



# SASSEUR REIT

*First Listed Outlet Mall REIT in Asia*

Financial Results for FY 2018

18 February 2019

# Disclaimer



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Investors are cautioned not to place undue reliance on these forward-looking statements which are based on the current view of management on future events.

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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# FY2018 Key Highlights



SASSEUR (KUNMING) OUTLETS

# FY2018 Results exceed Forecast



	Actual 4Q2018	Actual FY2018
EMA Rental Income	S\$30.9 million ▲ 2.9%	S\$93.5 million ▲ 2.2%
Distributable Income	S\$23.6 million ▲ 28.1%	S\$60.5 million ▲ 12.6%
Distribution Per Unit ("DPU")	1.999 S cents ▲ 28.1%	5.128 S cents ▲ 12.6%

## FY2018 Annualised Distribution Yield:

- 8.4% based on IPO price of S\$0.80 exceeds 7.4% forecast yield
- 10.3% based on 31 Dec 2018 closing price of S\$0.65

# Strong Operating Performance



## Key Portfolio Metrics

### NAV per unit

S\$0.903

▲ 12.9% as at IPO

### High Occupancy Rate\*

95.2%

### Low Aggregate Leverage

29.0%

▼ from 36.0% as at IPO

### Weighted Average Debt Maturity

3.75 years

### Portfolio Valuation

S\$1,539.5 million

▲ 5.0% based on IPO portfolio valuation

▲ 13.7% based on IPO acquisition price

\* 4Q 2018



# Financial Results



SASSEUR (CHONGQING) OUTLETS



# EMA Rental Income and Distribution



	FY2018			4Q18		
	Actual	Forecast	Variance	Actual	Forecast	Variance
Fixed Component (RMB mil)	291.2	291.2	-	95.7	95.7	-
Variable Component (RMB mil)	153.5	142.0	+8.1%	61.1	55.6	+9.9%
EMA Rental Income <sup>1</sup> (RMB mil)	444.7	433.2	+2.6%	156.8	151.3	+3.7%
Exchange Rate (RMB/S\$)	4.948	4.930	+0.4%	5.033	4.930	+2.1%
EMA Rental Income <sup>1</sup> (S\$ mil)	89.9	87.9	+2.2%	31.2	30.7	+1.6%
Distributable Income (S\$ mil)	60.5	53.8	+12.6%	23.6	18.4	+28.1%
DPU (S cents)	5.128	4.554	+12.6%	1.999	1.561	+28.1%

<sup>1</sup> Excluding straight-line accounting adjustment



# Balance Sheet



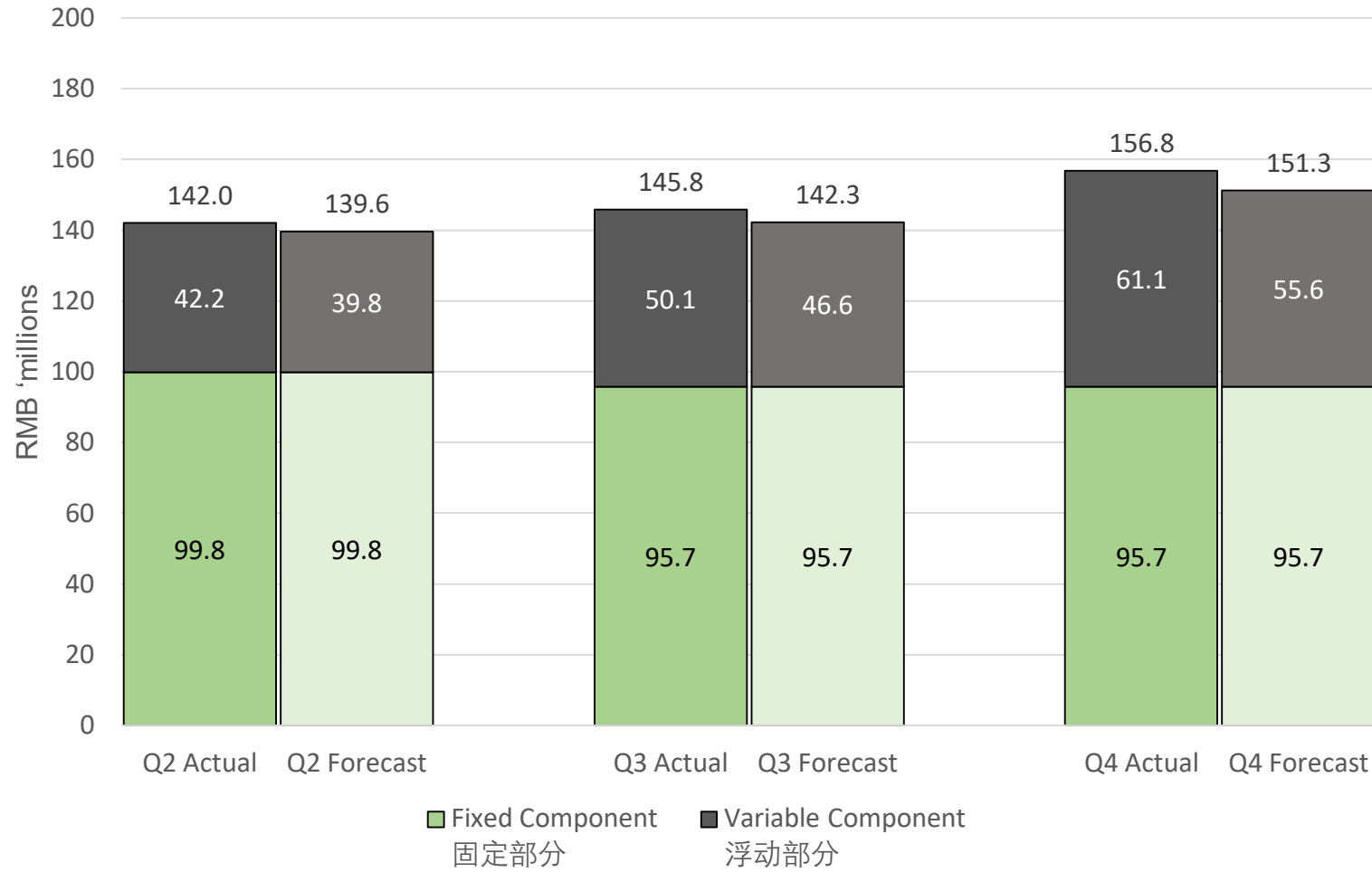
S\$ mil	Actual 31 Dec 2018	Actual 30 Sep 2018
Investment properties	1,539.5	1,347.7
Cash and bank balances	203.6	206.3
Other assets	25.6	16.6
<b>Total Assets</b>	<b>1,768.7</b>	<b>1,570.6</b>
Loans and borrowings	493.3	490.2
Other liabilities	201.4	166.2
<b>Total Liabilities</b>	<b>694.7</b>	<b>656.4</b>
<b>Net Assets</b>	<b>1,074.0</b>	<b>914.2</b>
NAV per unit (cents)	90.3	77.1
Aggregate Leverage (%)	29.0	32.5
Debt Headroom	283.0	196.0

# Portfolio Valuation



<b>RMB million</b>	<b>Valuation as at 31 Dec 2018</b>	<b>Valuation as at 30 Sep 2017</b>	<b>Change (%)</b>
<b>Chongqing 重庆</b>	2,901.0	2,654.0	+9.3%
<b>Bishan 璧山</b>	790.0	789.0	0.1%
<b>Hefei 合肥</b>	2,521.0	2,434.5	+3.6%
<b>Kunming 昆明</b>	1,495.0	1,460.5	+2.4%
<b>Total Portfolio</b>	<b>7,707.0</b>	<b>7,338.0</b>	<b>+5.0%</b>

# Quarterly EMA Rental Income exceeds Forecast





# Distribution Details



**Distribution Period**  
**Distribution Per Unit<sup>1</sup>**

1 July to 31 December 2018  
**3.541 S cents**

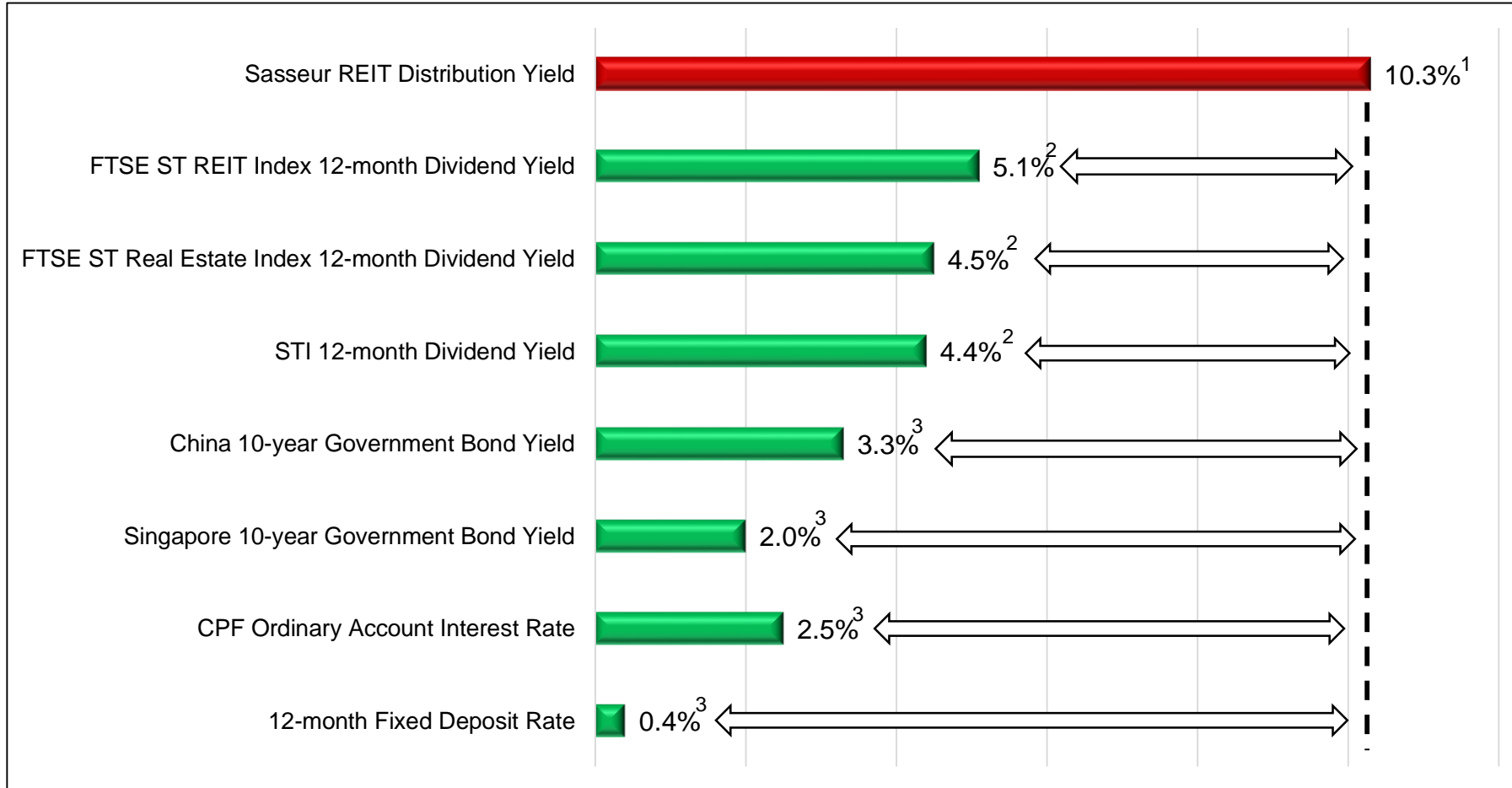
## Distribution Timetable

Notice of Books Closure Date	18 February 2019
Ex-dividend Date	4 March 2019
Books Closure Date	5 March 2019
Distribution Payment Date	28 March 2019

**Distribution to switch from semi-annually to quarterly basis from FY2019**

<sup>1</sup> Based on 1,180,280,000 units in issue as at 31 December 2018

# Comparative Yields



**Notes:**

1. Based on FY2018 distribution per unit of 5.128 cents and 31 December 2018 closing price of S\$0.65
2. Average 12-month gross dividend yield as at 31 December 2018
3. Yields and rates as at 31 December 2018

Source: Bloomberg, Central Provident Fund (CPF) Board

# Capital Management



SASSEUR (HEFEI) OUTLETS

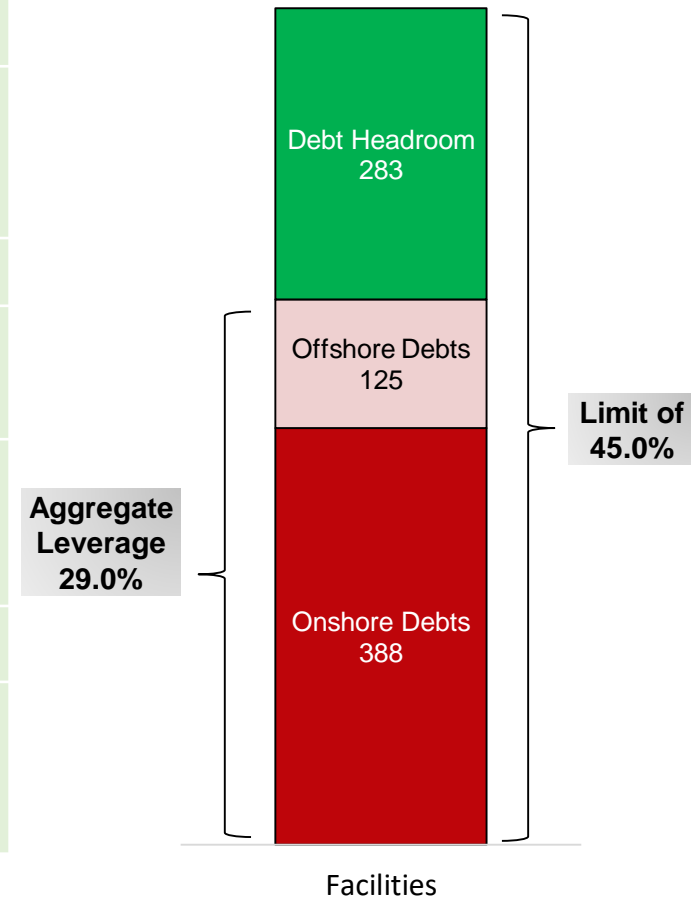


# Capital Management



	Onshore Facilities	Offshore Facility	Total
<b>Currency</b>	RMB	SGD	-
<b>Quantum</b>	~SGD 388 million (RMB 1.94 billion)	SGD 125 million <sup>1</sup> (~RMB 0.63 billion)	~SGD 513 million (~RMB 2.57 billion)
<b>Proportion</b>	75.6%	24.4%	100%
<b>Tenure</b>	5 years	3 years	4.5 years (weighted average)
<b>Weighted Average All-in Finance Costs (p.a.)</b>	5.7%	4.5%	5.4%
<b>Interest Cover</b>	-	-	4.1 times
<b>Floating Rate</b>	PBOC benchmark 1-5 years lending rate	Singapore SOR	-

## Debt Facilities (SGD million)

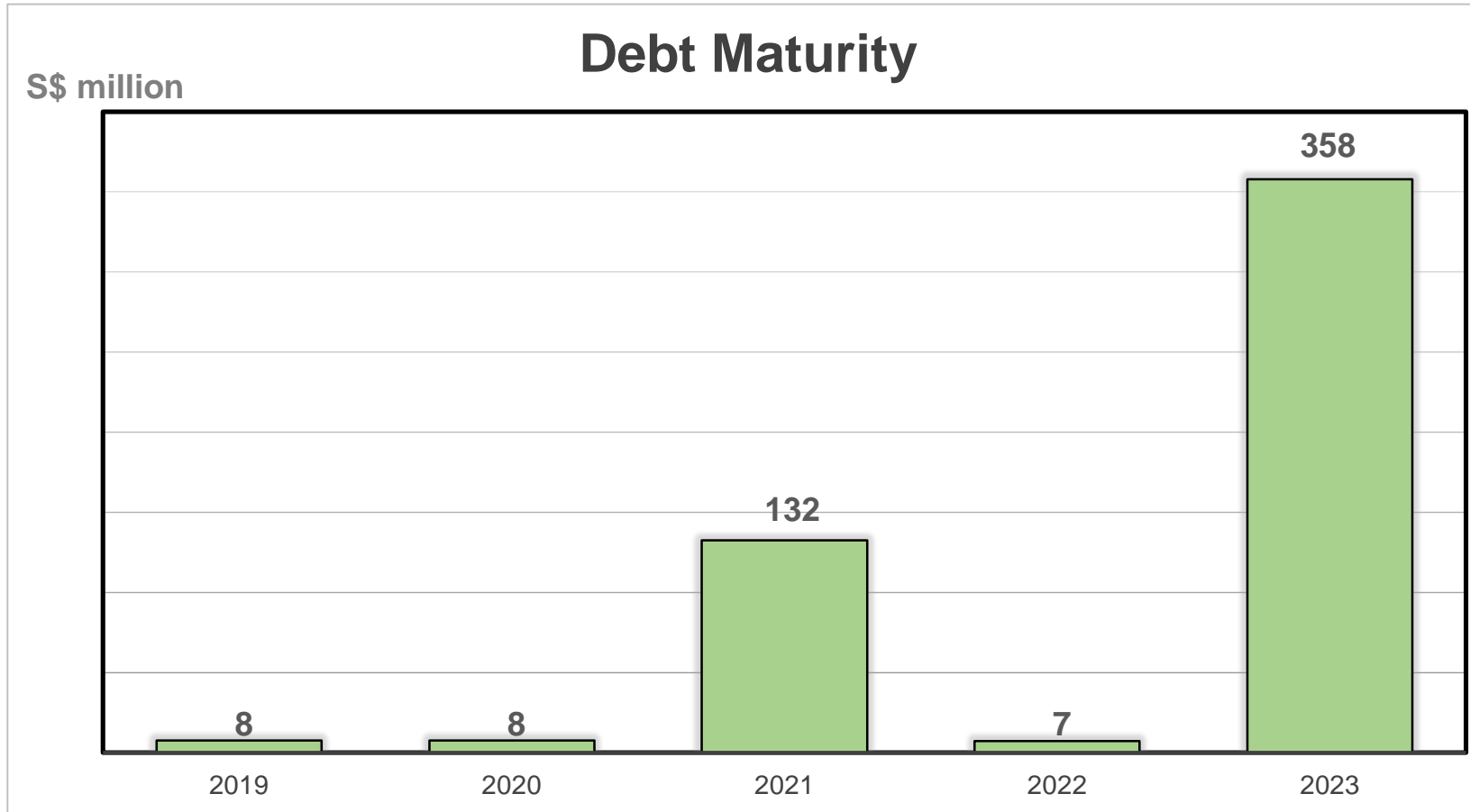


<sup>1</sup> 50% of Offshore Loan is hedged

Note: All calculations are done according to the SGD to RMB exchange rate of 5.006 as at 31 December 2018

# Debt Maturity Profile

**No Immediate Major Refinancing Risks**



# Portfolio Update



SASSEUR (HEFEI) OUTLETS



# Portfolio Overview



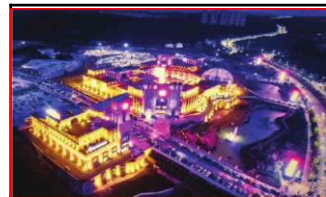
Portfolio
Valuation* : 7,707 mil
NLA : 304,573 sq m
Occupancy^ : 95.2%



Hefei Outlet Mall
Valuation : 2,521 mil
NLA : 138,449 sqm
Occupancy : 97.6%



Bishan Outlet Mall
Valuation : 790 mil
NLA : 45,172 sqm
Occupancy : 87.9%



Kunming Outlet Mall
Valuation : 1,495 mil
NLA : 70,067 sqm
Occupancy : 94.2%



Chongqing Outlet Mall
Valuation : 2,901 mil
NLA : 50,885 sqm
Occupancy : 99.8%

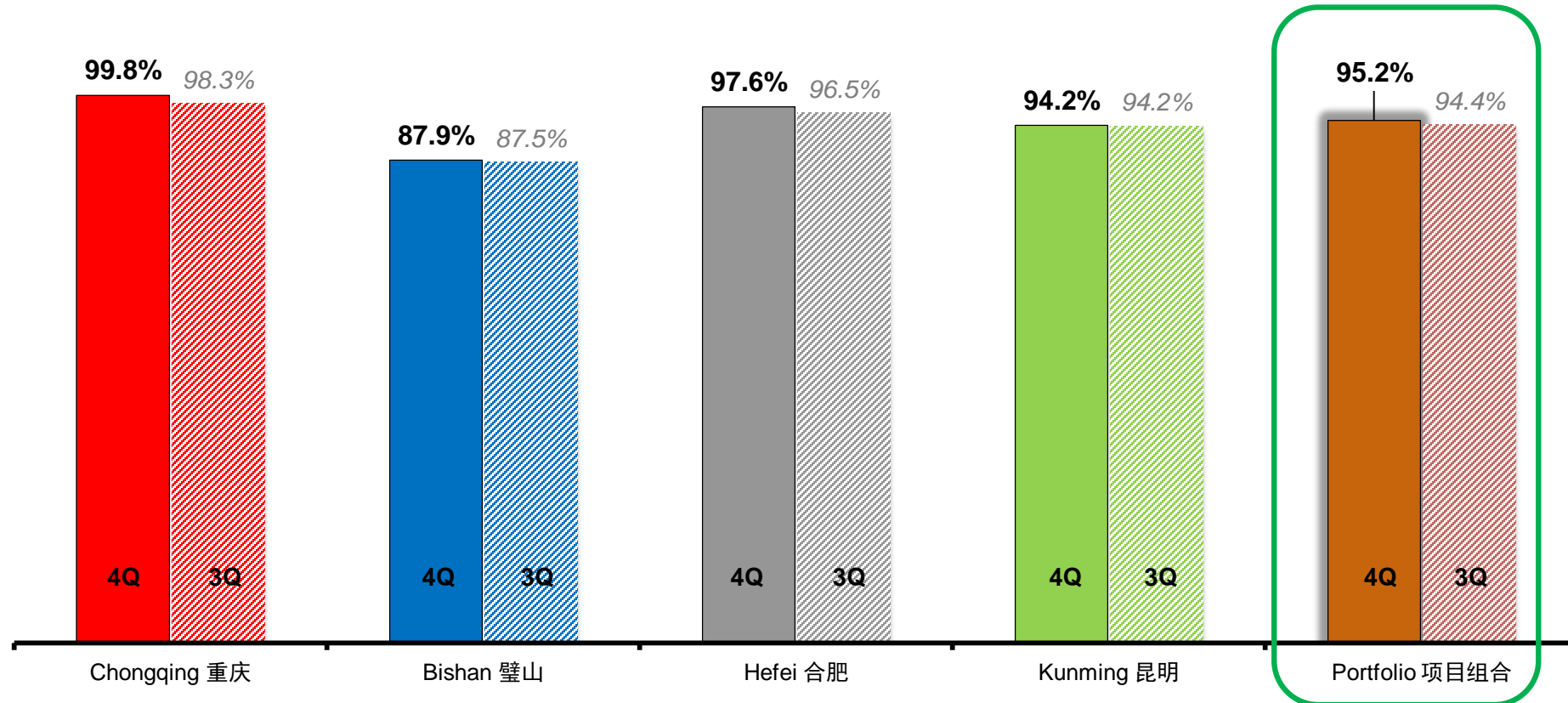
\*Based on independent valuation as at 31 Dec 18 by Savills (with the Entrusted Management Agreements) (RMB million)

^Occupancy for 4Q 2018

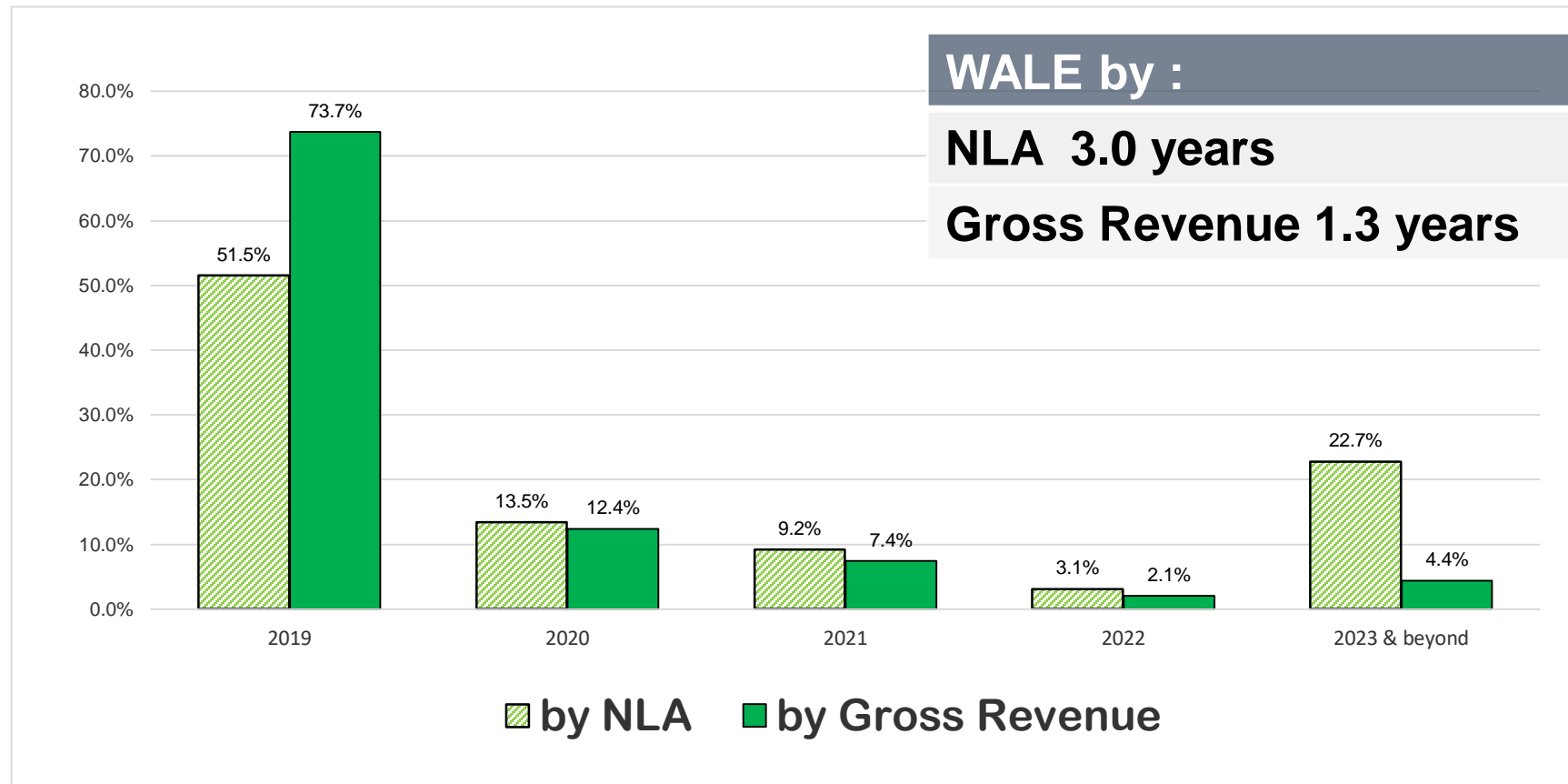
# Strong Portfolio Occupancy



## Occupancy (%)



# Weighted Average Lease Expiry (WALE)



## Deliberate short WALE for gross revenue permits :

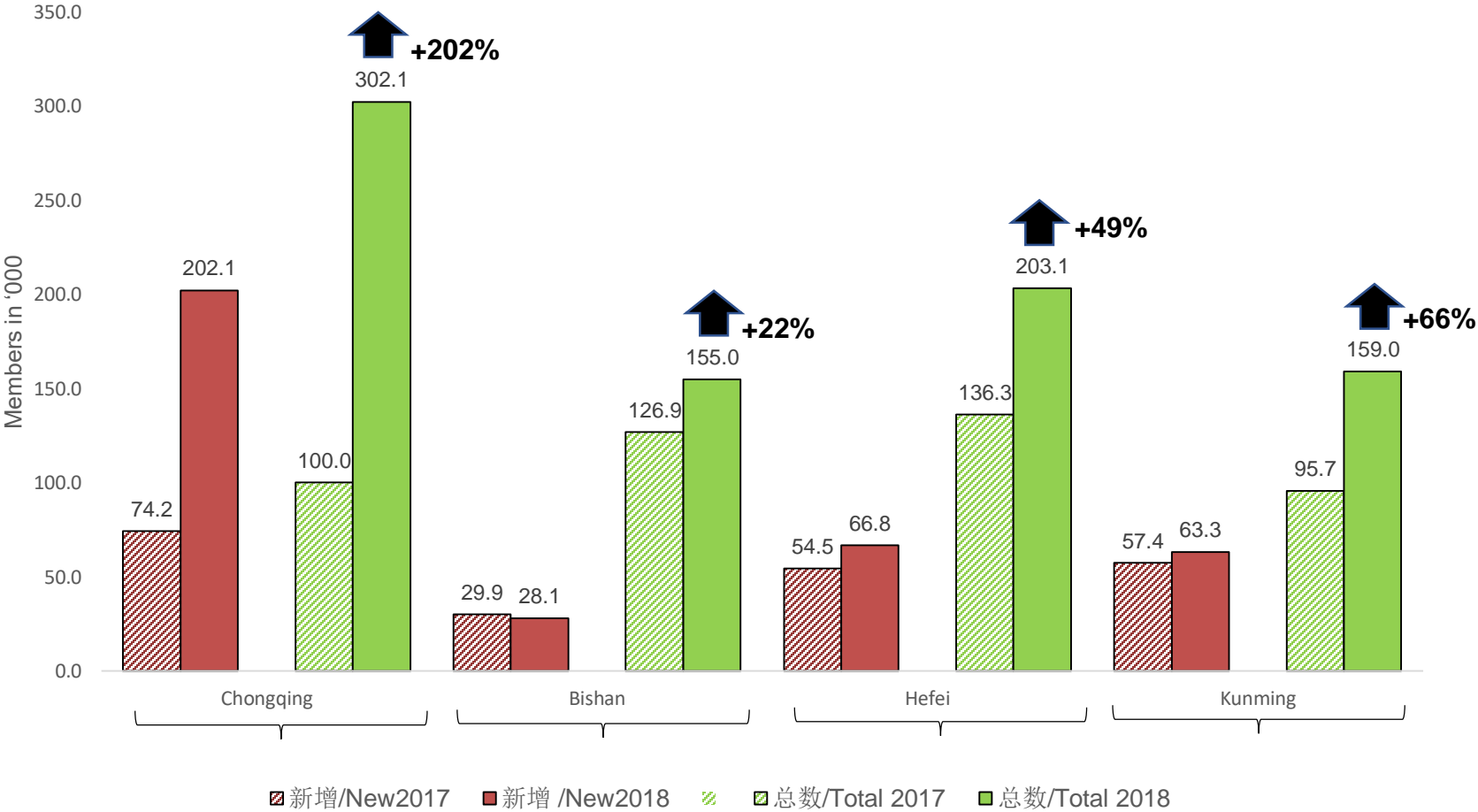
- More frequent increase of sales-based rental for high growth brands
- Weeding out of under performing brands



# VIP Members' Growth by Outlets and by Year



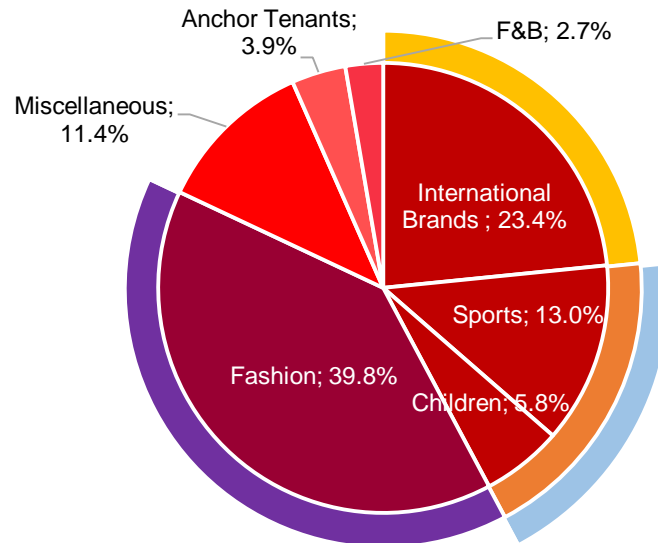
VIP Members' purchases are around 50% of total sales. Increased in the VIP membership base will drive sales.



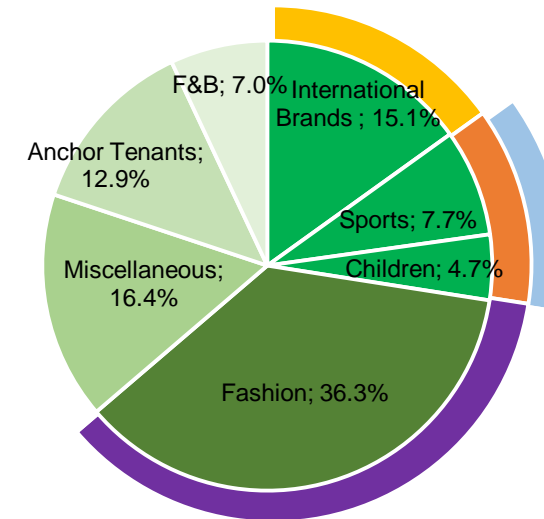
# Well Diversified Portfolio Trade Mix



## Breakdown of Revenue



## Breakdown of NLA

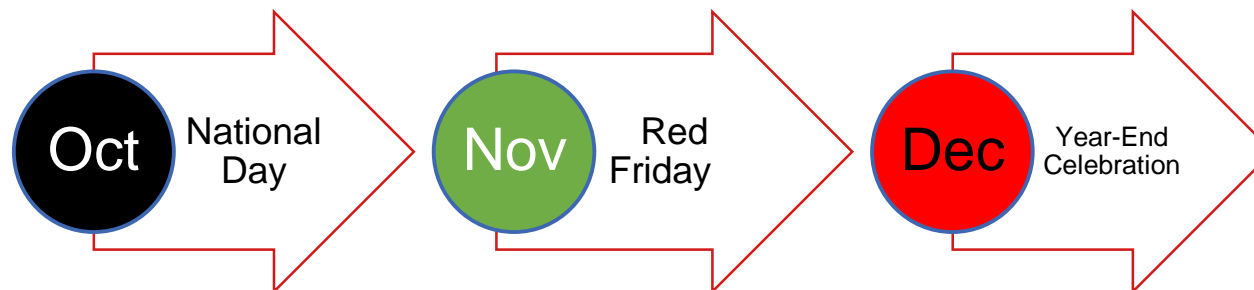
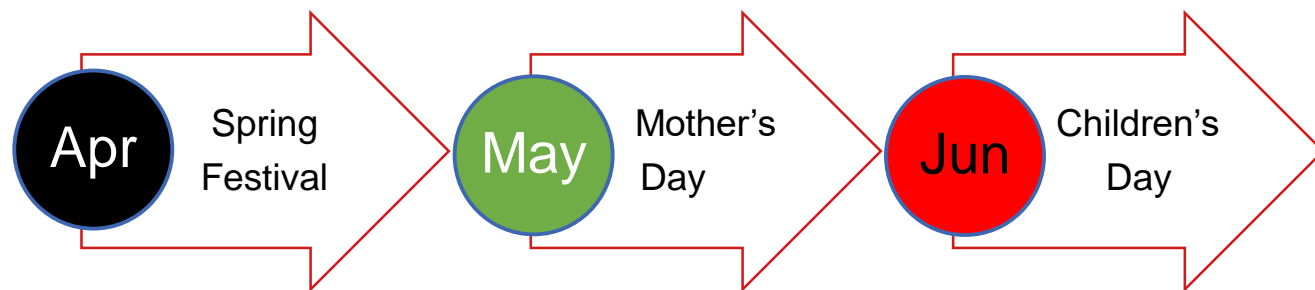


- ✦ Over 1,000 tenants
- ✦ Largest tenant contributes about 5.2% of Portfolio's Gross Revenue
- ✦ Top 10 tenants contribute about 17.0% of Portfolio's Gross Revenue

- International Brands
- Mostly Local Brands
- Good Growth

As at 31 Dec 2018

# Exciting Shoppers' Events to Drive Sales





# Exciting Shoppers' Events to Drive Sales





# Potential Pipelines



- All acquisitions must be yield accretive
- First China, then the World
- Pipeline Properties increased from 3 to 7

## ROFR Properties

	Xi'an	Guiyang
Opening Date	Sep 2017	Dec 2017
GFA (sqm)	141,708	193,520
Car Park Lots	c.2,000	c.1,000



## Pipeline Properties

	Nanjing	Hangzhou	Changchun
Opening Date	May 2015	Jun 2011	Sep 2017
GFA (sqm)	149,875	45,873	172,128
Car Park Lots	c.8,000	c.5,000	c.4,000

## New Pipeline Properties

	Changsha	Lanzhou	Yangzhou	Shenzhen
Opening Date	Dec 2018	~4Q 2019	~4Q 2020	~4Q 2020
GFA (sqm)	210,600	~100,000	~85,000	~150,000
Car Park Lots	c.2,084	c.2,500	c.1,200	c.2,200



# Outlook and Strategies to improve DPU



SASSEUR (KUNMING) OUTLETS



## Macro Risk Factor

- Persistent concerns over global trade and slowing economic growth

## Mitigating Factors

- Outlets' underlying products are mid to high-end, less affected by economic downturn
- Outlets business model has proven to be recession resilient
- Sasseur Outlets' business exposure is to Chinese domestic consumption but not to external trade
- Sasseur Outlets might benefit from Chinese government's stimulative measures

# Mitigating Factor: Mid to high-end products are less affected by economic downturn

In millions of euros	2017*	2018	% Change
<b>REVENUE</b>	42 636	46 826	+ 10%
<b>GROSS MARGIN</b>	27 853	31 201	+ 12%
Marketing and selling expenses	(16 395)	(17 755)	+ 8%
General and administrative expenses	(3 162)	(3 466)	+ 10%
Equity investment income	(3)	23	
<b>PROFIT FROM RECURRING OPERATIONS</b>	8 293	10 003	+ 21%
Other operating income and expenses	(180)	(126)	
<b>Operating profit</b>	8 113	9 877	+ 22%
Net financial income (expense)	(59)	(388)	
Income taxes	(2 214)	(2 499)	
<b>NET PROFIT BEFORE MINORITY INTERESTS</b>	5 840	6 990	+ 20%
Minority interests	(475)	(636)	
<b>GROUP SHARE OF NET PROFIT</b>	5 365	6 354	+ 18%

\* Restated to reflect the application of IFRS 9 Financial instruments.

LVMH released stellar Q4 earnings, as all segments and geographies delivered solid performance.

Hermes said sales momentum in its Chinese stores stayed strong in the fourth quarter, adding to reassuring signals from rivals over enduring demand for branded/luxury goods in one of the industry's biggest markets.





# Mitigating Factor: Chinese Government's Stimulative Measures

Income tax reform to boost domestic consumption

E-commerce law,\* which cracks down shuttle traders (daigou)

The enforcement of official overseas tariff-free spending limit (RMB 5000 per pax)

Reducing the import tariff to narrow the price differential from overseas



BEIJING (Reuters) - China's parliament moved on Friday to raise the threshold for collecting income taxes, the first major adjustment in seven years, in a bid to boost incomes and personal spending power in a slowing economy.



\*wef 1 Jan 2019 (impact sales of counterfeit & copycat merchandise / narrows online discount by removing tax advantage)

# Strategies to Improve DPU

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## The management strives to improve FY2019 DPU

### ***Organic Measures:***

- Increase VIP members
- Improve occupancy rates, notably Bishan and Kunming
- Increase control over brand product pricing
- Leverage on asset enhancement initiatives, e.g. Super Farm in Hefei

### ***Inorganic Measures:***

- Explore and strengthen our ROFR & Pipeline Properties

# Awards and Achievement



"Most Promising REIT  
in Asia" Award



Gold Award at the Asia  
Pacific Best of the Breeds  
REITs Awards 2018



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



# Appendix



SASSEUR (HEFEI) OUTLETS

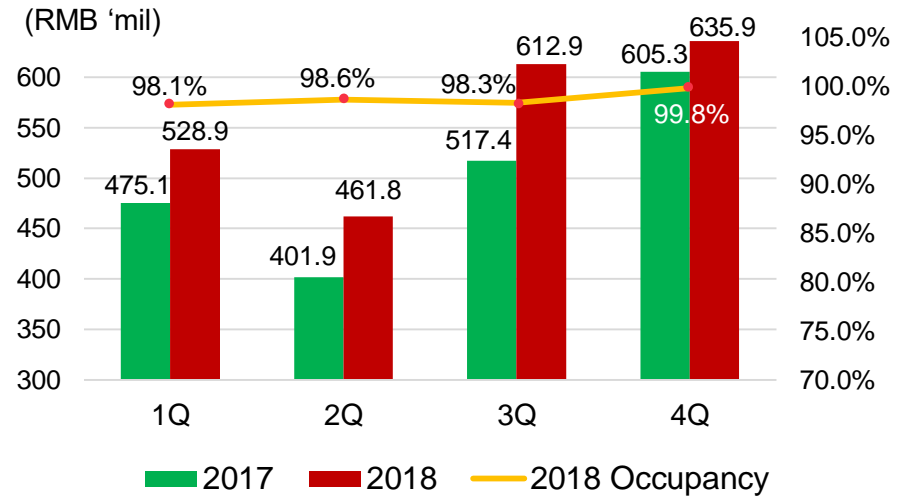


# Chongqing Outlets 重庆



<b>Year Commenced Operations</b>	Sep 2008
<b>GFA (sqm)</b>	73,373
<b>NLA (sqm)</b>	50,885
<b>Occupancy Rate (% , 31 Dec 18)</b>	99.8
<b>No. of Tenants (31 Dec 18)</b>	410
<b>Top Brands</b>	Coach, FILA, Nike, Ports, +39 Space
<b>Car Park Lots</b>	500
<b>Shopper Traffic Growth (2018, yoy)</b>	9.4%
<b>Valuation (RMB mil, 31 Dec 18)</b>	2,901

## Sales and Occupancy



## Outlet Members



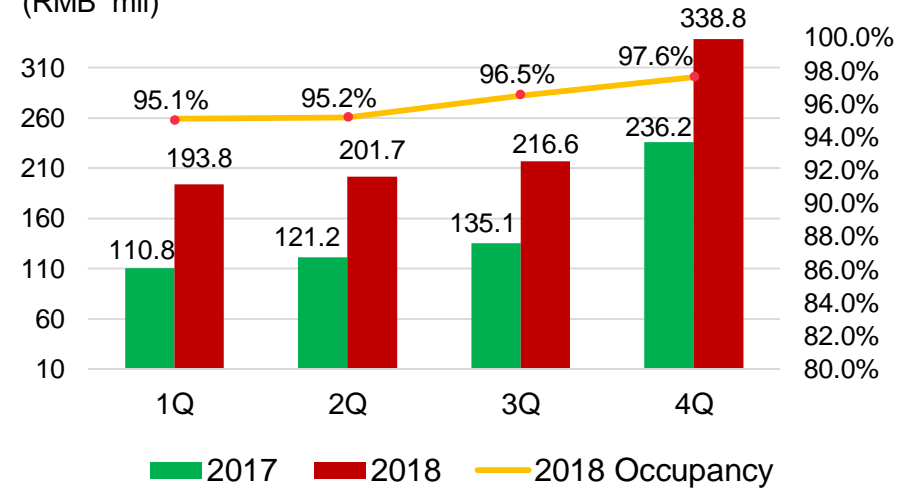
# Hefei Outlets



<b>Year Commenced Operations</b>	May 2016
<b>GFA (sqm)</b>	141,182
<b>NLA (sqm)</b>	138,449
<b>Occupancy Rate (% , 31 Dec 18)</b>	97.6
<b>No. of Tenants (31 Dec 18)</b>	316
<b>Top Brands</b>	Adidas, Coach, Michael Kors, Nike, Sketchers
<b>Car Park Lots</b>	1,566
<b>Shopper Traffic Growth (2018, yoy)</b>	31.0%
<b>Valuation (RMB mil, 31 Dec 18)</b>	2,521

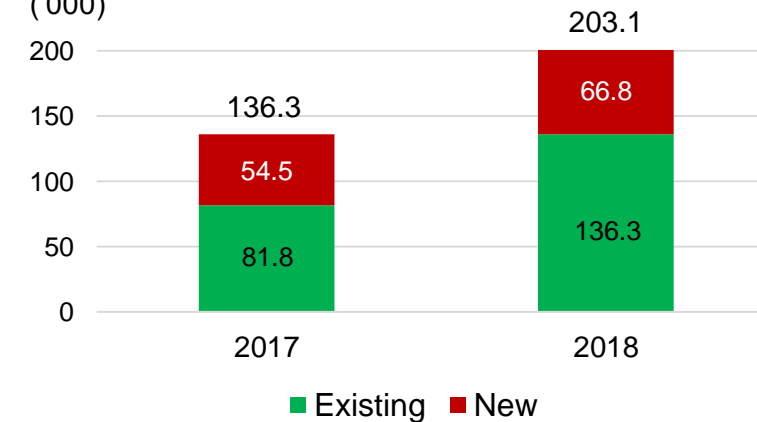
## Sales and Occupancy

(RMB 'mil)



## Outlet Members

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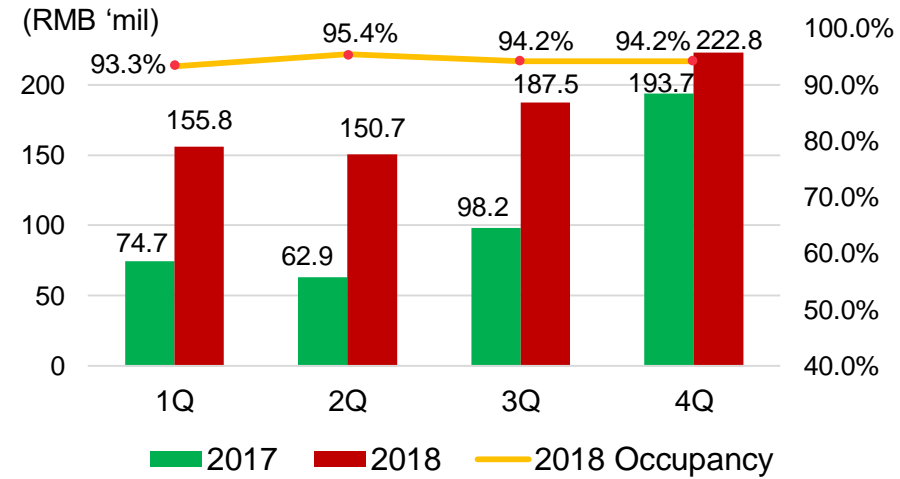


# Kunming Outlets

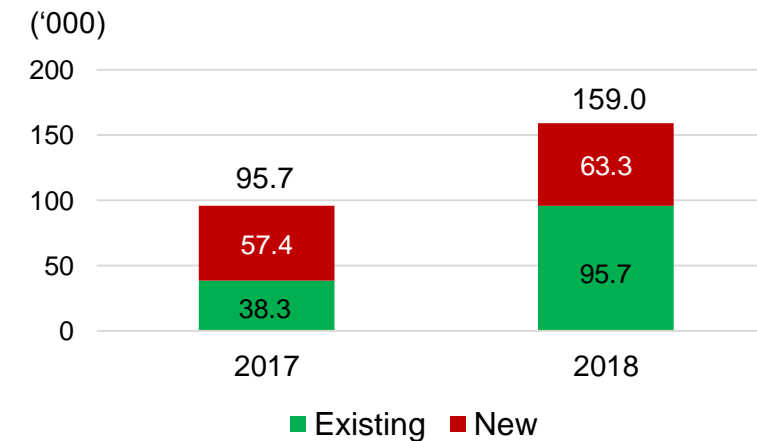


<b>Year Commenced Operations</b>	Dec 2016
<b>GFA (sqm)</b>	88,257
<b>NLA (sqm)</b>	70,067
<b>Occupancy Rate (% , 31 Dec 18)</b>	94.2
<b>No. of Tenants (31 Dec 18)</b>	254
<b>Top Brands</b>	Adidas, Chow Tai Fook, Fila, Nike, +39 Space
<b>Car Park Lots</b>	2,000
<b>Shopper Traffic Growth (2018, yoy)</b>	52.0%
<b>Valuation (RMB mil, 31 Dec 18)</b>	1,495

## Sales and Occupancy



## Outlet Members

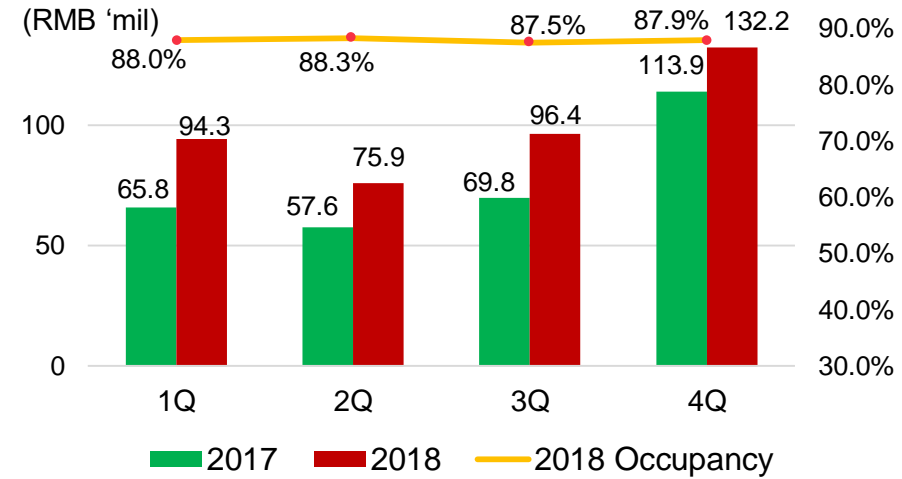


# Bishan Outlets

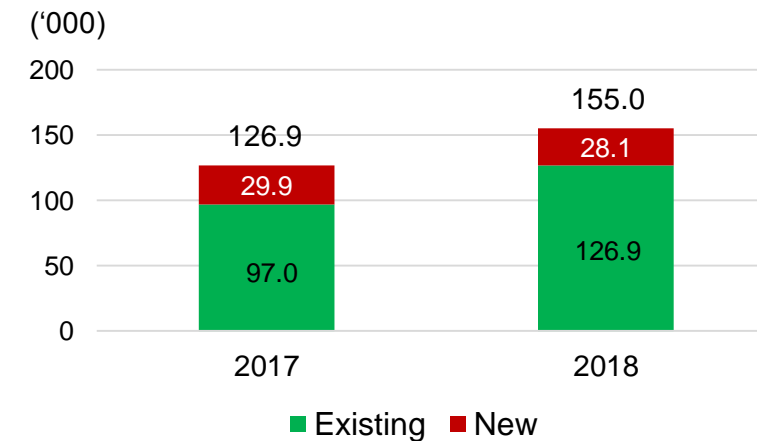


<b>Year Commenced Operations</b>	Oct 2014
<b>GFA (sqm)</b>	68,791
<b>NLA (sqm)</b>	47,308
<b>Occupancy Rate (% , 31 Dec 18)</b>	87.9
<b>No. of Tenants (31 Dec 18)</b>	216
<b>Top Brands</b>	Adidas, New Balance, GUESS, Nike, +39 Space
<b>Car Park Lots</b>	400
<b>Shopper Traffic Growth (2018, yoy)</b>	0.2%
<b>Valuation (RMB mil, 31 Dec 18)</b>	790

## Sales and Occupancy



## Outlet Members







**Thank You**