present and future rights and interests of the PRC Property Companies and the Onshore Guarantors in relation to inter-company debts and shareholder loans made to and by the BVI Holding Companies, the HK Holding Companies and the Singapore Holdco (the “Offshore Holding Companies”) and/or the Trustee; and
- (g) any other security as may be reasonably required by the Onshore Lenders and agreed by the PRC Property Companies.

The Offshore Facility is secured by:

- (a) an unconditional and irrevocable guarantee from the Offshore Holding Companies, the Bishan PRC Property Company and the Onshore Guarantors on a joint and several basis;
- (b) first ranking charges or, as the case may be, mortgages over the entire issued share capital of each of the Offshore Holding Companies;
- (c) first ranking pledges over the entire equity interest of each of the PRC Property Companies, Sasseur (Kunming) Investment Consultancy Co., Ltd. and Sasseur (Hefei) Investment Consultancy Co., Ltd.;
- (d) a debenture over all of the assets of the Trustee and the Offshore Holding Companies (only in the case of the Trustee) directly or indirectly relating to and/or directly or indirectly in connection with the Properties and any proceeds relating to the Properties and incorporating security over the Master Entrusted Management Agreement and each Performance Reserve Bank Guarantee provided in connection therewith; and
- (e) any other security that may at any time be given as security or assurance for any of the liabilities pursuant to or in connection with any secured document.

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. The overall weighted average cost of borrowings for FY 2018 was 5.4%. The aggregate leverage for the REIT Group as at the end of the period was 29.0%.

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1(c) Consolidated Statement of Cash Flows

	REIT Group	
	4Q 2018	28 March 2018 to 31 December 2018
	S\$'000	S\$'000
Note		
Cash flows from operating activities		
Total return for the period before tax	208,630	237,296
<u>Adjustments for:</u>		
Straight-lining rent adjustment	(244)	3,653
Manager's management fee paid in units	2,359	6,053
Change in fair value of investment properties	(186,579)	(182,682)
Net change in fair value of financial derivative	154	154
Amortisation of borrowing costs	1,311	4,049
Finance costs	5,750	17,633
Finance income	(71)	(232)
Unrealised translation differences	(19)	8,438
Cash flows before changes in working capital	31,291	94,362
Changes in working capital:		
Prepayments, deposits and other receivables	(12,396)	(15,304)
Other payables and accruals	(15,318)	28,008
Cash generated from operations	3,577	107,066
Tax paid	1,824	(4,487)
Interest received	72	235
Net cash generated from operating activities	5,473	102,814
Cash flows from investing activities		
Cash earmarked for construction payment	(29,699)	–
Capital expenditure on investment properties	(857)	(857)
Net cash used in investing activities	(30,556)	(857)
Cash flows from financing activities		
Increase in restricted cash	–	(31,824)
Proceeds from bank loans	–	125,000
Repayments of bank loans	–	(3,995)
Proceeds from issuance of units	–	396,000
Redemption of sponsor units	–	(396,000)
Payment of IPO related expenses	(1,820)	(25,144)
Payment of transaction costs relating to loans and borrowings	–	(20,858)
Distribution to Unitholders	–	(18,731)
Interest paid	(5,765)	(17,670)
Net cash (used in)/generated from financing activities	(7,585)	6,778
Net (decrease)/increase in cash and cash equivalents	(32,668)	108,735
Cash and cash equivalents at beginning of the period	197,810	58,015
Effect on exchange rate changes on cash and cash equivalents	285	(1,323)
Cash and cash equivalents at end of the period	165,427	165,427

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Notes:

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

	As at 31 December 2018
	S\$'000
Cash and bank balances	203,641
Less: Cash earmarked for construction payment	(29,699)
Less: Restricted cash	(8,515)
Cash and cash equivalents	165,427

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

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

	4Q 2018		28 March 2018 to 31 December 2018	
	REIT Group	REIT	REIT Group	REIT
	S\$'000	S\$'000	S\$'000	S\$'000
At the beginning of the period	914,210	904,061	— ⁽¹⁾	— ⁽¹⁾
Operations				
Change in Unitholders' funds resulting from operations before distribution	151,467	(3,523)	169,225	(20,025)
Transfer to statutory reserve	(1,117)	—	—	—
Net increase/(decrease) in net assets resulting from operations	150,350	(3,523)	169,225	(20,025)
Unitholders' transactions				
Movement during the period				
- Issuance of Consideration Units	—	—	1,062,289	1,062,289
- Loss arising from initial public offering	—	—	(110,731)	(110,731)
- Issuance of new Units at Initial Public Offering	—	—	396,000	396,000
- Redemption of Units	—	—	(396,000)	(396,000)
Issue costs ⁽²⁾	1,160	1,160	(14,798)	(14,798)
Manager's base fee payable in Units	2,359	2,359	6,053	6,053
Distribution to unitholders	—	—	(18,731)	(18,731)
Net increase in net assets resulting from Unitholders' transactions	3,519	3,519	924,082	924,082
Movement in foreign currency translation reserve	5,917	—	(19,341)	—
Total Unitholders' funds as at end of the period	1,073,966	904,057	1,073,966	904,057

Footnotes:

(1) Less than S\$1,000.

(2) Issue cost comprised underwriting and selling commission, professional and other fees, and miscellaneous issue expenses.

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

	4Q 2018	28 March 2018 to 31 December 2018
	Units	Units
Units in issue:		
At the beginning of the period	1,180,280,000	1
New Units issued:		
Movement during the period		
- Issuance of Consideration Units	–	1,062,289
- Sub-division of Units	–	1,179,217,710
- Issuance of new Units at Initial Public Offering	–	495,000,000
- Redemption of Units	–	(495,000,000)
Total new Units issued as at end of the period	–	1,180,279,999
Total issued Units as at end of the period	1,180,280,000	1,180,280,000
Units to be issued:		
At the beginning of the period ⁽¹⁾	5,080,054	–
Manager's base fee payable in Units ⁽²⁾	3,593,298	8,673,352
Total issuable Units as at end of the period	8,673,352	8,673,352
Total units issued and to be issued as at end of period	1,188,953,352	1,188,953,352

Footnote:

(1) There are 2,531,748 units and 2,548,306 units to be issued in satisfaction of the Manager's management fee for the period from 28 March 2018 to 30 June 2018 and 1 July 2018 to 30 September 2018, based on the volume weighted average price for the last 10 Business Days immediately preceding 30 June 2018 of S\$0.7402 and 30 September 2018 of S\$0.7142, respectively.

(2) There are 3,593,298 units to be issued in satisfaction of the Manager's management fee for the 4Q 2018 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 December 2018 of S\$0.6565.

1(d)(iii) To show the total number of issued units excluding treasury shares at the end of the current financial period, and as at the end of the immediately preceding year

Sasseur REIT does not hold any treasury units as at 31 December 2018. The total number of issued units in Sasseur REIT was 1,180,280,000.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

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4 Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been complied

The REIT Group has applied the same accounting policies and methods of computation as described in the Prospectus in the preparation of the consolidated financial statements for the current reporting period.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what had changed, as well as the reasons for, and the effect of, the change

Not applicable.

6 Consolidated Earnings Per Unit ("EPU") and Distribution Per Unit ("DPU")

	4Q 2018	28 March 2018 to 31 December 2018
EPU		
Weighted average number of Units in issue and issuable	1,187,930,860	1,182,821,072
Net income for the period (S\$'000)	146,007	164,882
Basic and diluted EPU ⁽¹⁾⁽²⁾ (cents)	12.291	13.940
DPU		
Number of units in issue at end of period	1,180,280,000	1,180,280,000
Income available for distribution to Unitholders (S\$'000)	23,591	60,530
DPU ⁽³⁾ (cents)	1.999	5.128

Footnotes:

- (1) The computation of basic EPU is based on the weighted number of units for the respective reporting period. This comprises of:
 - (i) The weighted average number of units in issue for the respective reporting period; and
 - (ii) The estimated weighted average number of units issuable as payment of Manager's base fees for the respective reporting period.
- (2) The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue at the end of the respective reporting period.
- (3) The DPU was computed and rounded based on the number of units in issue at the end of the period and does not include units issuable as payment of Manager's base fees.

7 Net Asset Value ("NAV") and Net Tangible Asset ("NTA") Per Unit

	As at 31 December 2018	
	REIT Group	REIT
Number of units in issue and issuable at end of period	1,188,953,352	1,188,953,352
Net asset (S\$'000)	1,073,966	904,057
NAV and NTA per unit ⁽¹⁾ (cents)	90.33	76.04

Footnote:

- (1) The computation of NAV and NTA is based on number of units in issue and to be issued as at the end of the period. NAV and NTA is the same as there is no intangible asset as at the end of the period.

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8 Review of the performance

Total outlet sales for FY 2018 was RMB 3,371.1 million, 7.9% higher than forecast. Outlet sales were better than forecast as shoppers were attracted to the year-end seasonal promotional events, leading to a strong increase in 4th Quarter sales. Portfolio occupancy rate for 4th Quarter improved to 95.2% from 3rd Quarter of 94.4% as more tenants were signed up and tenant mix adjusted to suit consumer preferences.

Total income available for distribution was S\$60.5 million for FY 2018 which was S\$6.8 million or 12.6% above forecast. Distribution per unit was 5.128 Singapore cents and annualised distribution yield was 8.4% based on IPO listing price of S\$0.80.

Total gross borrowings was S\$512.6 million, comprising S\$387.6 million (RMB 1.94 billion) onshore loans and S\$125.0 million offshore loan. The aggregate leverage was 29.0% and overall weighted average cost of borrowings for FY 2018 was 5.4%, with a prudent interest cover of 4.1 times.

The net current assets as at 31 December 2018 was S\$71.1 million, representing a healthy current ratio of 1.5 times.

9 Variance between Actual and Forecast Results

In RMB terms, EMA rental income for 4Q 2018, after excluding the straight-line effect, were RMB 5.5 million or 3.7% higher as compared to forecast and FY 2018, 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 4Q 2018, after excluding the straight-line effect, was S\$0.5 million or 1.6% higher as compared to forecast and FY 2018, after excluding the straight-line effect, was S\$2.0 million or 2.2% higher as compared to forecast.

Manager's base fee is calculated at 10.0% per annum of the Distributable Income of the REIT Group. Manager's base fee for 4Q 2018 and FY 2018 were S\$0.5 million and S\$0.7 million higher than forecast respectively, and were in line with the higher distributable income for the respective periods.

Other trust expenses for 4Q 2018 and FY 2018 were S\$1.3 million and S\$1.8 million lower than forecast respectively, mainly due to lower IPO transaction costs incurred.

Finance costs for 4Q 2018 and FY 2018 were S\$0.2 million and S\$0.7 million higher than forecast mainly due to higher interest rate on the offshore loan.

Fair value gains on investment properties of S\$186.3 million (see Page 5 note 5) were recognised when compared to implied acquisition cost which included a marked-down of S\$110.7 million during initial public offering as disclosed in the Prospectus. Excluding this marked-down, fair value gains on investment properties was S\$75.6 million which reflects a 5.0% increase in fair value of the properties as compared to the valuation as at 30 September 2017 appraised by independent valuers.

Consequently, the total return before tax for 4Q 2018 and FY 2018 of S\$208.6 million and S\$237.3 million were above forecast by S\$187.2 million and S\$188.5 million respectively.

Tax expenses for 4Q 2018 and FY 2018 were S\$52.4 million and S\$52.5 million higher than forecast respectively, mainly due to deferred tax expenses arising from fair value gains of the investment properties.

Overall, income available for distribution to Unitholders for 4Q 2018 and FY 2018 of S\$23.6 million and S\$60.5 million respectively were higher than forecast by S\$5.2 million or 28.1% and S\$6.8 million or 12.6% respectively.

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10 Commentary on the competitive conditions of the industry in which the Trust and its investees operates and any known factors or events that may affect the Trust and its investees in the next reporting period and the next 12 months

The 4th quarter GDP growth for 2018 for China was 6.4%¹. This is slower than the 6.7% gain in the third quarter, mainly attributable to the effects of the trade war with the US. The full year GDP growth of 6.6%² was the lowest since 1990. Nevertheless, the urban household per capita disposable income grew 7.8%³ for the 4th quarter of 2018 on a Year-on-Year (YoY) basis compared to the same period in 2017. Based on data from the China's National Bureau of Statistics, total retail sales of consumer goods continue to grow in December 2018 to reach RMB 3,589 billion, up by 3.4% YoY nominally. On a cumulative basis, the retail sales achieved 38,098 billion for 2018, up by 4.3% YoY nominally.

For 2019, the forecast for GDP growth is 6.5%⁴. The Chinese economy will be weighed down by lower investment and challenges on the export fronts, given the uncertainty of a trade deal with the US. Domestic consumption however is expected to remain healthy, driven by a growing and increasingly affluent middle class. The Sasseur's outlet business remains resilient and is expected to continue posting strong growth mainly due to:

- i. A new partnership incentive system implemented by the sponsor (Sasseur Group) that will align strongly the interest of the operation management team with the performance of the business, including sales, customer satisfaction and cost management.
- ii. China's softening economic growth is expected to result in slower sell-through rate of branded products in full price stores; this will result in more supply for outlets. In slower economic environment, customers will also actively seek for bargains and this will benefit Sasseur's business. Sasseur's outlets should be in a better position to continue offering more choices and better value-for-money purchases to their customers, resulting in higher sales.

Chongqing Market Update

In term of competition, 0.2 million sqm of traditional retail space was added to Chongqing's stock of 5.7 million sqm. More international brands like Vivienne Tam Marni, Hey-tea, The Alley and The Littles had also increased their presence. By 2021, the Chongqing retail market will usher in more than 2.2 million square meters of new supply, of which over 80% of the projects are located in non-core business districts, which will further consolidate the development pattern of multi-regional and multi-commercial circles of Chongqing retail business. None of these are outlets and they are unlikely to impact Sasseur's business in Chongqing.

Hefei Market Update

For the last quarter of 2018, there were no opening of new outlet malls in Hefei, and Sasseur's Hefei remains on track for strong growth.

Kunming Market Update

For the 4th quarter of 2018, two new malls in city centre opened their doors for business. These are not outlet but the traditional retail stores. DaYue Mall “大悦城” and WuYue Plaza “五华吾悦广场” opened in November and December 2018 respectively. The estimated size of DaYue Mall is around 320,000 sqm and WuYue Plaza is around 120,000 sqm, adding about 440,000 sqm to the current stock of 3.7 million sqm. Other than the existing Aochen Outlet Mall (奥宸奥特莱斯购物中心) and Gingko Outlets (金格奥特莱斯), no new outlets are expected in the near future. The sales outlook for Sasseur's Kunming outlets remains robust and poised for further growth.

¹ CNBC News 21 Jan 2019

² CNBC News 21 Jan 2019

⁴ China's National Bureau of Statistics

³ Caixin News / 财新 31 Dec 2018

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11 Distribution

(a) Current financial period

Any distribution declared for the current financial period? Yes

Name of distribution: Distribution for the financial period from 1 July 2018 to 31 December 2018

Distribution type: Capital Distribution

Distribution rate: 3.541 cents per unit

Par value of units: Not applicable

Tax rate: Capital Distribution
Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is not subject to Singapore income tax. The amount of capital distribution will reduce the cost of Units for Singapore income tax purposes. For Unitholders who hold the Units as trading assets, the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units will therefore be reduced by the amount of capital distribution they receive.

Remark: The capital distribution from 1 July 2018 to 31 December 2018 is expected to be funded from borrowing at the REIT level.

(b) Corresponding period of the preceding financial period

Any distribution declared for the corresponding period of the immediate preceding financial period?

Not applicable.

(c) Books closure date

The Transfer Books and Register of Unitholders of Sasseur REIT will be closed at 5.00 p.m. on 5 March 2019 for the purposes of determining each unitholder's entitlement to Sasseur REIT distribution. The ex-dividend date will be on 4 March 2019.

(d) Date Payable

The date of distribution is on 28 March 2019.

12 If no distribution has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable. A distribution has been declared for the period from 1 July 2018 to 31 December 2018.

13 If the Group has obtained a general mandate from Unitholders for interested person transactions ("IPT"), the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The REIT Group has not obtained a general mandate from Unitholders for interested person transactions.

14 Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

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15 Segmental Information

FY 2018						
28 March 2018 to 31 December 2018						
	Actual RMB'000	Forecast RMB'000	Variance %	Actual S\$'000	Forecast S\$'000	Variance %
EMA rental income (exclude straight-line adjustment)						
Chongqing Outlets	199,758	195,861	2.0	40,371	39,728	1.6
Bishan Outlets	40,542	38,760	4.6	8,193	7,862	4.2
Hefei Outlets	122,761	119,085	3.1	24,810	24,155	2.7
Kunming Outlets	81,636	79,534	2.6	16,498	16,133	2.3
	444,697	433,240	2.6	89,872	87,878	2.2

16 In the review of the performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments

Refer to paragraph 9 and 15 for the review of actual performance.

17 Breakdown of Revenue

	Actual S\$'000	Forecast S\$'000	Variance %
First half year ⁽¹⁾			
EMA rental income reported	32,278	31,352	3.0
Total return after tax	3,666	2,995	22.4
Second half year ⁽²⁾			
EMA rental income reported	61,247	60,179	1.8
Total return after tax	165,559	30,239	>100

Footnote:

- (1) The results for the first half year relates to the period from listing date 28 March 2018 to 30 June 2018.
(2) The results for the second half year relates to the period from 1 July 2018 to 31 December 2018.

18 Breakdown of Total Distributions

In respect of period:
28 March 2018 to 30 June 2018

FY 2018
28 March 2018 to 31 December 2018
S\$'000
18,731

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19 Use of Proceeds from Initial Public Offering

The use of proceed raised from the initial public offering, 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	Amount utilised	Balance
	S\$'000	S\$'000	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	42,781	27,905
	918,566	885,930	32,636

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	20,000
Distribution for the period from Listing Date to 30 June 2018	18,731
	42,781

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.

20 Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Sasseur Asset Management Pte. Ltd. confirms that there is no person occupying a managerial position in the Manager who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of Sasseur Real Estate Investment Trust.

For and on behalf of the Board of Directors of
 Sasseur Asset Management Pte. Ltd.

Mr Cheng Heng Tan
 Director

Dr Gu Qingyang
 Director

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This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

The value of units in Sasseur REIT ("Units") and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, DBS Trustee Limited (as trustee of Sasseur REIT) or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units ("Unitholders") have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Sasseur REIT is not necessarily indicative of the future performance of Sasseur REIT.

By Order of the Board of Directors of
Sasseur Asset Management Pte. Ltd.
(Company registration no. 201707259N)
As Manager of Sasseur Real Estate Investment Trust

Anthony Ang
Chief Executive Officer

18 February 2019