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

THE FIRST OUTLET MALL REAL ESTATE INVESTMENT TRUST TO BE LISTED IN ASIA

OFFERING PRICE: S$0.80 PER UNIT

OVER-ALLOTMENT OPTION (AS DEFINED HEREIN))

Distribution Yield for Forecast Period 2018:

OFFERING PRICE: $50.80 PER UNIT

7.5%
SASSEUR: SOARING HIGH THROUGH
THE POWER OF ART
SASSEUR REIT

THE FIRST OUTLET MALL REIT TO BE LISTED IN ASIA

Sasseur REIT is a Singapore real estate investment trust ("REIT") with an initial portfolio comprising four retail outlet malls located in the People’s Republic of China ("PRC") (the “Initial Portfolio”), offering investors the opportunity to invest in the country’s fast-growing retail outlet mall sector.

Sasseur REIT’s investment strategy is to invest 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.

KEY INVESTMENT HIGHLIGHTS

EXPOSURE TO THE PRC’S FAST-GROWING RETAIL OUTLET MALL SECTOR

- Growing middle-class population in the PRC creates a large potential customer base for the outlet mall market in the PRC
- Resulting increase in spending power represents a sweet spot for the retail outlet mall industry
- The PRC’s outlet industry expected to become the world’s largest outlet market in terms of sales revenue by 2030

STRONG GROWTH POTENTIAL

- Two right of first refusal properties ("ROFR Properties") and three Pipeline Properties
- Assuming Sasseur REIT acquires the full interest in the ROFR Properties and Pipeline Properties, it will almost triple the total GFA of the Initial Portfolio

STRATEGICALLY LOCATED PORTFOLIO IN FAST-GROWING CITIES

- Leading privately-owned outlet mall operator in the Chinese outlet mall industry
- First-mover advantage in the Tier-2 PRC cities with an increasing addressable market size
- Diversified mix of tenants across various trade sectors
THE PRC’S OUTLET MALL INDUSTRY – POTENTIAL FOR RAPID GROWTH

Growing middle class population in the PRC creates a large potential customer base

- Increase in spending power represents a sweet spot for the retail outlet mall industry
- Preference for higher-quality branded and luxury goods at reasonable prices
- Drive demand for luxury goods from domestic and international brands that appeal to rising aspirations of the middle class

Per capita nominal GDP, China 2012-2021E

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</tr>
</thead>
<tbody>
<tr>
<td>RMB thousand</td>
<td>40.0</td>
<td>43.9</td>
<td>47.4</td>
<td>50.7</td>
<td>54.4</td>
<td>58.0</td>
<td>62.2</td>
<td>66.8</td>
<td>72.0</td>
<td>77.5</td>
</tr>
</tbody>
</table>

CAGR (2012-2016): 8.0%
CAGR (2016-2021E): 7.4%

Per capita consumption expenditure of urban households, China, 2012-2021E

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</tr>
</thead>
<tbody>
<tr>
<td>RMB thousand</td>
<td>18.4</td>
<td>20.3</td>
<td>22.0</td>
<td>24.4</td>
<td>26.1</td>
<td>28.1</td>
<td>30.3</td>
<td>32.8</td>
<td>35.6</td>
<td>38.6</td>
</tr>
</tbody>
</table>

CAGR (2012-2016): Tier 1: 7.2% Tier 2: 9.1% Tier 3 & Tier 4: 7.1%
CAGR (2016-2021E): Tier 1: 6.7% Tier 2: 8.2% Tier 3 & Tier 4: 6.8%

Expected increase in market share in retail sales market

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2021E</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Retail Sales (RMB billion)</td>
<td>49.1</td>
<td>144.9</td>
</tr>
<tr>
<td>CAGR 2016-2021E</td>
<td>24.2%</td>
<td></td>
</tr>
</tbody>
</table>

Supply gap of China’s outlet industry

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2021E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Revenue (RMB billion)</td>
<td>145.4</td>
<td></td>
</tr>
<tr>
<td>Unmet Demand</td>
<td>79.7</td>
<td></td>
</tr>
<tr>
<td>CAGR 2016-2021E</td>
<td>24.2%</td>
<td></td>
</tr>
<tr>
<td>Estimated market size</td>
<td>49.1</td>
<td></td>
</tr>
</tbody>
</table>

THE PRC’S OUTLET SECTOR IS EXPECTED TO BECOME THE WORLD’S LARGEST OUTLET MARKET BY 2030

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8 According to China Insights Consultancy, middle class is defined as adults with net wealth between US$50,000 and US$500,000 based on the average/year-end exchange rate for RMB/US$.

9 Source: China Insights Consultancy.
## SASSEUR (CHONGQING) OUTLETS

- One of the malls with strongest international brands offering in Chongqing
- Targets middle and upper class consumers with higher disposable incomes via experiential shopping concepts
- Located in the main Chongqing City – one of the fastest developing and prosperous cities in the PRC

<table>
<thead>
<tr>
<th>Commencement of Operations</th>
<th>Sep 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>NLA(^{10}) as at 30 September 2017</td>
<td>50,885.0 sq m</td>
</tr>
<tr>
<td>No. of Tenants as at 30 September 2017</td>
<td>414 stores with approx. 600 brands</td>
</tr>
<tr>
<td>Occupancy Rate as at 30 September 2017(^{11})</td>
<td>96.0%</td>
</tr>
<tr>
<td>Occupancy Rate as at 23 February 2018(^{11})</td>
<td>96.4%</td>
</tr>
<tr>
<td>Average Independent Valuation as at 30 September 2017 (with the EMA(^{12}))</td>
<td>RMB 2,654.0 million</td>
</tr>
</tbody>
</table>

\(^{10}\) Net Lettable Area. This is based on the leasable area as stipulated in the respective lease agreements.  
\(^{11}\) "Occupancy Rate" is based on all current leases in respect of each Property, including legally binding letters of offer which have been accepted for vacant units, as a function of NLA.  
\(^{12}\) Entrusted Management Agreements.

## SASSEUR (BISHAN) OUTLETS

- One-stop shopping destination in the Bishan and West Chongqing areas
- Adopts the “Super Outlet” business model
- Only outlet in the region and only shopping complex offering high-end products targeting middle to high-end households
- Located beside a tourism destination, Jinjian Mountain

<table>
<thead>
<tr>
<th>Commencement of Operations</th>
<th>Jan 2014 (Soft Launch); Oct 2014 (Zones A and B) and Feb 2016 (Zone C)(^{13})</th>
</tr>
</thead>
<tbody>
<tr>
<td>NLA(^{10}) as at 30 September 2017</td>
<td>45,171.5 sq m</td>
</tr>
<tr>
<td>No. of Tenants as at 30 September 2017</td>
<td>213 stores with approx. 350 brands</td>
</tr>
<tr>
<td>Occupancy Rate as at 30 September 2017(^{11})</td>
<td>85.6%</td>
</tr>
<tr>
<td>Occupancy Rate as at 23 February 2018(^{11})</td>
<td>91.5%</td>
</tr>
<tr>
<td>Average Independent Valuation as at 30 September 2017 (with the EMA(^{12}))</td>
<td>RMB 789.0 million</td>
</tr>
</tbody>
</table>

\(^{13}\) The soft launch opening of approximately 11.5% of the total GFA of Bishan Outlets in January 2014, while Zones A and B of Bishan Outlets (comprising approximately 73.0% of the total GFA of Bishan Outlets) commenced operations in October 2014, and parts of Zone C of Bishan Outlets (comprising approximately 7.0% of the total GFA of Bishan Outlets) commenced operations in February 2016. The remaining parts of Zone C of Bishan Outlets (comprising approximately 8.5% of the total GFA of Bishan Outlets) are expected to commence operations in April 2018.
### SASSEUR (HEFEI) OUTLETS

- Only outlet mall concept in Hefei City and Anhui Province
- Features one of the largest cinemas in east China
- Located in one of the PRC’s national high-tech industrial development zones

<table>
<thead>
<tr>
<th>Commencement of Operations</th>
<th>May 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>NLA as at 30 September 2017</td>
<td>138,449.4 sq m</td>
</tr>
<tr>
<td>No. of Tenants as at 30 September 2017</td>
<td>283 stores with approx. 450 brands</td>
</tr>
<tr>
<td>Occupancy Rate as at 30 September 2017</td>
<td>93.3%</td>
</tr>
<tr>
<td>Occupancy Rate as at 23 February 2018</td>
<td>95.8%</td>
</tr>
<tr>
<td>Average Independent Valuation as at 30 September 2017 (with the EMA)</td>
<td>RMB 2,434.5 million</td>
</tr>
</tbody>
</table>

### SASSEUR (KUNMING) OUTLETS

- Largest outlet mall (in terms of GFA) in the Yunnan Province
- Wide array of retail options, including outlet mall shopping, healthcare services, entertainment and recreational facilities to provide a comprehensive lifestyle and entertainment experience
- Kunming City has the highest residential density among the cities in Yunnan Province

<table>
<thead>
<tr>
<th>Commencement of Operations</th>
<th>Dec 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>NLA as at 30 September 2017</td>
<td>70,067.2 sq m</td>
</tr>
<tr>
<td>No. of Tenants as at 30 September 2017</td>
<td>209 stores with approx. 350 brands</td>
</tr>
<tr>
<td>Occupancy Rate as at 30 September 2017</td>
<td>90.7%</td>
</tr>
<tr>
<td>Occupancy Rate as at 23 February 2018</td>
<td>96.1%</td>
</tr>
<tr>
<td>Average Independent Valuation as at 30 September 2017 (with the EMA)</td>
<td>RMB 1,460.5 million</td>
</tr>
</tbody>
</table>

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14. For the avoidance of doubt, the valuations of Hefei Outlets by the Independent Valuers as at 30 September 2017 do not include the valuations of any of the Shop Units and the value of the undeveloped land under the Hefei Phase 2 Development.

15. For the avoidance of doubt, the valuations of Kunming Outlets by the Independent Valuers as at 30 September 2017 do not include the value of the undeveloped land under the Kunming Phase 2 Development.
The Appraised Value of the Initial Portfolio is approximately RMB7.34 billion (equivalent to approximately S$1.50 billion based on an exchange rate of S$1.00 : RMB4.89) with the Entrusted Management Agreements and RMB7.25 billion (equivalent to approximately S$1.48 billion based on an exchange rate of S$1.00 : RMB4.89) without the Entrusted Management Agreements, as at 30 September 2017.

Refers to the aggregate of the average of the two independent valuations of each Property conducted by the Independent Valuers, and does not include the value of undeveloped land adjacent to Hefei Outlets and Kunming Outlets which are being held under the same Land Use Right Certificates issued to the respective PRC Property Companies of Hefei Outlets and Kunming Outlets, and which are proposed to be used for future expansion of the Properties.

**Initial Portfolio**

<table>
<thead>
<tr>
<th>3 FAST-GROWING CITIES</th>
<th>4 OUTLET MALLS</th>
<th>S$1.50B(^{16})</th>
<th>304,573.1 sq m TOTAL NLA(^{18})</th>
</tr>
</thead>
</table>

**Strong Growth Potential**

Assuming Sasseur REIT acquires the full interest in the ROFR Properties and Pipeline Properties, the aggregate GFA of the Initial Portfolio will expand by approximately 0.7 million sq m, almost tripling the total GFA of the Initial Portfolio.

**2 ROFR Properties**

<table>
<thead>
<tr>
<th>SASSEUR (XI’AN OUTLETS)</th>
<th>SASSEUR (GUIYANG) OUTLETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>GFA</td>
<td>141,708 sq m</td>
</tr>
<tr>
<td>Completed</td>
<td>Sep 2017</td>
</tr>
<tr>
<td>GFA</td>
<td>193,520 sq m</td>
</tr>
<tr>
<td>Completed</td>
<td>Dec 2017</td>
</tr>
</tbody>
</table>

**3 Pipeline Properties (Third Party Properties Under Management)**

<table>
<thead>
<tr>
<th>SASSEUR (HANGZHOU) OUTLETS</th>
<th>SASSEUR (NANJING) OUTLETS</th>
<th>SASSEUR (ZHONGDONG CHANGCHUN) OUTLETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>GFA</td>
<td>45,873 sq m</td>
<td>GFA</td>
</tr>
<tr>
<td>Completed</td>
<td>Jun 2011</td>
<td>Completed</td>
</tr>
<tr>
<td>140,875 sq m</td>
<td>May 2015</td>
<td>172,128 sq m</td>
</tr>
<tr>
<td>Completed</td>
<td>Sep 2017</td>
<td></td>
</tr>
</tbody>
</table>

\(^{16}\) The Appraised Value of the Initial Portfolio is approximately RMB7.34 billion (equivalent to approximately S$1.50 billion based on an exchange rate of S$1.00 : RMB4.89) with the Entrusted Management Agreements and RMB7.25 billion (equivalent to approximately S$1.48 billion based on an exchange rate of S$1.00 : RMB4.89) without the Entrusted Management Agreements, as at 30 September 2017.

\(^{17}\) Refers to the aggregate of the average of the two independent valuations of each Property conducted by the Independent Valuers, and does not include the value of undeveloped land adjacent to Hefei Outlets and Kunming Outlets which are being held under the same Land Use Right Certificates issued to the respective PRC Property Companies of Hefei Outlets and Kunming Outlets, and which are proposed to be used for future expansion of the Properties.

\(^{18}\) Net Lettable Area.
The Sponsor, Sasseur Cayman Holding Limited, and its subsidiaries (collectively the “Sponsor Group”), is one of the premium outlet mall groups in the PRC, focused on the development and operation of retail outlet malls in the PRC.

As the leading privately-owned outlet mall operator in the PRC, the Sponsor Group currently manages and operates nine outlet malls. Founded in 1989, the Sponsor Group leverages on its founder Mr Xu Rongcan’s passion for art and culture to develop and design all of its outlet malls, offering a unique lifestyle experience for its customers.

As the Sponsor’s strategic shareholders, L Catterton Asia Advisors and Ping An Real Estate Company Ltd. (“Ping An Real Estate”) are expected to provide strong endorsement and support. Through L Catterton Asia Advisors, strategic brand partnerships are forged, providing a strong basis for growing brand portfolios and future business opportunities. The Sponsor can leverage on Ping An Real Estate’s extensive real estate network to continuously develop new sites, thereby providing opportunities for potential third-party asset acquisition.

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**SPONSOR’S UNIQUE “SUPER OUTLET” BUSINESS MODEL**

- Integrated destination shopping combining “1+N” business model in the design and operation of Sasseur REIT’s outlet malls
- Enhances resilience to competition from online retail platforms by providing a unique lifestyle shopping experience
- Robust and proactive brand management
- Symbiotic relationships with the tenants of the Properties to implement sound mall operational and promotional strategies
- More than 809,000 VIP members across the Initial Portfolio

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**STRONG BUSINESS FUNDAMENTALS AND GROWING DISTRIBUTIONS**

- Stable and growing distributions through organic and inorganic growth opportunities

**Attractive Distribution Yield (with Entrusted Management Agreements)**

<table>
<thead>
<tr>
<th>Period</th>
<th>Projection Year 2019</th>
<th>Forecast Period 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7.5%</strong></td>
<td></td>
<td><strong>7.8%</strong></td>
</tr>
</tbody>
</table>

**Attractive Distribution Yield (without Entrusted Management Agreements)**

<table>
<thead>
<tr>
<th>Period</th>
<th>Projection Year 2019</th>
<th>Forecast Period 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6.1%</strong></td>
<td></td>
<td><strong>7.8%</strong></td>
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</tbody>
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**COMMITTED SPONSOR, STRATEGIC SHAREHOLDERS AND EXPERIENCED MANAGEMENT TEAMS**

- Committed Sponsor with reputable strategic shareholders
- Experienced and professional REIT management team, with each member having at least 15 to 20 years of relevant industry experience
- Entrusted Manager team with proven track record

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2 Source: China Insights Consultancy.
3 Defined as the sales revenue opportunity available in the outlet industry after considering information such as economic development, population size, residents’ disposable income and outlets penetration.
4 Gross Floor Area.
5 As at 23 February 2018.
6 Presented on an annualised basis and based on the Offering Price and the accompanying assumptions in the Prospectus. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price and such yield is not guaranteed.
7 Based on the Offering Price and the accompanying assumptions in the Prospectus. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price and such yield is not guaranteed.
KEY STRATEGIES OF THE MANAGER

ACTIVE ASSET MANAGEMENT AND ASSET ENHANCEMENT STRATEGY
- Achieve growth in revenue and sales and maintain optimal occupancy levels
- Implement pro-active policies to improve the yields and enhance organic growth

ACQUISITION GROWTH STRATEGY
- Pursue selective acquisitions of quality income-producing properties used mainly for outlet mall purposes initially in the PRC and subsequently in other countries

DIVESTMENT STRATEGY
- To realise properties’ optimal market potential and value

CAPITAL AND RISK MANAGEMENT STRATEGY
- Employ an appropriate mix of debt and equity
- Utilise hedging strategies where appropriate

INDICATIVE TIMETABLE

<table>
<thead>
<tr>
<th>Event</th>
<th>Date and Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening date and time for the Public Offer</td>
<td>21 March 2018, 8.00 p.m.</td>
</tr>
<tr>
<td>Closing date and time for the Public Offer</td>
<td>26 March 2018, 12.00 noon</td>
</tr>
<tr>
<td>Commence trading on a “ready” basis</td>
<td>28 March 2018, 9.00 a.m.</td>
</tr>
</tbody>
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NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of Sasseur REIT, the Manager, the Sponsor, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters. If anyone provides you with different or inconsistent information, you should not rely upon it. Neither the delivery of this Prospectus nor any offer, subscription, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the business affairs, conditions and prospects of Sasseur REIT, the Manager, the Trustee, the Units or the Sponsor since the date on the front cover of this Prospectus. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the Manager will make an announcement of the same to the SGX-ST and, if required, lodge and issue a supplementary document or replacement document pursuant to Section 298 of the Securities and Futures Act and take immediate steps to comply with the said Section 298. Investors should take notice of such announcements and documents and upon release of such announcements and documents investors shall be deemed to have notice of such changes.

The Trustee, the Manager and the Sponsor have entered into a Master Entrusted Management Agreement in respect of the Properties, whereby the Trustee and the Manager have agreed to appoint, and the Sponsor on behalf of its wholly-owned subsidiary, Sasseur Shanghai, has agreed to accept the appointment of Sasseur Shanghai as Entrusted Manager to operate, maintain, manage and market the Properties. Under the Master Entrusted Management Agreement, the Entrusted Manager, and each of the PRC Property Companies has entered into separate Individual Entrusted Management Agreements on 1 March 2018, in respect of the respective Properties. The terms of the Entrusted Management Agreements are for 10 years from the Listing Date. Pursuant to the terms of the Entrusted Management Agreements, Sasseur REIT shall be entitled to receive a Minimum Rent for the period from the Listing Date to 31 December 2018 and Projection Year 2019, and all the operating expenses of the Properties shall be borne by the Entrusted Manager (or the Sponsor). The Sponsor shall also provide a Performance Reserve to the Trustee (i) as security for performance by the Sponsor and the Entrusted Manager of their obligations under the Entrusted Management Agreements; and (ii) to secure or indemnify the Trustee as well as any of the subsidiaries of Sasseur REIT against any losses, damages, liability or expenses incurred or sustained arising out of any default by the Entrusted Manager or the Sponsor under the Entrusted Management Agreements.

Based on the assumptions set out in the Prospectus, the DPU and distribution yield for the Initial Portfolio is S$0.05 and 7.5% on an annualised basis for Forecast Period 2018 based on the Offering Price and S$0.06 and 7.8% for Projection Year 2019 based on the Offering Price. In the absence of the Entrusted Management Agreements, the DPU and distribution yield for the Initial Portfolio is S$0.04 and 6.1% on an annualised basis for Forecast Period 2018 based on the Offering Price and S$0.06 and 7.8% for Projection Year 2019 based on the Offering Price. Upon expiry or termination of the Entrusted Management Agreements, the Properties may not be able to generate a level of rental income which is comparable to the rent payable under the Entrusted Management Agreements and Sasseur REIT may have to bear the operating expenses of the Properties which had been borne by the Entrusted Manager (or the Sponsor) under the Entrusted Management Agreements. See “Risk Factors – Risks Relating to the Properties – As Sasseur Shanghai is the Entrusted Manager of all of the Properties in the Initial Portfolio under the Entrusted Management Agreements, Sasseur REIT will accordingly, be dependent on Sasseur Shanghai for its income.” of this Prospectus for further details.
None of Sasseur REIT, the Manager, the Sponsor, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers is making any representation or undertaking to any purchaser or subscriber of Units regarding the legality of an investment by such purchaser or subscriber under appropriate legal, investment or similar laws. In addition, investors in the Units should not construe the contents of this Prospectus as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in the Units for an indefinite period of time. Investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in the Units.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours, from:

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</thead>
<tbody>
<tr>
<td>12 Marina Boulevard, Level 3, DBS Asia Central @ Marina Bay Financial Centre, Tower 3, Singapore 018982</td>
<td>4 Battery Road, Bank of China Building, Singapore 049908</td>
<td>#33-01, 6 Battery Road, Singapore 049909</td>
<td>8 Marina View, #21-00, Asia Square Tower 1, Singapore 018960</td>
<td>One Raffles Link, #03/#04-01 South Lobby, Singapore 039393</td>
</tr>
</tbody>
</table>

and, where applicable, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website: [http://www.sgx.com](http://www.sgx.com).

The Units have not been and will not be registered under the Securities Act and, accordingly, may not be offered or sold within the U.S. except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. The Units are being offered and sold in offshore transactions as defined in and in accordance with Regulation S.

The distribution of this Prospectus and the offering, subscription, placement, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. Sasseur REIT, the Manager, the Sponsor, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to Sasseur REIT, the Manager, the Sponsor, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters. This Prospectus does not constitute, and the Manager, the Sponsor, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters are not making, an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels that might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations (including the SFA and any regulations thereunder). Such transactions may commence on or after the Listing
Date, and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 32,000,000 Units, representing 12.0% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 32,000,000 Units (representing 12.0% of the total number of Units in the Offering), at the Offering Price. The exercise of the Over-Allotment Option will not increase the total number of Units outstanding.
FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute “forward-looking statements”. Statements that are not historical facts, including statements about beliefs and expectations, are forward-looking statements and can generally be identified by the use of forward-looking terminology such as the words “believe”, “expect”, “anticipate”, “plan”, “intend”, “estimate”, “project” and similar words. This Prospectus also contains forward-looking financial information in “Profit Forecast and Profit Projection”. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Sasseur REIT, the Manager, the Sponsor, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Manager’s present and future business strategies and the environment in which Sasseur REIT, the Manager or the Sponsor will operate in the future. As these statements and financial information reflect the current views of the Manager and/or the Sponsor concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place any undue reliance on these forward-looking statements.

Among the important factors that could cause the actual results, performance or achievements of Sasseur REIT, the Manager or the Sponsor to differ materially from those in the forward-looking statements and financial information are the conditions of, and changes in, the domestic, regional and global economies, including, but not limited to, factors such as political, economic and social conditions in Singapore and the People’s Republic of China (“PRC” or “China”), changes in government laws and regulations affecting Sasseur REIT, competition in the property markets of Singapore and the PRC in which Sasseur REIT may invest, industry, currency exchange rates, interest rates, inflation, relations with service providers, relations with lenders, hostilities (including future terrorist attacks), the performance and reputation of Sasseur REIT’s properties and/or acquisitions, difficulties in identifying future acquisitions, difficulties in completing and integrating acquisitions, changes in the Manager’s directors (the “Directors”) and the Manager’s executive officers (the “Executive Officers”), risks related to natural disasters, general volatility of the capital markets, general risks relating to the property markets in which Sasseur REIT may invest and the market price of the Units, as well as other matters not yet known to the Manager or not currently considered material by the Manager. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Profit Forecast and Profit Projection” and “Business and Properties”. These forward-looking statements and financial information speak only as at the date of this Prospectus. The Manager expressly disclaims any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the expectations of the Manager or the Sponsor with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.
CERTAIN DEFINED TERMS AND CONVENTIONS

Sasseur REIT will publish its financial statements in Singapore dollars. In this Prospectus, references to “S$” or “Singapore dollars” are to the lawful currency of the Republic of Singapore, references to “RMB” or “Renminbi” are to the lawful currency of the PRC, and references to “US$” are to the lawful currency of the United States.

Certain figures or percentages set out in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in tables may not be an arithmetic aggregation of the figures that precede them.

Unless otherwise defined, capitalised terms used in this Prospectus shall have the meanings set out in the Glossary.

The forecast and projected distribution per Unit (“DPU”) yields are calculated based on the Offering Price. Such forecast and projected yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.

Any discrepancies in the tables, graphs and charts included in this Prospectus between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place, and RMB and S$ are rounded to the nearest thousand. Measurements in square metres (“sq m”) are converted to square feet (“sq ft”) and vice versa based on the conversion rate of 1 sq m = 10.7639 sq ft. References to “Appendix” or “Appendices” are to the appendices set out in this Prospectus. All references in this Prospectus to dates and times shall mean Singapore dates and times unless otherwise specified.

For the reader’s convenience, except where the exchange rate between the Renminbi and the Singapore dollar is expressly stated otherwise, certain Renminbi amounts in this Prospectus have been translated into Singapore dollars based on the exchange rate of RMB 4.7954 = S$1.00 as at 23 February 2018, being the latest practicable date prior to lodgement of the Prospectus (the “Latest Practicable Date”). However, such translations should not be construed as representations that Renminbi amounts have been, could have been or could be converted into Singapore dollars at that or any other rate and vice versa. (See “Exchange Rate Information” for further details).

Unless otherwise specified, all information relating to the Properties (as defined herein) in this Prospectus are as at 30 September 2017. (See “Business and Properties” for details regarding the Properties.)

For the purposes of this Prospectus, reference to:

- “Gross Floor Area” or “GFA” means, in relation to properties in the PRC, the area specified in the House Ownership Certificate (房屋所有权证) or Real Estate Title Certificate (房地产权证) issued by the local building ownership administration bureau or the local real estate administration bureau, respectively of the PRC (the “Building Ownership Certificate”) for each property.

- “Gross Revenue” means Property Income (as defined herein) plus the income received or receivable by the PRC Property Companies from investments in other permissible investments.
• “Property Income” is defined as: (i) the total amounts received or receivable from the tenants under the tenancy agreements which include rent as well as other income such as payments for operation and property maintenance, advertising and promotional expenses and service fees; and (ii) other income earned from the Properties including carpark income, income received or receivable from leasing of the common area.

• “primarily” when used in relation to the phrase “primarily for retail purposes” shall mean more than 50.0% of the net lettable area (“Net Lettable Area” or “NLA”) or (in the case of a property where the concept of NLA is not applicable) GFA of a property is used for retail purposes.
MARKET AND INDUSTRY INFORMATION

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain have been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. The Manager has commissioned China Insights Consultancy (the “Independent Market Research Consultant”) to prepare the independent market research report (the “Independent Market Research Report”). (See “Appendix F – Independent Market Research Report” for further details). While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data from third-party sources or ascertained the underlying economic assumptions relied upon therein. Consequently, none of Sasseur REIT, the Manager, the Sponsor, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators or the Joint Bookrunners and Underwriters makes any representations as to the accuracy or completeness of such information, and each of them shall not be held responsible in respect of any such information and shall not be obliged to provide any updates on the same.

The Trustee and the Manager have appointed Savills Real Estate Valuation (Beijing) Limited (“Savills”) and Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL”) as the independent valuers of the Properties (the “Independent Valuers”).

(See “Appendix E – Independent Property Valuation Summary Reports” for further details.)

References to the Independent Valuers in this Prospectus are in respect of the statements and opinions expressed by the Independent Valuers in the Independent Property Valuation Summary Reports (set out in Appendix E of this Prospectus) and/or the valuation reports (which are available for inspection at the place of business of the Manager).
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OVERVIEW

The following section is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Prospectus. The meanings of terms not defined in this section can be found in the Glossary or in the trust deed constituting Sasseur REIT dated 30 October 2017 as supplemented by a first supplemental deed dated 19 March 2018 (the “Trust Deed”). A copy of the Trust Deed can be inspected at the place of business of the Manager, which is located at 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989 (prior appointment would be appreciated).

Statements contained in this section that are not historical facts may be forward-looking statements or are historical statements reconstituted on a pro forma basis. Such statements are based on certain assumptions and are subject to certain risks and uncertainties which could cause the actual results of Sasseur REIT to differ materially from those forecasted or projected (see “Forward-Looking Statements” for further details). Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by Sasseur REIT, the Manager, the Sponsor, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks. Prospective investors are advised not to rely solely on this section, but to read this Prospectus in its entirety and, in particular, the sections from which the information in this section is extracted and “Risk Factors” to better understand the Offering and Sasseur REIT’s businesses and risks.

OVERVIEW OF SASSEUR REIT

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

Key Objectives

The Manager’s key objectives are to provide the unitholders of Sasseur REIT (the “Unitholders”) with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in DPU and net asset value (“NAV”) per Unit while maintaining an appropriate capital structure for Sasseur REIT.
Initial Portfolio

The initial portfolio of Sasseur REIT (the “Initial Portfolio”) will comprise four properties located in the PRC, with an aggregate Net Lettable Area of 304,573.1 sq m and an Appraised Value\(^1\) of approximately RMB 7.34 billion (equivalent to approximately S$1.50 billion based on an exchange rate of S$1.00: RMB 4.89) with the Entrusted Management Agreements and RMB 7.25 billion (equivalent to approximately S$1.48 billion based on an exchange rate of S$1.00: RMB 4.89) without the Entrusted Management Agreements, as at 30 September 2017. The Initial Portfolio consists of the following properties:

(a) Sasseur (Chongqing) Outlets (砂之船 重庆 奥特莱斯) ("Chongqing Outlets")

Chongqing Outlets comprises five zones (namely Zones A, B, C, D and E) and 500 car park lots. Zones A to D consist of six floors above ground and one floor underground while Zone E consists of two floors above ground. Chongqing Outlets was designed and built to reflect an Italian architectural style, with carefully selected decorations such as fountains and floral designs, reflecting the Sponsor’s core value of “art inspired commerce”.

Chongqing Outlets commenced operations in September 2008 and has since distinguished itself through an experiential shopping concept which targets middle and upper class consumers with higher disposable incomes. In addition to retail tenants whose products include apparel, shoes, bags, and suitcases, Chongqing Outlets houses a cinema, children recreational facilities as well as an array of restaurants. As at 30 September 2017, Chongqing Outlets features 414 stores, carrying approximately 600 brands, including a number of popular and international luxury brands, such as Gucci, Ermenegildo Zegna, Salvatore Ferragamo, Hugo Boss, Max Mara, Bally, Armani, Coach and Michael Kors.

(b) Sasseur (Bishan) Outlets (砂之船(璧山)奥特莱斯) ("Bishan Outlets")

Bishan Outlets is located in the Bishan District (璧山区) of Chongqing (重庆市) in the PRC and comprises three zones (namely Zones A, B and C) with four floors above ground and two floors underground in both Zones A and B, and three floors above ground and one floor underground in Zone C. It commenced operations in October 2014 and has 400 car park lots. The architectural style of Bishan Outlets was inspired by ancient Roman architecture and Italian towns, exuding an artistic influence. 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.

As part of the “Super Outlet” business model\(^2\) adopted by the Sponsor, 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

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1 “Appraised Value” refers to the aggregate of the average of the two independent valuations of each Property conducted by the Independent Valuers, and does not include the value of undeveloped land adjacent to Hefei Outlets and Kunming Outlets which are being held under the same Land Use Right Certificates issued to the respective PRC Property Companies of Hefei Outlets and Kunming Outlets, and which are proposed to be used for future expansion of the Properties.

2 See “Overview – Key Investment Highlights – Sponsor’s unique "Super Outlet" business model implemented in the Properties supported by robust and proactive brand management and sound mall operations strategies” for further details on the “Super Outlet” business model.
a trendy meeting point for the young. As at 30 September 2017, Bishan Outlets features 213 stores carrying approximately 350 brands, including a wide selection of popular domestic brands as well as luxury brands such as Calvin Klein.

(c) Sasseur (Hefei) Outlets (碧桂园(合肥)奥特莱斯) ("Hefei Outlets")

Hefei Outlets consists of four floors above ground and one floor underground in Zone A, five floors above ground and one floor underground in Zone B, and 1,566 car park lots. It commenced operations in May 2016 and is located in the High-Tech Industrial Development Zone, which is one of the PRC’s national high-tech industrial development zones.

Hefei Outlets caters to middle class consumers by offering a wide range of entertainment choices as well as luxury brand stores. According to the Independent Market Research Consultant, 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. As at 30 September 2017, Hefei Outlets features 283 stores carrying approximately 450 brands, including Coach, Giorgio Armani and Givenchy.

(d) Sasseur (Kunming) Outlets (碧桂园(昆明)奥特莱斯) ("Kunming Outlets")

Kunming Outlets comprises two buildings, namely Building 1 and Building 2A, and has 2,000 car park lots. Building 1 has four floors above ground and three floors underground, and Building 2A has five floors above ground and two floors underground. 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. It commenced operations in December 2016 and according to the Independent Market Research Consultant, it is the largest outlet mall (in terms of GFA) in the Yunnan Province.

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. As at 30 September 2017, it features 209 stores carrying approximately 350 brands,

(each a “Property” and collectively, the “Properties”).

(See “Business and Properties” for further details.)
CERTAIN INFORMATION ON THE PROPERTIES

The table below sets out the key details of the Properties as at 30 September 2017 (unless otherwise indicated), with independent valuations by the Independent Valuers as at 30 September 2017. (See “Business and Properties” for further details.)

<table>
<thead>
<tr>
<th>Property</th>
<th>Chongqing Outlets</th>
<th>Bishan Outlets</th>
<th>Hefei Outlets</th>
<th>Kunming Outlets</th>
<th>Total/Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>No. 1 Aotelaisi Road, Beibuxin District, Chongqing, PRC (重庆市北部新区奥特莱斯路1号)</td>
<td>No. 9 Baiyang Road, Bishan District, Chongqing, PRC (重庆市壁山区白羊路9号)</td>
<td>No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province, PRC (安徽省合肥高新区长 宁大道1888号)</td>
<td>No. 181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province, PRC (云南省昆明市安宁市奥特莱斯大道181号)</td>
<td>–</td>
</tr>
<tr>
<td>Commencement of Operations</td>
<td>September 2008</td>
<td>January 2014 (Soft launch); October 2014 (Zones A and B) and February 2016 (Zone C)</td>
<td>May 2016</td>
<td>December 2016</td>
<td>–</td>
</tr>
<tr>
<td>Expiry Date of Land Use Rights</td>
<td>11 May 2047</td>
<td>21 September 2051, 24 September 2051</td>
<td>19 July 2053</td>
<td>16 April 2054</td>
<td>–</td>
</tr>
<tr>
<td>GFA (sq m)</td>
<td>73,373.4</td>
<td>68,791.4</td>
<td>141,181.7</td>
<td>88,256.8</td>
<td>371,603.3</td>
</tr>
<tr>
<td>NLA (sq m)</td>
<td>50,885.0</td>
<td>45,171.5</td>
<td>138,449.4</td>
<td>70,067.2</td>
<td>304,573.1</td>
</tr>
<tr>
<td>Car Park Lots</td>
<td>500</td>
<td>400</td>
<td>1,566</td>
<td>2,000</td>
<td>4,466</td>
</tr>
<tr>
<td>Number of Tenants as at 30 September 2017</td>
<td>414</td>
<td>213</td>
<td>283</td>
<td>209</td>
<td>1,119</td>
</tr>
<tr>
<td>Occupancy Rate as at 30 September 2017 (%)</td>
<td>96.0</td>
<td>85.6</td>
<td>93.3</td>
<td>90.7</td>
<td>91.8</td>
</tr>
<tr>
<td>Occupancy Rate as at the Latest Practicable Date (%)</td>
<td>96.4</td>
<td>91.5</td>
<td>95.8</td>
<td>96.1</td>
<td>95.1</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by Savills (with the Entrusted Management Agreements) (RMB million)</td>
<td>2,688.0</td>
<td>783.0</td>
<td>2,408.0</td>
<td>1,444.0</td>
<td>7,323.0</td>
</tr>
<tr>
<td>Property</td>
<td>Chongqing Outlets</td>
<td>Bishan Outlets</td>
<td>Hefei Outlets</td>
<td>Kunming Outlets</td>
<td>Total/Average</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
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<td>---------------</td>
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<td>---------------</td>
</tr>
<tr>
<td><strong>Independent Valuation as at 30 September 2017 by Savills</strong></td>
<td>2,614.0</td>
<td>777.0</td>
<td>2,403.0(6)</td>
<td>1,414.0(7)</td>
<td>7,208.0</td>
</tr>
<tr>
<td>(without the Entrusted Management Agreements) (RMB million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Independent Valuation as at 30 September 2017 by JLL</strong></td>
<td>2,620.0</td>
<td>795.0</td>
<td>2,461.0(6)</td>
<td>1,477.0(7)</td>
<td>7,353.0</td>
</tr>
<tr>
<td>(with the Entrusted Management Agreements) (RMB million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Independent Valuation as at 30 September 2017 by JLL</strong></td>
<td>2,619.0</td>
<td>789.0</td>
<td>2,433.0(6)</td>
<td>1,451.0(7)</td>
<td>7,292.0</td>
</tr>
<tr>
<td>(without the Entrusted Management Agreements) (RMB million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average Independent Valuation as at 30 September 2017</strong></td>
<td>2,654.0</td>
<td>789.0</td>
<td>2,434.5(6)</td>
<td>1,460.5(7)</td>
<td>7,338.0</td>
</tr>
<tr>
<td>(with the Entrusted Management Agreements) (RMB million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average Independent Valuation as at 30 September 2017</strong></td>
<td>2,616.5</td>
<td>783.0</td>
<td>2,418.0(6)</td>
<td>1,432.5(7)</td>
<td>7,250.0</td>
</tr>
<tr>
<td>(without the Entrusted Management Agreements) (RMB million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Implied Acquisition Price</strong></td>
<td>2,452.4</td>
<td>729.1</td>
<td>2,249.6</td>
<td>1,349.6</td>
<td>6,780.7</td>
</tr>
<tr>
<td>(RMB million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EMA Rental Income for Forecast Period 2018</strong></td>
<td>214.3(9)</td>
<td>42.5(10)</td>
<td>129.9(11)</td>
<td>86.2(12)</td>
<td>472.9</td>
</tr>
<tr>
<td>and Projection Year 2019 (RMB million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Forecast Period 2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Projection Year 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Footnotes:

(6) 2016.2 million
(7) 2017.1 million
(8) 2018.1 million
(9) 2018.2 million
(10) 2018.3 million
(11) 2019.1 million
(12) 2019.2 million
<table>
<thead>
<tr>
<th>Property</th>
<th>Chongqing Outlets</th>
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<th>Total/Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>WALE by Committed NLA as at 30 September 2017 (years)</td>
<td>2.8</td>
<td>3.5</td>
<td>3.6</td>
<td>2.7</td>
<td>3.2</td>
</tr>
<tr>
<td>WALE by Property Income for the month of September 2017 (years)</td>
<td>0.9</td>
<td>1.6</td>
<td>2.1</td>
<td>2.5</td>
<td>1.2</td>
</tr>
</tbody>
</table>

**Notes:**

1. Based on the Building Ownership Certificates of the Properties in the Initial Portfolio. (See "Certain Defined Terms and Conventions" for details regarding the computation of GFA).
2. This is based on the leasable area as stipulated in the respective lease agreements.
3. "Occupancy Rate" is based on all current leases in respect of each Property, including legally binding letters of offer which have been accepted for vacant units, as a function of NLA.
4. The soft launch opening of approximately 11.5% of the total GFA of Bishan Outlets occurred in January 2014, while Zones A and B of Bishan Outlets (comprising approximately 73.0% of the total GFA of Bishan Outlets) commenced operations in October 2014, and parts of Zone C of Bishan Outlets (comprising approximately 7.0% of the total GFA of Bishan Outlets) commenced operations in February 2016. The remaining parts of Zone C of Bishan Outlets (comprising approximately 8.5% of the total GFA of Bishan Outlets) are expected to commence operations in April 2018.
5. In respect of 212 Fangdizheng 2015 Zi No. 18355.
6. For the avoidance of doubt, the valuations of Hefei Outlets by the Independent Valuers as at 30 September 2017 do not include the valuations of any of the Shop Units and the value of the undeveloped land under the Hefei Phase 2 Development.
7. For the avoidance of doubt, the valuations of Kunming Outlets by the Independent Valuers as at 30 September 2017 do not include the value of the undeveloped land under the Kunming Phase 2 Development.
8. The implied acquisition price of each of Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets has been determined on a willing-seller and willing-buyer basis taking into consideration the Offering Price, which includes the Underwriting and Selling Commission (as defined herein), as well as other estimated offering expenses, taking into account the average of the two independent valuations (with the Entrusted Management Agreements) of each of the Properties as at 30 September 2017 and does not include the value of the Associated Companies.
9. Exclude the accounting impact relating to the straight line effect of rental income. With the straight line effect, the EMA Rental Income will be RMB 217.8 million for Forecast Period 2018 and RMB 261.3 million for Projection Year 2019.
10. Exclude the accounting impact relating to the straight line effect of rental income. With the straight line effect, the EMA Rental Income will be RMB 44.5 million for Forecast Period 2018 and RMB 53.4 million for Projection Year 2019.
11. Exclude the accounting impact relating to the straight line effect of rental income. With the straight line effect, the EMA Rental Income will be RMB 138.1 million for Forecast Period 2018 and RMB 165.7 million for Projection Year 2019.
12. Exclude the accounting impact relating to the straight line effect of rental income. With the straight line effect, the EMA Rental Income will be RMB 92.5 million for Forecast Period 2018 and RMB 111.0 million for Projection Year 2019.
KEY INVESTMENT HIGHLIGHTS

The Manager commissioned the Independent Market Research Consultant to prepare an independent market research report of the real estate and economic markets in the PRC, especially in Chongqing, Bishan, Hefei and Kunming for the purpose of inclusion in this Prospectus. All information about the location of the Properties, the real estate and economic markets in the PRC in the Key Investment Highlights is extracted from “Appendix F – Independent Market Research Report”. See Appendix F for further details.

For the reader’s convenience, Renminbi amounts in this Key Investment Highlights section of the Prospectus have been translated into U.S. dollars based on the exchange rate of US$1 = RMB 6.6528 as at 30 September 2017.

Sasseur REIT is the first outlet mall REIT to be listed in Asia with an Initial Portfolio comprising outlet malls located in the PRC. Unlike traditional retailing formats such as department stores and shopping malls, sales through outlet malls in the PRC are experiencing strong growth. Because of the strong growth momentum, the PRC’s outlet sector is expected to become the world’s largest outlet market by 2030.

According to the Independent Market Research Consultant, department stores, shopping malls, outlet malls and online retail platforms are currently the major platforms in the retail industry. The table below illustrates the major differences between the four retail formats across the retail market industry in the PRC.

<table>
<thead>
<tr>
<th>Type of retail platform</th>
<th>Outlet malls</th>
<th>Department stores</th>
<th>Shopping malls</th>
<th>Online retail platforms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product mix</strong></td>
<td>Mainly luxury and high-end brands</td>
<td>Mainly middle to high-end brands</td>
<td>Mainly middle to high-end brands</td>
<td>Mainly low-priced products</td>
</tr>
<tr>
<td><strong>Target customers</strong></td>
<td>Middle class</td>
<td>Mass market</td>
<td>Mass market</td>
<td>Mass market</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Suburbs</td>
<td>City centre</td>
<td>City centre</td>
<td>N.A.</td>
</tr>
<tr>
<td><strong>Pricing strategy</strong></td>
<td>Large discounted prices</td>
<td>Normal prices</td>
<td>Normal prices</td>
<td>Low prices</td>
</tr>
<tr>
<td><strong>Shopping experience</strong></td>
<td>• Wide range of retail and entertainment options, including activities that cater to the entire family • Provides desired physical shopping experience • Provides fitting services</td>
<td>• Small area with compact layout</td>
<td>• Wide range of retail and entertainment options, including activities that cater to the entire family • Provides desired physical shopping experience • Provides fitting services</td>
<td>• Convenient to use • Limited methods for presentation of goods • No fitting services</td>
</tr>
<tr>
<td>Type of retail platform</td>
<td>Outlet malls</td>
<td>Department stores</td>
<td>Shopping malls</td>
<td>Online retail platforms</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------------</td>
<td>-------------------</td>
<td>---------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Discount level</td>
<td>Controlled by retailers, but discounts are offered all year round</td>
<td>Selected discount season</td>
<td>Controlled by retailers</td>
<td>Controlled by retailers</td>
</tr>
</tbody>
</table>

The Manager believes Unitholders of Sasseur REIT would be able to benefit from the following investment propositions:

(1) Exposure to the fast-growing retail outlet mall sector in the PRC
   (a) Strong Chinese economy with growing consumption levels
   (b) Growing middle class population in the PRC creates a large potential customer base for the outlet mall market in the PRC
   (c) The PRC’s outlet mall industry has potential for rapid growth
   (d) The outlet mall industry tends to exhibit counter-cyclical characteristics and resilience during economic recessions

(2) Strong growth potential
   (a) Two right of first refusal properties ("ROFR Properties") that can be acquired after they are operational and have reached a certain level of stability
   (b) Three pipeline properties ("Pipeline Properties") which the Sponsor has been granted a right of first refusal or, as the case may be, an option to acquire
   (c) Potential for growth of Sasseur REIT’s portfolio by an aggregate GFA of approximately 0.7 million sq m based on the ROFR Properties and Pipeline Properties

(3) Sasseur REIT’s outlet malls are strategically located in fast-growing cities with an increasing addressable market size
   (a) Leading privately-owned outlet mall operator in the Chinese outlet mall industry
   (b) First-mover advantage in the Tier-2 PRC cities that the Properties in the Initial Portfolio are located in

(4) Sponsor’s unique “Super Outlet” business model implemented in the Properties supported by robust and proactive brand management and sound mall operations and promotional strategies
   (a) Integrated destination shopping combining the “1+N” business model in the design and operation of Sasseur REIT’s outlet malls
   (b) The Sponsor’s “Super Outlet” business model enhances its resilience to competition from online retail platforms by providing a unique lifestyle shopping experience for customers

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1 Defined as the sales revenue opportunity available in the outlet industry after considering information such as economic development, population size, residents’ disposable income and outlets penetration.
Robust and proactive brand management

Symbiotic relationships with the tenants of the Properties to implement sound mall operational and promotional strategies in the Properties

Strong business fundamentals and growing distributions

Stable and growing distributions through organic and inorganic growth opportunities

Entrusted Management Agreements provide downside protection while allowing Unitholders to participate in the growth and enjoy the potential upside from the performance of the Properties

Committed Sponsor, reputable strategic shareholders and experienced and professional REIT management and Entrusted Manager team

Committed Sponsor with reputable strategic shareholders

Experienced and professional REIT management team, and Entrusted Manager team with proven track record

Management fee structure based on distributable income and DPU growth which ensures the Manager’s alignment of interest with Unitholders

Transparent REIT vehicle subject to good corporate governance

Details of the key investment highlights of Sasseur REIT are set out below.

Exposure to the fast-growing retail outlet mall sector in the PRC

Upon Listing, Sasseur REIT will offer investors the opportunity to invest in the fast-growing retail outlet mall sector in the PRC. According to the Independent Market Research Consultant, the PRC’s outlet market industry has enjoyed strong growth momentum since 2012. In terms of sales revenue, the PRC’s outlet market increased from RMB 16.8 billion (US$2.5 billion) in 2012 to RMB 49.1 billion (US$7.4 billion) in 2016, representing a compound annual growth rate ("CAGR") of 30.8%. The outlet market is expected to grow to RMB 144.9 billion (US$21.8 billion) by 2021, resulting in a CAGR of 24.2% for the period from 2016 and 2021, outperforming the online retail sector’s expected CAGR of 19.8% during the same period. Furthermore, according to the Independent Market Research Consultant, by 2030, the PRC could surpass the U.S. to become the largest outlet market in the world, achieving annual sales revenue of approximately RMB 640.2 billion (US$96.2 billion) compared to that of the U.S. market which is expected to be approximately US$91.5 billion in 2030.

The Manager believes that the expected growth in the outlet mall industry in the PRC is attributable to the following factors:

Strong Chinese economy with growing consumption levels

According to the Independent Market Research Consultant, the PRC's nominal gross domestic product ("GDP") increased from RMB 54.1 trillion (US$8.1 trillion) in 2012 to RMB 75.0 trillion (US$11.3 trillion) in 2016, representing a CAGR of 8.5% for the period and the PRC’s nominal GDP is expected to sustain a moderate level of growth, with the real GDP annual growth rate ranging approximately between 6.6% and 5.8% over the
next five years, with the PRC’s nominal GDP forecasted to increase to RMB 108.7 trillion (US$16.3 trillion) by 2021, representing a CAGR of 7.7% for the period from 2016 to 2021.

According to the Independent Market Research Consultant, the Chinese government released a “13th Five-Year Development Plan” ("十三五规划") in 2015, which details the Chinese government’s five year economic and social development plan. The objectives as stated include building a moderately prosperous society, improving living standards and quality of life and increasing the population of the PRC’s middle class. In this vein, the Chinese government has proposed to put in place strategic initiatives to promote the country’s consumer and fashion industries and the expansion of its services industry. The Chinese government has indicated its commitment to optimising the country’s economic structure and improving its capital-to-output ratio to develop a more sustainable economic growth model.

According to the Independent Market Research Consultant, final consumption expenditure\(^1\) in the PRC contributed to over 64.6% of GDP growth in the PRC in 2016, which was 4.9% higher than that of 2015, positioning consumption as the number one driver of economic growth in the PRC. In comparison, the final consumption expenditure contribution of GDP growth was approximately 98.2% in the U.S. in 2016. As consumption expenditure in the PRC is on the rise and the consumption trend in the PRC has shifted from daily necessities towards more discretionary spending on goods and services, including luxury items, the Independent Market Research Consultant is of the view that there is strong potential for the PRC’s consumption growth in the future. According to the Independent Market Research Consultant, these changes indicate that the PRC has now entered a new era of domestic consumption and is poised to tap on growing consumption demand.

(b) Growing middle class population in the PRC creates a large potential customer base for the outlet mall market in the PRC

The Manager believes that the growing middle class\(^2\) population in the PRC and the resulting increase in spending power represent a sweet spot for the retail outlet mall industry. According to the Independent Market Research Consultant, the PRC’s per capita disposable income is expected to increase to RMB 34,700 (US$5,215.8) by 2021, at a CAGR of 7.8% for the period from 2016 to 2021. The total number of people in the PRC’s middle class category was approximately 109.0 million in 2015, and the Independent Market Research Consultant expects that by 2021 the total middle class population in the PRC will reach approximately 216.0 million, accounting for approximately 15.0% of the total Chinese population (being approximately 1,437.3 million). The continuing growth of the middle class in the PRC creates a large potential customer base for the retail outlet mall market given their preference for higher-quality branded and luxury goods at reasonable prices. With greater disposable income, Chinese middle class consumers are becoming more sophisticated and discerning in terms of product branding, quality and value, as reflected in their increasing willingness to pay for well-designed and well-crafted goods. This trend has also helped to drive demand for luxury goods from domestic and international brands that appeal to the rising aspirations of the middle class, which bodes well for the growth of the retail outlet mall industry in China.

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1 According to the Independent Market Research Consultant, final consumption expenditure is defined as expenditure by households and enterprises on goods or services.
2 According to the Independent Market Research Consultant, middle class is defined as adults with net wealth between US$50,000 and US$500,000 based on the average/year-end exchange rate for RMB/US$. 
Furthermore, according to the Independent Market Research Consultant, the PRC’s urban population (that is, people residing in cities and towns in the PRC), increased from 714.5 million in 2012 to 800.0 million in 2016, representing a CAGR of 2.9%. A corresponding increase in the urbanisation rate from 51.9% to 56.8% for the period from 2012 to 2016 was also observed. In order to accelerate the urbanisation process, the Chinese government introduced a National New Urbanisation Plan, which aims to raise the urbanisation rate above the 60.0% mark by 2021. As a result, the PRC’s urban population is expected to increase to 890.9 million by 2021, with the urbanisation rate correspondingly increasing to 62.0%. The Independent Market Research Consultant further notes that the annual disposable incomes of urban households are three times higher than that of rural households in the PRC and is of the view that an increasingly large urban population with a higher potential for consumption of branded goods will likely fuel the development of the retail industry (and hence, the retail outlet mall industry) and shift the economy towards a more sustainable growth model by increasing domestic consumption.

(c) The PRC’s outlet mall industry has potential for rapid growth

The PRC’s outlet mall industry has developed rapidly since the PRC’s first outlet mall commenced operations approximately 15 years ago. According to the Independent Market Research Consultant, the market size of the PRC’s outlet mall market grew to US$7.4 billion in 2016, surpassing Japan’s outlet mall market (market size of US$5.7 billion), but is currently still smaller than the outlet mall market in the European regions (market size of US$16.1 billion) and the U.S. (market size of US$47.4 billion). The spending per capita in outlet malls (calculated based on the total size of the population) in the PRC is also relatively low, compared to the spending per capita in outlet malls (calculated based on the total size of the population) in the U.S. In 2016, U.S. residents spent on average more than US$140 per capita shopping at outlet malls. By contrast, Chinese residents spent less than US$6 per capita shopping at outlet malls for the same period. This is a good indication that the development of the PRC’s outlet mall market is still at an early stage and is far from being saturated. With a growing middle class population in the PRC and a corresponding increase in purchasing power, coupled with the rising popularity of outlet mall platforms in the PRC, according to the Independent Market Research Consultant, the average spending per capita in the PRC in outlet malls has the capacity to increase.

The PRC also lags behind the U.S., the European Union and Japan in terms of the number and size of its outlet malls. According to the Independent Market Research Consultant, in 2016, outlet mall per GFA per 100 residents in the U.S., the European Union and Japan stood at 2.4, 1.0 and 0.5 sq m respectively, while the PRC’s outlet mall per GFA per 100 residents was only 0.4 sq m. These numbers suggest that the outlet industry in the PRC could still grow significantly, as there is still room for larger-scale outlet malls and a higher quantity of outlet malls to be developed in the PRC.

As luxury brands continue to invest heavily in the PRC to cultivate brand awareness amongst Chinese consumers, many renowned luxury brands have built their brand reputation in the PRC, thereby forming a loyal customer base in the PRC. With increasing brand awareness, Chinese customers’ preference for well-known luxury brands will continue to grow, with corresponding growth in demand for luxury goods in the PRC likely to continue in the future. As a result, the outlet mall industry in the PRC has also benefited from the growth in demand for luxury goods amongst the Chinese. According to the Independent Market Research Consultant, the PRC has become one of the main consumers of luxury goods in the world.
In terms of overall sales revenues, the Independent Market Research Consultant expects the market size of the Chinese outlet industry to increase from RMB 49.1 billion (US$7.4 billion) to RMB 144.9 billion (US$21.8 billion) between 2016 and 2021, representing a CAGR of 24.2%. By 2030, the sales revenue of the PRC’s outlet industry is expected to increase to approximately RMB 640.2 billion (US$96.2 billion), surpassing the U.S., whose sales revenue is expected to be approximately US$91.5 billion, to become the world’s largest outlet market in terms of sales revenue.

Sales revenue of China’s outlet industry, 2012-2030E

(d) The outlet mall industry tends to exhibit counter-cyclical behaviour and resilience during economic recessions

Based on its case study on the outlet mall business and ordinary retail business in the U.S., the Independent Market Research Consultant has concluded that the outlet mall business exhibited a history of counter-cyclical characteristics in the U.S. and was resilient during economic recessions. For example, during the global financial crisis which began in 2008, Macy’s (the largest U.S. department store then, by retail sales) sales revenue dropped from US$26,313 million in 2007 to US$24,892 million in 2008, while Tanger (an outlet operator) saw an increase in its sales revenue from US$229 million in 2007 to US$245 million in 2008. According to the Independent Market Research Consultant, such counter-cyclical characteristics have been seen in the Chinese outlet mall industry. In another example cited by the Independent Market Research Consultant, from 2015 to 2016, Bailian Group’s traditional retail business decreased by 8.3% in terms of sales revenue while the sales revenue of its outlet business experienced a strong growth of 40.3%. These examples show that the outlet mall industry in the PRC is expected to display greater resilience in weak economic growth conditions as well as in a competitive landscape comprising e-commerce and other online retail businesses.
(2) Sasseur REIT has strong growth potential

(a) Two ROFR Properties and three Pipeline Properties

Sasseur REIT will stand to benefit in terms of acquisition growth potential in the PRC where the Sponsor has an active outlet mall presence. As the Sponsor continues to develop and add to its robust development pipeline, Sasseur REIT has been granted a right of first refusal from the Sponsor (the “Sponsor ROFR”), which provides it with the opportunity to acquire income-producing real estate owned or operated by the Sponsor used primarily for retail outlet mall purposes. As at the Latest Practicable Date, the Sponsor Group owns two ROFR Properties (being Sasseur (Xi’an) Outlets (“Xi’an Outlets”) and Sasseur (Guiyang) Outlets (“Guiyang Outlets”)) which were not injected into the Initial Portfolio as Xi’an Outlets only commenced operations on 30 September 2017 and Guiyang Outlets only commenced operations on 9 December 2017.

As at the Latest Practicable Date, the Sponsor Group also manages and operates three Pipeline Properties (comprising Sasseur (Hangzhou) Outlets (“Hangzhou Outlets”), Sasseur (Nanjing) Outlets (“Nanjing Outlets”) and Sasseur (Zhongdong Changchun) Outlets (“Changchun Outlets”)). These Pipeline Properties were not injected into the Initial Portfolio because they are properties that are managed by the Sponsor Group but are not owned by the Sponsor. The Building Ownership Certificates of the Pipeline Properties and Land Use Rights in respect of the land on which the Pipeline Properties are situated are held by third parties unrelated to the Sponsor and Sasseur REIT. Unlike the Initial Portfolio which is managed by the Entrusted Manager, the Pipeline Properties are not managed by the Entrusted Manager and are being leased by the Sponsor’s other subsidiaries under a master lease agreement from the owners of the Pipeline Properties (two of which are the local government) for which the Sponsor pays a fixed rent and subleases the space in these Pipeline Properties to sub-tenants. Therefore, the Sponsor does not collect any management fees through its subsidiaries under this arrangement as it collects and retain all proceeds it receives from the sub-tenants of the Pipeline Properties. In respect of these Pipeline Properties, the Sponsor has been granted a right of first refusal or, as the case may be, an option from each of the owners of the Pipeline Properties to acquire the interest in the respective Pipeline Property if the relevant owner decides to divest its interest in such Pipeline Property. Therefore, should the Sponsor acquire interest in any of the Pipeline Properties and subsequently propose to divest any of its interest in such Pipeline Properties, the Sponsor shall first offer such interest in the Pipeline Property to Sasseur REIT under the terms and conditions of the Sponsor ROFR.
The following chart illustrates the map of Sasseur REIT’s potential acquisition pipeline:

Source: Sasseur Group.

(See “Business and Properties – ROFR Properties and Pipeline Properties” for a description of the ROFR Properties and Pipeline Properties.)

(b) Potential for growth of Sasseur REIT’s portfolio by an aggregate GFA of approximately 0.7 million sq m based on the ROFR Properties and Pipeline Properties

The two ROFR Properties and three Pipeline Properties will provide opportunities for acquisition growth if the ROFR Properties and the interest in the Pipeline Properties are acquired by Sasseur REIT. Assuming Sasseur REIT acquires the full interest in the ROFR Properties and the Pipeline Properties, the aggregate GFA of the Initial Portfolio will expand by approximately 0.7 million sq m, almost tripling the total GFA of the Initial Portfolio.

(3) Sasseur REIT’s outlet malls are strategically located in fast-growing cities with an increasing addressable market size

(a) The Sponsor is the leading privately-owned outlet mall operator in the Chinese outlet mall industry

According to the Independent Market Research Consultant, the competitive landscape of the PRC’s outlet industry is relatively concentrated, with the top five best performing outlets malls comprising approximately 30.0% of the market share of the PRC’s total outlet mall market in terms of sales revenue. According to the Independent Market Research Consultant, these top outlets malls in the PRC belong to a limited number of outlet operators, including the Sponsor Group, and the Independent Market Research Consultant expects that with their first-mover advantages, proven track record and brand reputation, these top outlet operators, including the Sponsor Group, will continue to grow in the PRC’s outlet industry in the future with an increased number of outlet malls under their management.
The Sponsor Group is the leading privately-owned outlet operator, managing and operating six outlet malls by the end of 2016 and adding three more new outlet malls in 2017, one of which is owned by a third party but will be operated by the Sponsor. With more outlet mall projects, the Independent Market Research Consultant expects that the Sponsor Group will stand to enjoy wider retail presence in the PRC. According to the Independent Market Research Consultant, the rankings of the PRC’s outlet operators in terms of outlet mall projects as at 31 December 2016 are as follows:

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Outlet operators</th>
<th>Operator category</th>
<th>First outlet mall project</th>
<th>Outlet malls in operation</th>
<th>Approximate NLA (sq m)</th>
<th>Planned projects in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sponsor Group</td>
<td>Private outlet specialist</td>
<td>2008</td>
<td>6&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>408,544</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Bailian (百联)</td>
<td>SOE retail group</td>
<td>2006</td>
<td>6</td>
<td>420,000</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>SCITECH (赛特)</td>
<td>Real estate developer</td>
<td>2009</td>
<td>5</td>
<td>250,000</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Beijing Capital Land (北京首创)</td>
<td>Real estate developer</td>
<td>2013</td>
<td>3</td>
<td>200,000</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>RDM (佛罗伦萨小镇)</td>
<td>International outlet specialist</td>
<td>2011</td>
<td>3</td>
<td>170,000</td>
<td>2</td>
</tr>
</tbody>
</table>

According to the Independent Market Research Consultant, by 2030, the PRC could surpass the U.S. to become the largest outlet market in the world as a result of the PRC’s fast-growing middle class population. Therefore, the market potential for the outlet mall industry in the PRC is significant, and the Sponsor Group, being one of the pioneers in the industry, would be well-positioned to expand and increase its footprints in the PRC.

Note:
(1) As at 31 December 2016, the six outlet malls in operation comprise the four Properties in the Initial Portfolio, as well as the two Pipeline Properties, being Nanjing Outlets and Hangzhou Outlets. As at the Latest Practicable Date, the Sponsor Group operates nine outlet malls, comprising the four Properties in the Initial Portfolio, two ROFR Properties, being Xi’an Outlets and Guiyang Outlets, as well as the three Pipeline Properties, being Nanjing Outlets, Hangzhou Outlets and Changchun Outlets. (See “Business and Properties” for further details.)

(b) First-mover advantage in the Tier-2<sup>1</sup> PRC cities that the Properties in the Initial Portfolio are located in

The Properties in the Initial Portfolio are strategically located across three fast-growing Tier-2 PRC cities, being Chongqing, Kunming and Hefei. The Sponsor Group had specially selected strategic locations within such Tier-2 PRC cities for the development of its outlet malls, as potential for growth in such cities remain relatively high. By entering into these Tier-2 PRC cities, the Sponsor Group was able to secure lower entry costs and establish its market position early, while at the same time taking advantage of the high growth potential that Tier-2 PRC cities are able to provide.

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<sup>1</sup> According to the Independent Market Research Consultant, Tier-1 PRC cities include Beijing, Guangzhou, Shanghai and Shenzhen; Tier-2 PRC cities include all provincial capitals, along with Tianjin and Chongqing; while Tier-3 PRC and Tier-4 PRC cities include all other prefecture-level cities and county-level cities apart from the Tier-1 PRC or Tier-2 PRC cities.
According to the Independent Market Research Consultant, these Tier-2 PRC cities have faster growth rates as compared to Tier-1 PRC cities in terms of per capita consumption expenditure from 2012 to 2016. As can be seen in the chart below, such a trend is also expected to continue from 2016 to 2021. With improving living standards as well as the increasing working population of the millennial generation (individuals born between 1980 and 2000) who have different consumption preferences and generally stronger purchasing power, people are generally more willing to increase their expenditures on lifestyle and leisure goods or services. As a result, consumption levels in Tier-2 to Tier-4 PRC cities are expected to rise together with the improving living standards and the increasing working population of the millennial generation.

**Per Capita Consumption Expenditure of Urban Households (PRC), 2012-2021E**

<table>
<thead>
<tr>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3 &amp; Tier 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2016</td>
<td>2021E</td>
</tr>
<tr>
<td>27</td>
<td>36</td>
<td>50</td>
</tr>
<tr>
<td>18</td>
<td>26</td>
<td>39</td>
</tr>
<tr>
<td>15</td>
<td>19</td>
<td>27</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tier</th>
<th>CAGR (2012-2016)</th>
<th>CAGR (2016-2021E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>7.2%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Tier 2</td>
<td>9.1%</td>
<td>8.2%</td>
</tr>
<tr>
<td>Tier 3 &amp; Tier 4</td>
<td>7.1%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

Within these Tier-2 PRC cities, the Properties are also situated in areas which are served by well-developed transportation networks and have large captive residential populations. In addition, the Properties differentiate themselves from other conventional retail malls by offering customers a unique outlet mall shopping experience coupled with the concept of destination shopping by combining strong lifestyle elements with a diversified mix of tenants across various trade sectors.

According to the Independent Market Research Consultant, the addressable market size of the PRC’s outlet industry is expected to grow further, especially in the Tier-2 PRC cities, such as Chongqing, Kunming, and Hefei, driven by the rising disposable incomes of Chinese residents and the increasing penetration rate of outlet malls. According to the Independent Market Research Consultant’s projections, the addressable market size of the outlet industry in Chongqing, Kunming, and Hefei will increase from RMB 3.4 billion (US$0.5 billion), RMB 1.5 billion (US$0.2 billion), and RMB 1.4 billion (US$0.2 billion) respectively in 2016 to RMB 7.4 billion (US$1.1 billion), RMB 3.6 billion (US$0.5 billion), and RMB 3.5 billion (US$0.5 billion) respectively by 2021, which represents CAGRs of 17%, 19%, and 20% respectively during the period. The following table depicts the comparison of the addressable market size of Chongqing, Hefei, Kunming, Shanghai and Beijing and their supply gap as of March 2017:

<table>
<thead>
<tr>
<th>Year</th>
<th>Tier 1 CAGR 2012-2016</th>
<th>Tier 1 CAGR 2016-2021E</th>
<th>Tier 2 CAGR 2012-2016</th>
<th>Tier 2 CAGR 2016-2021E</th>
<th>Tier 3 &amp; Tier 4 CAGR 2012-2016</th>
<th>Tier 3 &amp; Tier 4 CAGR 2016-2021E</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>6.4%</td>
<td>6.2%</td>
<td>8.1%</td>
<td>7.4%</td>
<td>8.7%</td>
<td>8.0%</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<thead>
<tr>
<th>City</th>
<th>Outlet malls</th>
<th>Addressable market (RMB billion), 2016</th>
<th>Sales revenue (RMB billion), 2016</th>
<th>Supply gap (RMB billion), 2016</th>
<th>Competition</th>
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<tr>
<td>Chongqing</td>
<td>• Chongqing Outlets • Bishan Outlets</td>
<td>3.4</td>
<td>2.1</td>
<td>1.3</td>
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<tr>
<td>Hefei</td>
<td>• Hefei Outlets</td>
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<td>• Kunming Outlets • Gingko Outlets</td>
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<td>8.2</td>
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<td>8.3</td>
<td>8.25</td>
<td>0.05</td>
<td>Very high</td>
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As indicated in the table above, Chongqing, Hefei and Kunming face less competition in the outlet market compared to that of Shanghai and Beijing, as a relatively smaller portion of the addressable market size has been captured in these three cities, which correspondingly leads to a higher potential demand for outlet malls in these three cities.

A description of the location and macroeconomics of Chongqing (including Bishan), Hefei and Kunming, as well as the competitive advantages of the Properties, are shown below.
About Chongqing

According to the Independent Market Research Consultant, Chongqing is one of only four direct central-controlled municipalities in the PRC (the other three being Beijing, Shanghai and Tianjin) and the only such municipality in southwest China. Its political status enables Chongqing to receive prioritised government support in boosting its economic growth. Chongqing has a long-standing history and culture, and serves as the economic centre of the upstream Yangtze River Basin. Over the past 20 years, Chongqing has experienced a period of rapid development.

For the period between 2016 and 2021, Chongqing’s GDP is expected to grow at a CAGR of 9.1% to reach a record high of RMB 2,651.3 billion (US$398.5 billion) in 2021, thus making Chongqing one of the fastest developing and prosperous cities in the PRC. Along with the fast development of Chongqing, Chongqing’s GDP per capita also experienced a high growth period from 2012 to 2016. During this period, the per capita GDP of Chongqing grew from RMB 38,900 (US$5,847.2) to RMB 56,700 (US$8,522.7), representing a CAGR of 9.9%. According to the Independent Market Research Consultant, Chongqing’s GDP per capita is expected to increase to RMB 85,700 (US$12,881.8) in 2021, representing a CAGR of 8.6% between 2016 and 2021. In addition, according to the Independent Market Research Consultant, Chongqing has the largest residential population in the PRC, and the city’s population is expected to continue growing at a stable rate. Chongqing’s total residential population rose from 29.5 million in 2012 to 30.4 million in 2016, and it is projected that the residential population will further increase to 31.7 million by 2021 due to the easing of the PRC’s one-child policy in support of higher fertility rates. Consequently, Chongqing’s urban population is expected to grow to 21.4 million by 2021 (from 18.9 million in 2016), at an urbanisation rate of 67.4%.

The increasing per capita GDP of Chongqing has led to improving per capita disposable income of Chongqing's urban residents. The per capita disposable income of urban residents in Chongqing increased from RMB 23,000 (US$3,457.2) in 2012 to RMB 29,300 (US$4,404.2) in 2016, at a CAGR of 6.3% and this amount is expected to grow further to RMB 42,800 (US$6,433.4) in 2021. According to the Independent Market Research Consultant, rising disposable income is expected to result in higher consumer consumption, and mature consumer behaviour and preferences.

Chongqing Outlets

Chongqing Outlets is located at No. 1 Aotelaisi Road in Beibuxin District (重庆市北部新区奥特莱斯路1号), in the northeast of Chongqing. It is approximately 7 km away from the Guanyinqiao retail hub (approximately a 15 minute drive), approximately 20 km away from the Jiefangbei retail hub (approximately a 35 minute drive), and about 10 km away from Chongqing Jiangbei International Airport (approximately a 15 minute drive), making it easily accessible by driving. The public transportation facilities near Chongqing Outlets are also well-developed, with Jinyu Station, a station on Chongqing Rail Transit Line 3, being only 800 m away from Chongqing Outlets. Line 3 stretches from Yudong Station to Jiangbei Airport Station and is the busiest metro line in Chongqing, running through several main commercial areas such as Nanping, Lianglukou, and Guanyinqiao, bringing consumers from the southern and main urban areas to Chongqing Outlets. Chongqing Rail Transit Line 10 commenced operations on 28 December 2017. The nearest station along the Chongqing Rail Transit Line 10 is approximately 500 metres away from Chongqing Outlets. The opening of the station along Chongqing Rail Transit Line 10 has further strengthened the accessibility and convenience of Chongqing Outlets.

(ii) About Bishan

Bishan Outlets is located in the Bishan District of Chongqing which is situated in the upstream area of the Yangtze River, west of Chongqing's nine main districts. Commuters traveling from the east and north of Sichuan and the west of Chongqing travel through Bishan to enter into Chongqing city. Bishan is famous for its attractive natural landscapes in the area, such as the Qinglong Lake National Forest Park, Yunwu Mountain National Wetland Park and Jinjian Mountain Tourism and Leisure Area. These tourism spots attract large amounts of visitors to Bishan each year, thereby providing a large potential customer pool for Bishan Outlets. It is also the closest district to the downtown area of Chongqing and is easily accessible by a one-hour drive (approximately 37 km).

According to the Independent Market Research Consultant, the Planning Bureau of Bishan District promulgated the Revised Plan on Bishan District Jinjian Mountain Tourism and Leisure Area (璧山区金剑山旅游休闲区控制性详细规划修编 (2016)) in September 2016, which aims to strategically position Bishan as a district that provides leisure, vacation, retirement and ecological residence elements for the residents of Chongqing. Bishan will also be developed as an important area of the “Chongqing One-hour Economic Circle”, the new high-technology industry base of Chongqing.
**Bishan Outlets**

Bishan Outlets is located at No. 9 Baiyang Road, in the Bishan District 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. Bishan Outlets is located next to the Jinjian Mountain, a tourism and leisure area. According to the Independent Market Research Consultant, the PRC government recently released a detailed plan to promote the area's further development in the tourism and leisure industry, and these tourism spots have the potential to bring visitors to Bishan each year, thereby providing a significant customer pool for Bishan Outlets. It is also close to the central area of Xiyong Town which is approximately 7 km away, and Xiyong High-tech Industrial Park which is approximately 8 km away, and its captive consumer base can cover 19 colleges and a residential population of approximately one million people.

In addition, Bishan Outlets is also conveniently accessible through several main roads nearby and a free shuttle bus service is provided between Bishan Outlets and the college town which is located at the terminus of the Chongqing Rail Transit Line 1. According to the Independent Market Research Consultant, Line 1 is expected to be further extended into the Bishan District, with the opening of a new station within 2 km from Bishan Outlets in 2018.

(iii) **About Hefei**

As the capital and largest city of Anhui Province, Hefei has long been the central axis for Anhui Province's development, including in politics, economics, culture, information technology and education. Situated within the hinterland of the Yangtze River Delta, Hefei has become a strategic location for economic development within the Yangtze River Delta.

*Source: Independent Market Research Consultant (see “Appendix F – Independent Market Research Report” for further details).*
Hefei is a national class two regional transportation hub in the PRC. With a well-developed expressway network with access in all directions, Hefei is connected with six railway lines and an international airport. There are over 30 domestic air routes and direct flights to major cities all over the world. In the future, the Jianghuai Canal, which is currently under construction, will make Hefei a waterway transportation centre between the Yangtze and Huai Rivers.

Based on the Hefei City Development Plan shown above, the area of Hefei city is expected to expand to 11,433 sq km by 2020 and its urban area is expected to expand to 1,126 sq km. The centre area of Hefei city will also expand to 486.6 sq km. The fast expansion of Hefei city is expected to benefit real estate development and associated commercial business growth.

According to the Independent Market Research Consultant, Hefei’s GDP increased from RMB 416.4 billion (US$62.6 billion) in 2012 to RMB 627.4 billion (US$94.3 billion) in 2016, representing a CAGR of 10.8%. With a full range of industries and supporting infrastructure, Hefei is a burgeoning industrial city with competitive strengths in manufacturing. The high-tech industry in Hefei has undergone rapid development, thus attracting other key industries to the region. Future growth in GDP is estimated to be RMB 939.5 billion (US$141.2 billion) by 2021, representing a CAGR of 8.9% from 2016 to 2021. Accompanying the growth in overall GDP, per capita GDP in Hefei has also increased, rising from RMB 55,200 (US$8,297.3) in 2012 to RMB 80,500 (US$12,100.2) in 2016, representing a CAGR of 9.9%, and is expected to increase to RMB 121,400 (US$18,248.0) by 2021, representing a CAGR of 8.6% due to support from the Hefei government to foster a conducive environment for economic development with increasing investments on infrastructure.

The population of Hefei increased from 7.6 million to 8.3 million between 2010 and 2015, representing a CAGR of 0.8%. According to the Independent Market Research Consultant, the city’s total population is expected to continue growing given the implementation of a two-child policy in 2015. With the development of local industry and education, migration into Hefei is expected to further increase the population. As a result, the population of Hefei is expected to reach an estimated 8.3 million by the end of 2021, representing a CAGR of 1.0% since 2016. The urbanisation rate has also grown from 66.4% to 72.4% from 2012 to 2016, and is expected to increase to 82.3% by 2021.

Per capita disposable income for Hefei’s urban residents has also increased from RMB 25,400 (US$3,817.9) in 2012 to RMB 34,800 (US$5,230.9) in 2016, representing a CAGR of 8.2%. The Hefei government has enacted several policies to improve the living standard of its citizens. Consequently, the per capita disposable income of its urban residents is expected to continue growing at a CAGR of 7.8% till 2021, reaching a total of RMB 50,500 (US$7,590.8). Increasing disposable incomes will most likely increase the purchasing power of its urban residents, thereby benefiting the local retail industry.
Hefei Outlets

Hefei Outlets is located beside Wangzui Lake. With the rapid development of the High-Tech Industrial Development Zone, the Wangzui Lake area has become the centre of western Hefei, having benefited from the original planning concept of “One Lake with Two Mountains”. As one of the PRC’s National High-Tech Industrial Development Zones, Hefei’s High-Tech Industrial Development Zone has received considerable support from the government, transforming Hefei into “a Lake City, and an innovation pool”. According to the Independent Market Research Consultant, the Wangzui Lake area has been selected for the establishment of a central business district focused on key industries such as business, scientific research, commerce, and tourism.

Hefei Outlets is situated near four main urban roadways, including Changjiang West Road, Wangjiang West Road, Xiyou Road, and Chuangxin Avenue. Hefei Outlets is located 24 km from Hefei railway station and 23 km from Hefei Xinqiao International Airport and is served by public buses. According to the Independent Market Research Consultant, Metro Line 2 has commenced operations on 26 December 2017. There is a station open on the Metro Line 2, which is approximately 1.2 km from Hefei Outlets. There will also be two additional metro lines (namely Metro Line 4 and Metro Line 7) in the future, connecting Hefei Outlets with the city centre, thereby improving the accessibility of Hefei Outlets and broadening the consumer base.

(iv) About Kunming

As the capital of Yunnan Province, Kunming is strategically positioned as a key hub connecting the PRC with Southeast Asia. According to the Independent Market Research Consultant, Kunming’s long-term stable GDP growth rate, growing population density, and abundant natural resources contribute to the enormous potential of its consumption market and on the back of these competitive advantages of Kunming, the PRC government has launched new development plans for Kunming and its surroundings, including proposing a plan for the development of the Dianzhong New Area. The Dianzhong New Area constitutes an extension of Kunming by assigning specific roles to surrounding minor cities within an extended metropolitan area, one of which is Anning City. According to the Independent Market Research Consultant, the development plan of the Dianzhong New Area will enable Anning City to better integrate its tourism industry with both retail and cultural industries. This integration plan will not only further promote the overall attractiveness of Anning City as a travel destination, but also enhance the position of the service industry within Anning City’s economic structure.

The government of Anning City has launched a long-term project to construct a new development platform – namely, Taiping New City, where Kunming Outlets is located. The total planning area of Taiping New City is 110.6 sq km, of which approximately 12.8 sq km of construction has been completed. The location map below depicts the relative locations of Kunming, Anning and Taiping New City.
According to the Independent Market Research Consultant, the growing Taiping New City is well-known for its good air quality and its greenery. To date, Taiping New City has already attracted 69 investment projects, which include retail, tourism and modern technology.

According to the Independent Market Research Consultant, the GDP of Kunming increased from RMB 301.1 billion (US$45.3 billion) in 2012 to RMB 430.0 billion (US$64.6 billion) in 2016, achieving a CAGR of 9.3%, which is a higher growth rate than that of the PRC. The GDP of Kunming is expected to continue growing and will increase to RMB 636.1 billion (US$95.6 billion) by 2021, with a CAGR of 8.1% over the next five years. Rapid economic development also contributed to a high growth rate in terms of Kunming’s per capita GDP. Between 2012 and 2016, Kunming’s per capita GDP increased significantly from RMB 46,300 (US$6,959.5) to RMB 64,600 (US$9,710.2), which represents a CAGR of 8.7%. Kunming’s per capita GDP is expected to continue increasing steadily to RMB 94,100 (US$14,144.4) by 2021, achieving a CAGR of 7.8% between 2016 and 2021.

According to the Independent Market Research Consultant, Kunming has the highest residential density among the cities in Yunnan Province and its residential density is expected to increase to 7.7 million residents by 2021 (compared to 6.8 million in 2016). As a result of Kunming’s strong economic performance, urbanisation in Kunming is also expected to continue growing to 5.6 million people by 2021 (compared to 4.8 million in 2016), representing an estimated urbanisation rate of 73.6%. Along with significant growth in Kunming’s GDP, there has been a significant rise in its per capita disposable income. Between 2012 and 2016, per capita disposable income for Kunming’s urban residents increased from RMB 25,200 (US$3,787.9) to RMB 36,700 (US$5,516.5), representing a CAGR of 9.8%. According to the Independent Market Research Consultant, with several large development plans being launched in Kunming and its vicinities in recent years, the city’s per capita disposable income is expected to continue to rise at a relatively high rate, and is likely to reach RMB 55,400 (US$8,327.3) by 2021. This positive trend demonstrates the huge potential of the consumption market in Kunming.
Kunming Outlets

Kunming Outlets is located at No. 181 Aotelaisi Avenue in Anning City, which is situated outside the centre of Kunming City and Anning City southwest of downtown Kunming, approximately 20 km away from the four retail hubs in central Kunming. Specifically, Kunming Outlets is located in Taiping New City, a new living and leisure area which the local government has strongly supported in its industrial development plans, including in the retail, tourism, and modern technology industries.

Kunming Outlets is situated in a convenient transportation hub within Taiping New City. It is within a 5 minutes’ drive from the highway exit and is connected to the Kun’an Highway, Anjin Highway, Gaohai Highway, and Northwest Highway, as well as Chengkun Railway and China National Highway G320 Shangriu Expressway, which cross through the city. In April 2016, the Yunnan Transportation Department implemented its toll-free highway policy that offers free access for highway transportation from Kunming to both Taiping New City and Anning starting from June 2017. The established land transportation network across these three regions is expected to provide an impetus to the growth of regional economies and enhance the development of local industries.

As the transportation system in Taiping New City is still currently being developed, the Sponsor has proposed to the local government that certain train stations and bus stops near its outlet mall be named after the Sponsor Group and Kunming Outlets. As a result, it is expected that the avenue to the west of Kunming Outlets will be named “Sasseur (Kunming) Outlets Avenue”, the nearest planned bus stop will be named “Sasseur (Kunming) Outlets stop”, and the future light railway station in Taiping New City will be named “Taiping New City (Sasseur) Station”.

(4) Sponsor’s unique “Super Outlet” business model implemented in the Properties supported by robust and proactive brand management and sound mall operations strategies

(a) Integrated destination shopping combining the “1+N” business model in the design and operation of the Sponsor’s outlet malls

The Sponsor Group leverages on its founder, Mr Xu Rongcan’s passion for art and culture to design and develop all of its outlet malls, offering a unique lifestyle experience for its customers. This unique business approach that Mr Xu developed for the Sponsor Group, termed the “Super Outlet” business model, is based on a combination of art (in the design and decoration of the outlet malls), commerce (in the form of the outlet mall business) and the incorporation of various lifestyle elements. The “Super Outlet” business model is depicted as follows:
The “Super Outlet” business model is thus described as the “1+N” model, with “1” representing the outlet mall business platform and “N” reflecting the various lifestyle options that are offered in each of the outlet malls operated by the Sponsor Group, such as entertainment and cultural activities, food and beverages, sports and health, children care centres, sports halls, ecological activities (such as farms) and furniture stores. The emphasis on “1+N” in the design of all of the Sponsor Group-operated outlet malls transforms the outlet malls from a pure retail venue to a shopping and lifestyle destination in its own right. This is because incorporating retail and various lifestyle options provides more options and attracts customers by offering a wide range of activities (retail, cultural, tourism and entertainment) in one place. Furthermore, these are activities that cater to the entire family instead of individual shoppers. As such, the “1+N” shopping experience differentiates the Sponsor Group’s outlet malls from those of its other outlet mall competitors. Such one-stop shopping and lifestyle experience also provides resilience against competition from the e-commerce industry.

(b) The Sponsor’s “Super Outlet” business model enhances its resilience to the competition from online retail platforms by providing a unique lifestyle shopping experience for customers

According to the Independent Market Research Consultant, outlet sales in the PRC achieved a CAGR of 30.8% for the period from 2012 to 2016, surpassing department stores’ CAGR of 7.4% and shopping malls’ CAGR of 8.6%, but slightly lower than online retailers’ CAGR of 38.7%. However, the Independent Market Research Consultant also states that the retail outlet market distinguishes itself from online retail platforms by offering more international and luxury brands and providing a more sensory shopping experience. Outlet malls are able to cater to shoppers’ preferences of being able to see, touch and feel the products offered in their stores and shoppers can immediately take them home upon purchase, providing a sense of instant gratification. Such compelling in-store shopping experiences cannot be replicated by online retail platforms. Furthermore, another advantage of retail outlet malls over their online retail counterparts is that they allow shoppers to get instant answers to their questions about the products, and can try out the products for suitability and fit. In addition, shoppers can see and feel the products at the outlet malls, which lowers the chances of them buying products that could be defective or unauthentic.

Some of the key advantages of outlet malls over online retail platforms are set out in the table below.
<table>
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<tr>
<th>Type of retail platform</th>
<th>Outlet malls</th>
<th>Online retail platforms</th>
</tr>
</thead>
</table>
| **Target customers**   | • Middle class families  
                        | • Tourists | • Internet users, who are usually young adults aged between 20 to 39 years old |
| **Product mix**        | • International and luxury brands | • Brands with economical pricing  
                        |                      | • Limited high-end varieties, since many high-end brands strictly control their distribution channels to protect the brand’s reputation |
| **Supply channel and quality** | • The supply of goods is directly managed by the brands themselves  
                        | • Guarantee of authenticity and quality | • Combination of brand supply and online platform self Procurement  
                        |                      | • Some platforms may encounter issues with product quality or even counterfeit goods from time to time |
| **Pricing**            | • Normally enjoys as much as a 60.0% discount off full-priced retail stores throughout the year | • Offers lower discounts  
                        |                      | • Limited-time offers  
                        |                      | • Where offered, similar price positioning for luxury products as with outlet malls |
| **Shopping experience**| • Diverse forms of experiences, including dining, entertainment (such as movie screenings) and other activities promoting parent-child interactions  
                        | • Provides fitting services | • Convenient to use  
                        |                      | • Absence of physical shopping experience  
                        |                      | • Limited methods for the presentation of goods  
                        |                      | • No fitting services |


According to the Independent Market Research Consultant, although online retail has witnessed fast growth in recent years, the majority of purchases of consumer goods in the PRC still take place via traditional retail channels. According to the Independent Market Research Consultant, as of 2016, not more than approximately 10.0% of luxury brands were available for purchase on official online channels. As a result, most consumers had to resort to purchasing products from many luxury brands using traditional retail platforms, such as department stores, shopping malls, and outlet malls. In addition, since the growth of online retail sales has shown signs of slowing down, the Independent Market Research Consultant predicts that by 2021, the portion of total online retail sales will account for only approximately 24.3% of total retail sales. Hence, it is expected that traditional retail platforms will still dominate the retail industry in the PRC by 2021.
Other than the reasons mentioned above, the Manager is of the view that the “Super Outlet” business model provides another layer of resilience to the competition from online retail platforms. The one-stop physical shopping and lifestyle experience provided by the “1+N” business model, which heightens convenience for customers who are able to undertake a range of activities, cannot be replicated through online retail platforms.

(c) Robust and proactive brand management

The Sponsor employs a robust and proactive brand management system to ensure that the product and tenant mix in its outlet malls continually appeal to its customers. As part of its business practice, the Sponsor strives to constantly stay ahead of the ever-changing consumer preferences and trends and maintains a carefully curated database of domestic and international retail brands that are in fashion. As at the Latest Practicable Date, the number of brands in its database is approximately 1,770. This database is categorised by the Sponsor into three different categories: (1) 670 brands which are currently offered in the outlet malls operated by the Sponsor; (2) 103 brands which have reached a strategic partner alliance agreement with the Sponsor to open their next store at outlet malls operated by the Sponsor if the particular Sponsor Group-operated outlet mall fits their requirements; and (3) 997 brands that the Sponsor has shortlisted to introduce into its outlet malls. When there are vacant units in the Sponsor’s outlet malls, the Sponsor will shortlist prospective tenants from the abovementioned database. The Sponsor also monitors and updates its database of brands semi-annually.

Another key differentiation of the Sponsor Group from its competitors is its business strategy of managing its tenant mix and profit sharing with its retail tenants through turnover rent. For example, if a particular retail tenant is not generating sufficient sales revenue, the Sponsor will work closely with the tenant and may propose changes to the rental arrangement with the tenant in order to promote business and improve sales, or it may choose not to renew its lease but instead replace such tenant with another tenant from its database. If market conditions change, the Sponsor can promptly adjust the tenant mix accordingly, thus ensuring that brands and sales performances are continually managed in an optimal manner to adapt to prevailing market trends.

Post-listing, Sasseur REIT intends to leverage on the Sponsor’s brand management expertise through the Entrusted Manager, to constantly monitor its business performance and update the brands and tenant mix in the Properties to maintain relevance.

(d) Symbiotic relationships with the tenants of the Properties to implement sound mall operational and promotional strategies in the Properties

The majority of leases entered into with the tenants in the Properties, in particular the retail tenants, are sales-based leases whereby these tenants pay an agreed percentage of their sales revenue as turnover rent to the Sponsor. The term of such leases typically range from one to two years for domestic PRC brands and from three to five years for international brands. Other than the abovementioned sales-based leases, a small proportion of tenants in the Properties typically enter into more conventional leases, whereby such tenants pay a fixed rent or the higher of turnover rent and fixed rent. These tenants include operators of food outlets and restaurants, cinemas and lifestyle and entertainment providers. The term of such leases typically ranges from three to 15 years (for the cinema operators).
As the bulk of the rental revenue generated from the Properties is predominantly sales-driven, the Sponsor works in close collaboration with its tenants on retail strategy and inventory management to drive their sales, which will correspondingly increase the rental revenue generated from the Properties. For example, the Sponsor may, from time to time, consult its tenants on the overall publicity and marketing of the Properties, and engage in discussions with the tenants on product lines that are suitable for outlet malls. This cultivation of a good symbiotic working relationship with its tenants ensures that the Sponsor has the backing of its tenants with core brands which will continually look to renew their leases in the outlet malls.

The Sponsor also actively consults with the tenants on organising promotional or marketing events to attract customers to the Properties. In addition, the Sponsor will conduct market research prior to organising any promotional events to ensure that these promotional events will be well-received amongst shoppers. For example, the Sponsor has in consultation with its tenants in the Properties, launched several marketing and promotional events, including marketing and promotional events for National Day, the outlet malls’ anniversary celebrations, Christmas Day, Anniversary Celebration Carnival (周年庆), and New Year’s Day. During these marketing and promotional events, there will be additional discount of up to 50% offered on products and giveaways of cash vouchers, as well as food and travel vouchers.

In operating its outlet malls, the Sponsor also recognises that the success of an outlet mall is dependent on the inventories of its retail tenants. As such, the Sponsor consistently monitors the inventory levels of its tenants to minimise the risk regarding shortage of product supply. If required, the Sponsor would make recommendations to tenants and collaborate with tenants to conduct promotions to increase the sales of slow-moving inventories.

Lastly, the Sponsor recognises that building customer loyalty is crucial to retaining existing customers and attracting new customers to its outlet malls, and hence has in place a VIP membership programme to retain loyalty of its customers. To become a VIP member, a customer would have to spend more than RMB 600 at one of its outlets. VIP members are entitled to certain privileges, including (i) additional discounts; (ii) points accumulated on a VIP membership card upon a purchase, which will enable the customer to redeem gifts; and (iii) additional discounts on products sold during exclusive events to VIP members. As at the Latest Practicable Date, there are more than 809,000 VIP members across the Initial Portfolio.

The VIP membership programme incentivises repeat customers to shop at the Properties regularly, increasing word-of-mouth support for the Properties and promoting sales growth. Furthermore, the VIP membership programme also allows the Sponsor to research and understand the purchasing behaviour of its VIP members, which will aid the Sponsor in developing strategic plans to further promote consumer spending in its outlet malls. According to the Sponsor, approximately 50% to 65% of the sales in its outlet malls are contributed by members of its VIP membership programme.

Following the Listing, the Manager will work closely with the Entrusted Manager under the Entrusted Management Agreements to continue to actively collaborate with the Properties’ tenants on these retail and marketing strategies and inventory management in a similar manner, so as to boost sales in the Properties.
(5) **Strong business fundamentals and growing distributions**

(a) **Stable and growing distributions through organic and inorganic growth opportunities**

One of Sasseur REIT’s primary objectives is to provide Unitholders with stable distributions on a semi-annual basis. The Manager expects the distribution yield for the Initial Portfolio to be 7.5% for Forecast Period 2018\(^1\) on an annualised basis. The Manager expects the yield to grow to 7.8% for Projection Year 2019\(^2\). Sasseur REIT’s ability to achieve stable and growing distributions is due to the following organic and inorganic growth drivers:

(i) **Organic Growth Drivers**

The Initial Portfolio is strategically located in fast-growing Tier-2 PRC cities in the PRC, which have a fast-growing middle class segment, and which according to the Independent Market Research Consultant, creates a large potential consumer base for the outlet mall market given their higher demand for high-quality luxury goods at reasonable prices. According to the Independent Market Research Consultant, it is expected that the total middle class population will continue increasing and will account for approximately 15.0% of the total population (being approximately 1,437.3 million) in the PRC by 2021. Therefore, it is expected that Sasseur REIT will be able to tap on their growing aspirations and increased spending of such rising middle class population.

Due to the steady increase in income levels in the PRC, this has helped to drive the ongoing economic restructuring towards increased domestic consumption, with a shift in consumer purchasing behaviour towards higher-quality, branded products. It is thus expected that the PRC’s per capita disposable income will reach approximately RMB 34,700 (US$5,215.8) by 2021, increasing at a CAGR of 7.8% between 2016 and 2021.

![Per capita disposable income, China, 2012-2021E](image)

**Per capita disposable income, China, 2012-2021E**

<table>
<thead>
<tr>
<th>Year</th>
<th>Per Capita Disposable Income (RMB thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>16.5</td>
</tr>
<tr>
<td>2016</td>
<td>23.8</td>
</tr>
<tr>
<td>2021E</td>
<td>34.7</td>
</tr>
</tbody>
</table>


\(^1\) In the absence of the Entrusted Management Agreements, the distribution yield for the Initial Portfolio is 6.1% for Forecast Period 2018 on an annualised basis based on the Offering Price.

\(^2\) In the absence of the Entrusted Management Agreements, the distribution yield for the Initial Portfolio is 7.8% for Projection Year 2019 based on the Offering Price.
As three out of the four Properties in the Initial Portfolio are relatively new, and as these assets mature and stabilise, Sasseur REIT will be able to benefit from the growth upside from the increase in turnover and rental stabilisation of these Properties.

(ii) Inorganic Growth Drivers

Sasseur REIT will benefit in terms of acquisition growth in the PRC where the Sponsor has an active real estate presence. The Sponsor is able to source for prime venues to develop and manage outlet malls by leveraging on the Sponsor Group’s strong network. In connection therewith, the Sponsor has also granted the Sponsor ROFR to Sasseur REIT, which provides Sasseur REIT with access to opportunities for the acquisition of income-producing real estate owned and/or operated by the Sponsor which is used primarily for retail outlet mall purposes. As at the Latest Practicable Date, the Sponsor Group owns and operates two ROFR Properties and operates three Pipeline Properties. These ROFR Properties and Pipeline Properties provide opportunities for Sasseur REIT’s portfolio growth. Through the Sponsor ROFR, Sasseur REIT will also benefit from the Sponsor’s continuous search for new properties to be injected into Sasseur REIT’s portfolio. In addition, through the Sponsor, Sasseur REIT can also leverage on the extensive networks of the Sponsor’s strategic shareholders, namely L Catterton Asia Advisors (formerly known as L Capital Asia Advisors) (“L Catterton Asia”) and Pingan Real Estate Company Ltd. (“Ping An Real Estate”), for potential third party asset acquisition opportunities.

(b) Entrusted Management Agreements provide downside protection while allowing Unitholders to participate in the growth and enjoy the potential upside from the performance of the Properties

To leverage on the professional knowledge, proprietary operational expertise and unique experience and track record of the Entrusted Manager in operating and managing retail outlet malls in the PRC, and to ensure continuity and smooth transition in the management of the Properties, Sasseur REIT (through the PRC Property Companies), will appoint the Entrusted Manager to manage the Initial Portfolio under the respective Entrusted Management Agreements in respect of each Property.

The Manager believes that the Entrusted Management Agreements will provide Sasseur REIT with a stable stream of quality rental income, predictable growth and will mitigate any income risk caused by uncertainty and volatility of economic conditions due to the following reasons:

(i) Sasseur REIT’s business model differs from other typical retail malls because of the atypical character of the lease agreements signed with the retail outlet mall tenants, as well as the method of collection of rental income from such tenants. Most of the tenants have entered into short term sales-based leases, whereby the rent is determined solely based on turnover as opposed to a fixed rent. Furthermore, to monitor the sales collection of each retail tenant, the Sponsor has in place a “point-of-sale and cash management system” in each shop unit of the retail tenant whereby the revenue collected from the sales of each retail tenant is retained by the Sponsor and the monthly rental will be deducted, after which the balance will be returned to the tenants. As a result, the income generated from the Properties is predominantly sales-driven and therefore, the Properties require very active management. In this respect, the Entrusted Manager is uniquely qualified and suitable for the role, having managed outlet retail malls (owned by the
Sponsor as well as similar properties owned by third parties) for nearly 10 years. Having managed the Properties in the Initial Portfolio since their opening as well as five other properties owned by or under the management of the Sponsor Group, the engagement of Sasseur Shanghai as the Entrusted Manager of the Properties will ensure continuity of existing operations in key areas, including tenant relationships and brands management;

(ii) From 1 January 2017 to 30 September 2017, more than 90.0% of the rental income from the retail outlet malls are pegged to tenants’ sales. By entering into the Entrusted Management Agreements, in addition to leveraging on the Entrusted Manager’s operational experience and capabilities, Sasseur REIT will be able to transfer the full measure of the risks as well as uncertainty due to fluctuations associated with such sales-based income to Sasseur Shanghai as the Entrusted Manager. This is because under the Entrusted Management Agreements, the Entrusted Manager will ensure that the aggregate of the fixed component and variable component that is payable to Sasseur REIT from the rental income collected from the Properties will not be less than a stipulated amount (the “Minimum Rent”). If the amount payable to Sasseur REIT falls below the Minimum Rent, Sasseur REIT will be entitled to receive the shortfall. The Minimum Rent requirement will only fall away if the Initial Portfolio achieves the Minimum Rent for two consecutive years commencing from Forecast Period 2018. The above will help to mitigate the impact of such business and operational risks on Sasseur REIT’s rental income, and ensure that Sasseur REIT receives stable distributable income from the Properties;

(iii) The Manager believes that the Entrusted Manager is best placed to assume and manage the associated business and operational risks relating to the Properties due to the following considerations:

• Due to the specialised nature of outlet mall operations as well as the fact that the bulk of the revenue generated from the Properties is predominantly sales-driven, the management of outlet malls would be resource-intensive and have significant manpower requirements which Sasseur REIT as a REIT would not be able to undertake on its own. As an experienced outlet mall operator, the Entrusted Manager would be able to commit experienced staff and manpower who have already been managing the Properties since their inception to continue managing the Properties on behalf of Sasseur REIT so as to maintain operational continuity and effectiveness; and

• The Entrusted Manager’s familiarity with the specialised retail outlet mall business model, and its strong operating track record and distinctive management capabilities in operating and managing retail outlet malls (including those owned by third parties). Since its incorporation in 2012, the Entrusted Manager and the rest of the Sponsor Group have been managing and marketing nine properties comprising the Properties in the Initial Portfolio and the ROFR Properties and Pipeline Properties. Therefore, the Entrusted Manager has gathered considerable experience in securing and attracting top brands and optimal tenant mixes as well as actively working with tenants to help promote their sales in the malls by understanding their business plans and operations, thereby consequently driving sales performance in the outlet malls that it manages.
The term of each of the Entrusted Management Agreements is 10 years commencing from the Listing Date, with an option to extend for another 10 years, subject to the terms of the Entrusted Management Agreements. The relatively long term of the Entrusted Management Agreements ensures certainty and stability of distributions to investors and mitigates downside risks to Sasseur REIT. As three of the Properties are relatively new, the amount of time taken for the Properties to mature and stabilise has also been taken into consideration. Furthermore, the relatively long tenure will not only ensure continuity in terms of retail outlet mall operation and management, but will help mitigate and address the relatively short rental periods (typically about 12 months) under the lease agreements signed with the tenants of the Properties, which is typical for retail outlet malls.

The Entrusted Manager will ensure that under the Entrusted Management Agreements, Sasseur REIT will receive rental payments comprising a fixed component (the “Fixed Component”) and a variable component (the “Variable Component”). The Fixed Component for each Property for Forecast Period 2018 has been determined as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Fixed Component (RMB million)</th>
<th>EMA Resultant Rent (RMB million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chongqing Outlets</td>
<td>142.9</td>
<td>214.3</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>29.2</td>
<td>42.5</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>88.4</td>
<td>129.9</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>58.4</td>
<td>86.2</td>
</tr>
</tbody>
</table>

For Forecast Period 2018, the Fixed Component is expected to contribute not more than 70% of the EMA Resultant Rent. This Fixed Component has been determined by the Manager and the Sponsor taking into account the forecast Gross Revenue and Property Income of each of the Properties for Forecast Period 2018, and their respective contributions to the forecast EMA Resultant Rent for Forecast Period 2018. To ensure that Sasseur REIT receives the EMA Resultant Rent with a certain level of stability, the Fixed Component has been fixed at not more than 70% of the EMA Resultant Rent for Forecast Period 2018. Beyond Forecast Period 2018, the Fixed Component shall increase at an escalation rate of 3.0% per annum, in line with inflationary expectation.

For Forecast Period 2018, the aggregate Variable Component is expected to contribute not less than 30% of the EMA Resultant Rent. The Variable Component has been determined by the Manager and the Sponsor, taking into account the maturity as well as the respective forecast sales of each Property. In this respect, the Variable Component for each Property will be pegged to a percentage of their respective total sales in accordance with the following percentages:

- 4.0% of total sales with respect to Chongqing Outlets;
- 4.5% of total sales with respect to Bishan Outlets;
- 5.5% of total sales with respect to Hefei Outlets; and
- 5.0% of total sales with respect to Kunming Outlets.
For the avoidance of doubt, any residual amount from the Gross Revenue, after deducting the EMA Resultant Rent, EM Base Fee and EM Performance Fee will belong to Sasseur REIT.

Therefore, the Fixed Component coupled with the 3.0% annual escalation rate provides downside protection to Sasseur REIT while the Variable Component, which is pegged to sales enables Sasseur REIT to share in the upside from any growth in the sales performance of the Properties.

(See “Certain Agreements Relating to Sasseur REIT and the Properties – Master Entrusted Management Agreement” and “Certain Agreements Relating to Sasseur REIT and the Properties – Individual Entrusted Management Agreements” for further details.)

(6) Committed Sponsor, reputable strategic shareholders and experienced and professional REIT management and Entrusted Manager team

(a) The Sponsor Group is a reputable and established operator of retail outlet malls with strong experience in the retail outlet mall industry, and backed by strategic shareholders

The Sponsor, Sasseur Cayman Holding Limited, has its headquarters in Chongqing, and the Sponsor Group is one of the PRC’s largest retail outlet mall operators. The Sponsor Group currently manages and operates nine retail outlet malls, accounting for a total NLA of approximately 620,240 sq m. With approximately 28 years of retail industry experience, the Sponsor Group possesses extensive knowledge in outlet operation and management as well as deep insights into the consumption demands and purchasing behaviour of Chinese consumers. The Sponsor’s management team comprises experienced professionals who are familiar with the outlet mall industry in the PRC.

Since the opening of Chongqing Outlets, the Sponsor Group has successfully created synergy between art and commerce in the retail outlet mall landscape in the PRC, having been awarded multiple industry awards which include “2015 Top 10 Outlets” (2015年度奥特莱斯十强), “2015 Emerging Outlets” (2015年度新锐奥特莱斯) and “Most Promising Outlet” (2016年最具期待奥特莱斯) each of which had been issued by Outlets Sight (奥莱视野), a dedicated publication covering outlet malls in the PRC. These awards were given on the basis of the Sponsor’s outlet mall development and management capabilities.

The Sponsor is committed to supporting and growing Sasseur REIT over the long-term. According to the Sponsor, it is involved in the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity Project (Financial Services) and Sasseur REIT had been selected as a demonstration project in the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity Project (Financial Services). The Sponsor, through its 100.0% interest in the Cayman Holdco will, immediately following the completion of the Offering, be the largest Unitholder, holding between approximately 55% (assuming the Over-Allotment Option is exercised in full) to approximately 58% (assuming the Over-Allotment Option is not exercised) of the interests in Sasseur REIT, demonstrating a strong alignment of interest with Sasseur REIT. In addition, Sasseur REIT is expected to receive strong endorsement and support from L Catterton Asia and Ping An Real Estate, the Sponsor’s strategic shareholders. Through L Catterton Asia, the Sponsor has forged strategic partnerships, providing a strong basis for growing brand portfolios and future business opportunities. The
Sponsor also leverages on Ping An Real Estate’s extensive real estate network to continuously develop new sites, thereby providing opportunities for potential third party asset acquisition.

(See “The Sponsor” and “Appendix F – Independent Market Research Report” of this Prospectus for further details.)

(b) Experienced and professional management team of the Manager, and Entrusted Manager team with proven track record

Sasseur REIT is supported by a dedicated and experienced management team. The board of directors and management team of the Manager comprise individuals with a broad range of commercial experience, including expertise in the fund management and real estate industry and all of its key personnel possess considerable experience and expertise in real estate investments/management. In particular, each member of the management team of the Manager has at least 15 to 20 years of relevant industry experience in the regional real estate and Singapore REIT industry. As such, the Manager believes that it will be able to leverage on the track record, experience and expertise of their Directors and key employees, in particular, when making real estate investment decisions and providing strategic direction as to the overall management of Sasseur REIT.

In addition, Sasseur REIT will benefit from the experience of the Entrusted Manager, Sasseur Shanghai, who will manage the end-to-end operations of the Properties for and on behalf of Sasseur REIT pursuant to the Entrusted Management Agreements. The Entrusted Manager is well suited to perform the management function of the Properties as the key functions and management of the properties under the Sponsor Group were previously carried out through the Entrusted Manager. In addition, the management team in the Entrusted Manager has been responsible for managing the Properties and they possess a very good understanding of the outlet mall business and the management of PRC properties. The Property Managers hired by the Entrusted Manager to assist in certain aspects of the management of the Properties also has experience in managing PRC retail properties.

(c) Management fee structure based on distributable income and DPU growth which ensures the Manager’s alignment of interest with Unitholders

The management fees payable to the Manager under the Trust Deed are structured to align the interests of the Manager and the Unitholders with the base and performance management fee structure based on Distributable Income (as defined herein) and DPU growth, respectively (instead of assets under management and property income), which incentivises the Manager to grow the DPU of Sasseur REIT. Under the Trust Deed, the Manager is entitled to receive a base fee of 10.0% per annum of the Distributable Income (the “Base Fee”), and a performance fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year (the “Performance Fee”). The Manager has also adopted an acquisition fee rate of 0.75% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion). To further align its interest with Unitholders, the Manager shall receive

1 “Related Party” refers to an “interested person” as defined in the Listing Manual of the SGX-ST (the “Listing Manual”) (“Interested Person”) and/or (as the case may be) an “interested party” as defined in the Property Funds Appendix (“Interested Party”).
100.0% of the Base Fee in the form of Units for the period from the Listing Date to 31 December 2018 and Projection Year 2019 and 100.0% of the Performance Fee in the form of Units for Projection Year 2019. For the avoidance of doubt, there will be no Performance Fee payable for the period from the Listing Date to 31 December 2018.

(See “Overview – Certain Fees and Charges” for further details.)

(d) Transparent REIT vehicle subject to good corporate governance

The Manager is of the view that strong corporate governance is essential for delivering sustainable unitholder value, and that Sasseur REIT’s long-term success results from an open, transparent environment and stringent corporate governance. Therefore, the Board of the Manager will ensure that measures relating to high standards of corporate governance and prudent financial management are implemented and enforced. To this end, the Board will have in place a framework for the management of the Manager and Sasseur REIT, including a system of internal audit and control and a business risk management process. (See “The Manager and Corporate Governance – Corporate Governance of the Manager” for further details.)

KEY STRATEGIES

The Manager plans to achieve its key objectives through the following key strategies:

• **Active asset management and asset enhancement strategy** – The Manager intends to, where appropriate, work closely with the Entrusted Manager to proactively manage Sasseur REIT’s property portfolio and strive to achieve growth in revenue and sales and maintain optimal occupancy levels. In respect of properties acquired from third parties in the future, the Manager will also implement pro-active policies to improve the yields and seek suitable property enhancement opportunities to support and enhance organic growth.

• **Acquisition growth strategy** – The Manager will seek to achieve portfolio growth by pursuing selective acquisition opportunities of quality income-producing properties used mainly for retail outlet mall purposes initially in the PRC (including the potential pipeline under the ROFR from the Sponsor) and subsequently in other countries. Such acquisition opportunities would also be evaluated by the Manager according to the investment strategy of Sasseur REIT, to enhance the return to Unitholders and pursue opportunities for future income and capital growth.

• **Divestment strategy** – Where suitable market opportunities arise and subject to applicable laws and regulations, the Manager may divest properties of Sasseur REIT or part thereof to realise their optimal market potential and value.

• **Capital and risk management strategy** – The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions and asset enhancements, and utilise hedging strategies where appropriate from time to time to manage interest rate volatility and foreign exchange exposure for Sasseur REIT.

(See “Strategies” for further details.)
Background and Structure of Sasseur REIT

Sasseur REIT was 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. Sasseur REIT is principally regulated by the SFA, the Code on Collective Investment Schemes issued by the MAS ("CIS Code"), including Appendix 6 of the CIS Code (the "Property Funds Appendix"), other relevant regulations as well as the Trust Deed.

The Properties in the Initial Portfolio were initially indirectly held by the Sponsor through four property holding companies established in the PRC (collectively, the "PRC Property Companies"), each of which owns the Properties directly through:

- Sasseur (Chongqing) Business Co., Ltd (the "Bishan PRC Property Company"), which owns Bishan Outlets;
- Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd (the "Chongqing PRC Property Company"), which owns Chongqing Outlets;
- Hefei Sasseur Commercial Management Co., Ltd. (the "Hefei PRC Property Company"), which owns Hefei Outlets; and
- Kunming Sasseur Commercial Management Co., Ltd. (the "Kunming PRC Property Company"), which owns Kunming Outlets.

100.0% of the interest in the Kunming PRC Property Company is held by Sasseur (Kunming) Investment Consultancy Co., Ltd., a wholly foreign-owned enterprise ("WFOE") established in the PRC, and 100.0% of the interest in the Hefei PRC Property Company is held by Sasseur (Hefei) Investment Consultancy Co., Ltd., a WFOE established in the PRC.

Sasseur (Kunming) Investment Consultancy Co., Ltd., Sasseur (Hefei) Investment Consultancy Co., Ltd. and the Bishan PRC Property Company are in turn held by intermediate holding companies incorporated in Hong Kong (the "HK Holding Companies"), which are in turn held by intermediate holding companies incorporated in the British Virgin Islands (the "BVI Holding Companies").

A series of steps were undertaken in compliance with the relevant PRC laws and regulations in relation to the Restructuring Exercise (as defined herein). Sasseur Trust acquired the BVI Holding Companies from the Sponsor, with the purchase consideration for the acquisition being satisfied through the issuance of Consideration Units by Sasseur Trust to the Cayman Holdco, a wholly-owned subsidiary of the Sponsor. A portion of the Units held by the Cayman Holdco will be redeemed at the Offering Price out of the Offering Proceeds (as defined herein) on the Listing Date following the listing and trading of the Units on the SGX-ST.

Sasseur Trust then incorporated a wholly-owned subsidiary in Singapore, Sasseur Singapore Holdings Pte. Ltd., (the "Singapore Holdco") and transferred the shares of the BVI Holding Companies to the Singapore Holdco, with the purchase consideration for the transfer being satisfied through the issuance of shares in the Singapore Holdco to Sasseur Trust.

(See “Overview of the Acquisition of the Initial Portfolio” for further details.)
The Manager: Sasseur Asset Management Pte. Ltd.

The Manager was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore (the “Companies Act”) on 15 March 2017. As at the date of this Prospectus, it has an issued and paid-up capital of S$1.0 million. Its registered office is 80 Robinson Road, #02-00, Singapore 068898 and place of business is 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989. The Manager is an indirect wholly-owned subsidiary of the Sponsor.

The Manager has been issued a capital markets services licence (“CMS Licence”) by the MAS for REIT management pursuant to the SFA on 19 March 2018.

The Manager has general powers of management over the assets of Sasseur REIT. The Manager’s main responsibility is to manage Sasseur REIT’s assets and liabilities for the benefit of Unitholders. The Manager will set the strategic direction of Sasseur REIT and give recommendations to the Trustee on the acquisition, divestment, development and/or enhancement of assets of Sasseur REIT in accordance with its stated investment strategy. (See “The Manager and Corporate Governance” for further details.)

The Trustee: DBS Trustee Limited

The trustee of Sasseur REIT is DBS Trustee Limited. It is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under Section 289(1) of the SFA and is regulated by the MAS. As at the Latest Practicable Date, the Trustee has a paid-up capital of S$2.5 million. The Trustee’s registered address is 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982.

The Trustee acts as trustee of Sasseur REIT and, in such capacity, holds the assets of Sasseur REIT on trust for the benefit of Unitholders, safeguards the rights and interests of Unitholders and exercises all the powers of a trustee and the powers accompanying ownership of the properties in Sasseur REIT’s Initial Portfolio. (See “The Formation and Structure of Sasseur REIT – The Trustee” for further details.)

The Entrusted Manager: Sasseur (Shanghai) Holding Company Limited

The Entrusted Manager was incorporated in the PRC on 3 July 2012 and pursuant to the terms of the Individual Entrusted Management Agreements, the Entrusted Manager will manage the end-to-end operations of the Properties for and on behalf of the PRC Property Companies. The services provided by the Entrusted Manager under the Individual Entrusted Management Agreements include general management services, lease management services, marketing services, project management services in relation to development or redevelopment, maintenance and repairs as well as property management services. The Entrusted Manager will have a team of experienced professionals who are dedicated to providing services to Sasseur REIT’s properties. Under the Entrusted Management Agreements, it is agreed that all the costs and operating expenses incurred and/or associated with the running and operations of the Properties will be borne by the Entrusted Manager (or the Sponsor) including the staff costs of the Entrusted Manager as well as the employment costs of the employees in the PRC Property Companies. Accordingly, where the PRC Property Companies are legally required under PRC laws and regulations to make payment of salaries to its employees, such staff costs will be borne by the respective PRC Property Companies and subsequently reimbursed by the Sponsor to Sasseur REIT.
The Entrusted Manager (or through its wholly-owned subsidiaries) shall appoint Chongqing Ancheng Property Management Co., Ltd. to provide property management services in respect of Chongqing Outlets and Bishan Outlets and Hefei Anjing Property Service Co., Ltd. to provide property management services in respect of Hefei Outlets and Kunming Outlets (together, the “Property Managers”). Each of the Property Managers are independent third parties unrelated to the Sponsor and Sasseur REIT. Any payment to the Property Managers in connection with such property management services will be paid by the Entrusted Manager to such persons out of the Entrusted Management Fees received by the Entrusted Manager, and not additionally out of the Deposited Property.

In addition to the Property Managers, the Entrusted Manager may outsource certain services such as property maintenance, security and cleaning services to third party service providers in the PRC. If the Entrusted Manager outsources some of the services to third party service providers, the Entrusted Manager will be responsible for the costs of such services that are outsourced.

The Master Entrusted Management Agreement and the Individual Entrusted Management Agreements

On 1 March 2018, the Entrusted Manager was appointed as the entrusted manager of the Properties pursuant to the Master Entrusted Management Agreement entered into between the Trustee, the Manager and the Sponsor for the provision of management services in respect of the end-to-end operations of the Properties with effect from the Listing Date.

The services provided by the Entrusted Manager under the Individual Entrusted Management Agreements to the Properties in Sasseur REIT’s portfolio include general management services, lease management services, marketing services, project management services in relation to development or redevelopment, maintenance and repairs as well as property management services, subject to the overall management and supervision of the Manager.

The Sponsor: Sasseur Cayman Holding Limited

The Sponsor is a Cayman Islands holding company incorporated in 2011. Headquartered in Shanghai, the PRC, the Sponsor and its subsidiaries (collectively the “Sponsor Group”) is one of the leading premium outlet groups in the PRC, focused on the development and operation of retail outlet malls in the PRC. Founded in 1989, the Sponsor Group leverages on its founder’s passion for art and culture to develop and design all of its retail outlet malls, offering a unique lifestyle experience for its customers.

(See “The Sponsor” for further details.)
STRUCTURE OF SASSEUR REIT AS AT THE LISTING DATE

The following diagram illustrates the relationship between Sasseur REIT, the Manager, the Trustee, the BVI Holding Companies, the HK Holding Companies, the PRC Property Companies and the Unitholders as at the Listing Date:

Notes:
(1) The Sponsor is a controlling Unitholder of Sasseur REIT as at the Listing Date through its 100.0% interest in the Cayman Holdco, which in turn owns approximately 55% (assuming the Over-Allotment Option is exercised in full) to approximately 58% (assuming the Over-Allotment Option is not exercised) of the Units as at the Listing Date.
(2) The Manager is wholly-owned by the Cayman Holdco, which is an indirect wholly-owned subsidiary of the Sponsor.
(3) 60.0% of the interests in each of Chongqing West Outlets Brand Discount Commercial Co., Ltd. and Shanghai Pacific Rehouse Service Chongqing Co., Ltd. (collectively, the “Associated Companies”) is held by Shanghai Pacific Rehouse Service Co., Ltd., an independent third party unrelated to the Sponsor Group. The Associated Companies have commenced voluntary winding up from 12 December 2017 onwards. (See “Overview of the Acquisition of the Initial Portfolio – Details of the Acquisition of the Initial Portfolio – Winding up of the Associated Companies” for further details.)
Certain Fees and Charges

The following is a summary of the certain fees and charges payable by the Unitholders in connection with the subscription for or trading of the Units (so long as the Units are listed):

<table>
<thead>
<tr>
<th>Payable by the Unitholders directly</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Subscription fee or preliminary charge</td>
<td>N.A.(^{(1)})</td>
</tr>
<tr>
<td>(b) Realisation fee</td>
<td>N.A.(^{(1)})</td>
</tr>
<tr>
<td>(c) Switching fee</td>
<td>N.A.(^{(1)})</td>
</tr>
<tr>
<td>(d) Any other fee</td>
<td>Investors in the Placement Tranche may be required to pay brokerage of up to 1.0% of the Offering Price. For trading of the Units, investors will pay prevailing brokerage commissions (if applicable) and a clearing fee and a trading fee at the rate of 0.0325% and 0.0075% of the transaction value respectively, for trading of Units on the SGX-ST, subject to Goods and Services Tax (&quot;GST&quot;) chargeable thereon. An administration fee is payable for each application made through automated teller machines (&quot;ATM&quot;) and the internet banking websites of the Participating Banks (as defined herein).</td>
</tr>
</tbody>
</table>

Note:

\(^{(1)}\) Save for the Redemption which is expected to be completed on the Listing Date following the listing and trading of the Units on the SGX-ST, as the Units will be listed and traded on the SGX-ST and Unitholders will have no right to request the Manager to redeem their Units while the Units are listed, no subscription fee, preliminary charge, realisation fee or switching fee is payable in respect of the Units.

The following is a summary of certain fees and charges payable by Sasseur REIT in connection with the establishment and on-going management and operation of Sasseur REIT:

<table>
<thead>
<tr>
<th>Payable by Sasseur REIT</th>
<th>Amount payable</th>
</tr>
</thead>
</table>
| (a) Management fee (payable to the Manager or its nominee) | Base Fee  
10.0\% per annum of the Distributable Income\(^{1}\). |  
Performance Fee  
25.0\% of the difference in DPU in a financial year with the DPU in the preceding full financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. |

\(^{1}\) "Distributable Income" refers to the amount calculated by the Manager (based on the audited financial statements of Sasseur REIT for that financial year) as representing the consolidated audited net profit after tax of Sasseur REIT and its subsidiaries for the financial year, as adjusted to eliminate the effects of Adjustments (as defined herein). After eliminating the effects of these Adjustments, the Distributable Income may be different from the net profit recorded for the relevant financial year.
The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year where the Performance Fee is payable may be less than the DPU in the financial year prior to any preceding full financial year.¹

For the avoidance of doubt, where the DPU in a financial year is less than the DPU in any preceding financial year, the Manager shall not be required to return any Performance Fee paid to it in such preceding financial year.

For illustrative purposes only, the following sets out an example of the computation of the Performance Fee based on an assumed DPU of 5.00 cents for Year 1 and 5.10 cents for Year 2 and a weighted average number of Units of 1,000,000,000:

<table>
<thead>
<tr>
<th>Year</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPU (S$ cents)⁽¹⁾</td>
<td>5.00</td>
<td>5.10</td>
</tr>
<tr>
<td>Weighted average number of Units (million)</td>
<td>–</td>
<td>1,000</td>
</tr>
<tr>
<td>Performance Fee (S$ million)</td>
<td>–</td>
<td>0.25⁽²⁾</td>
</tr>
</tbody>
</table>

Notes:
(1) Calculated before accounting for the Performance Fee in the financial year.
(2) The Performance Fee is calculated based on the following computation: \((0.051 - 0.050) \times 1,000,000,000 \times 25.0\%\).

For the purpose of the computation of the Performance Fee only, the DPU shall be calculated based on all income of Sasseur REIT arising from the operations of Sasseur REIT, such as, but not limited to, rentals, interest, dividends, and other similar payments or income arising from the authorised investments of Sasseur REIT but shall exclude any one-off income of Sasseur REIT such as any income arising from any sale or disposal of (i) any real estate (whether directly or indirectly through SPVs or any part thereof), and (ii) any investments forming part of the Deposited Property² or any part thereof³.

¹ As an illustration, if the DPU is 5.20 cents in Year 1, 5.10 cents in Year 2 and 5.15 cents in Year 3, Performance Fee is payable in relation to Year 3 as the DPU for Year 3 exceeds Year 2, notwithstanding that the DPU for Year 3 is less than the DPU for Year 1.

² “Deposited Property” means all the assets of Sasseur REIT, including all the Authorised Investments of Sasseur REIT for the time being held or deemed to be held by Sasseur REIT under the Trust Deed.

³ The rationale for computing the DPU in the manner described above is to ensure that the measure of the Manager’s performance is based on the recurring income of Sasseur REIT arising from the operations as opposed to one-off income such as a sale or disposal of assets which may skew the DPU in a relevant financial year.
<table>
<thead>
<tr>
<th>Payable by Sasseur REIT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Performance Fee is payable for the period from the Listing Date to 31 December 2018. For Projection Year 2019, the calculation of the Performance Fee is determined using the difference between the actual DPU in Projection Year 2019 and the actual DPU in Forecast Period 2018. <strong>Management Fee to be paid in cash and/or Units</strong></td>
<td></td>
</tr>
<tr>
<td>The Base Fees and Performance Fees (collectively, the &quot;<strong>Management Fee</strong>&quot;) are payable to the Manager in the form of cash and/or Units in such proportion as may be determined by the Manager. For the period from the Listing Date to 31 December 2018 and Projection Year 2019, the Manager has elected to receive 100.0% of the Management Fee in Units.</td>
<td></td>
</tr>
<tr>
<td>(b) <strong>Trustee’s fees</strong></td>
<td>The Trustee’s fees shall not exceed 0.1% per annum of the value of the Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The Trustee’s fee is accrued daily and paid monthly in arrears in accordance with the Trust Deed. The actual fee payable within the permitted limit will be determined between the Manager and the Trustee from time to time. The Trustee will also be paid a one-time inception fee as may be agreed between the Trustee and the Manager, subject to a maximum of S$60,000.</td>
</tr>
<tr>
<td>(c) <strong>Any other substantial fee or charge (i.e. 0.1% or more of Sasseur REIT’s asset value)</strong></td>
<td>0.75% for acquisitions from Related Parties(^1) and 1.0% for all other acquisitions (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting):</td>
</tr>
<tr>
<td>(i) <strong>Acquisition Fee</strong> (payable to the Manager or its nominee)</td>
<td>• the acquisition price of any real estate purchased by Sasseur REIT, whether directly or indirectly through one or more SPVs, plus any other payments(^2) in addition to the acquisition price made by Sasseur REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of Sasseur REIT’s interest);</td>
</tr>
</tbody>
</table>

---

1. "**Related Party**" refers to “interested person” as defined in the Listing Manual and/or, as the case may be, an “interested party” as defined in the Property Funds Appendix.
2. "**other payments**" refer to additional payments to the vendor of the asset, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but “other payments” do not include stamp duty or other payments to third party agents and brokers.
Payable by Sasseur REIT | Amount payable
--- | ---
- the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests of any SPV holding directly or indirectly the real estate purchased by Sasseur REIT, whether directly or indirectly through one or more SPVs, plus any additional payments made by Sasseur REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of Sasseur REIT’s interest); or
- the acquisition price of any investment by Sasseur REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate,

(the “Acquisition Fee”).

For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any completion or other price or value adjustment to be made post-completion (and the Acquisition Fee payable to the Manager will be adjusted upwards or downwards, as applicable).

No Acquisition Fee is payable for the acquisition of the Properties.

The Acquisition Fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect). Under the Property Funds Appendix, in respect of any acquisition of real estate assets from interested parties, such a fee should be in the form of Units issued by Sasseur REIT at prevailing market price(s). Such Units should not be sold within one year from the date of their issuance.

Any payment to third party agents or brokers in connection with the acquisition of any assets of Sasseur REIT shall be paid by the Manager to such persons out of the Deposited Property of Sasseur REIT, and not out of the Acquisition Fee received or to be received by the Manager.
<table>
<thead>
<tr>
<th>Payable by Sasseur REIT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ii) Divestment Fee (payable to the Manager or its nominee)</td>
<td>0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting):</td>
</tr>
<tr>
<td>Payable by Sasseur REIT</td>
<td>Amount payable</td>
</tr>
<tr>
<td>------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>The Divestment Fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect) in such proportions as may be determined by the Manager. Under the Property Funds Appendix, in respect of any sale or divestment of real estate assets to Related Parties, such a fee should be in the form of Units issued by Sasseur REIT at prevailing market price(s) instead of cash. Such Units should not be sold within one year from the date of their issuance.</td>
<td></td>
</tr>
</tbody>
</table>

The Manager shall pay third party agents or brokers in connection with the disposal of any assets of Sasseur REIT out of the Deposited Property of Sasseur REIT or the assets of the relevant SPV, and not out of the Divestment Fee received or to be received by the Manager.

<table>
<thead>
<tr>
<th>(iii) Development Management Fee (payable to the Manager or its nominee)</th>
<th>The Manager is entitled to receive a development management fee equivalent to 3.0% of the Total Project Costs incurred in Development Projects (as defined herein) undertaken on behalf of Sasseur REIT (the “Development Management Fee”). Sasseur REIT will only undertake development activities within the limits of the Property Funds Appendix.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Total Project Costs” is defined in the Trust Deed to mean the sum of the following:</td>
<td></td>
</tr>
<tr>
<td>(i) construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;</td>
<td></td>
</tr>
<tr>
<td>(ii) principal consultants’ fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</td>
<td></td>
</tr>
<tr>
<td>(iii) the cost of obtaining all approvals for the project;</td>
<td></td>
</tr>
<tr>
<td>(iv) site staff costs;</td>
<td></td>
</tr>
<tr>
<td>(v) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and</td>
<td></td>
</tr>
<tr>
<td>(vi) any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore.</td>
<td></td>
</tr>
</tbody>
</table>

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1 Under the Property Funds Appendix, the total contract value of property development activities undertaken and investments in uncompleted property developments should not exceed 10.0% of the Deposited Property.
<table>
<thead>
<tr>
<th>Payable by Sasseur REIT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Development Project” in relation to Sasseur REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Sasseur REIT, either directly or indirectly, by one or more SPV, provided that the Property Funds Appendix shall be complied with for the purposes of such development including major development, re-development, addition and alteration works.</td>
<td></td>
</tr>
</tbody>
</table>

When the estimated total project costs are greater than S$100.0 million, the Trustee and the Independent Directors of the Manager will first review and approve the quantum of the Development Management Fee, whereupon the Manager may be directed by its Independent Directors to reduce the Development Management Fee. Further, in cases where the market pricing for comparable services is, in the view of the Independent Directors of the Manager, materially lower, the Independent Directors of the Manager shall have the right to direct a reduction of the Development Management Fee to less than 3.0% of the total project costs.

In respect of the same Development Project, the Manager will not be entitled to concurrently receive both the Development Management Fee as well as the Acquisition Fee. For the avoidance of doubt, as land costs will not be included in the computation of Total Project Costs, the Manager shall be entitled to receive an Acquisition Fee on the land costs. For the avoidance of doubt, where project management fees are payable to the Property Manager(s), there will not be any Development Management Fees payable to the Manager in respect of the same project and vice versa.

The Development Management Fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect) in such proportions as may be determined by the Manager.

For the avoidance of doubt, no Development Management Fee will be payable to the Manager (or the Sponsor) in respect of the Phase 2 Developments (as defined herein).
(iv) Entrusted management fee (payable to the Entrusted Manager)

The Entrusted Manager is entitled to a management fee per annum (the “Entrusted Management Fee”) on each Property\(^1\) comprising the following:

(i) a base fee (the “EM Base Fee”); and

(ii) a variable performance fee (the “EM Performance Fee”).

The EM Base Fee shall be derived in the following manner and shall be payable monthly:

\[
EM Base Fee = \text{Lower of:}
\]

(i) 30% of Gross Revenue; and

(ii) Gross Revenue – EMA Resultant Rent (as defined herein).

The EM Performance Fee shall be based on the differential between the Gross Revenue and EMA Resultant Rent and after deducting the EM Base Fee and shall be payable annually and derived in the following manner:

\[
EM Performance Fee = 60\% \times ((\text{Gross Revenue} - \text{EMA Resultant Rent}) - EM Base Fee)
\]

For the avoidance of doubt, where the EM Base Fee and/or EM Performance Fee is equal to or less than zero, the Entrusted Manager shall not be entitled to receive any EM Base Fee and/or EM Performance Fee, as the case may be.


### Rationale for the Fees Payable to the Manager

The rationale for each of the fees payable by Sasseur REIT to the Manager in connection with the establishment and on-going management and operation of Sasseur REIT are as follows:

(a) **Management Fee**

The Manager’s Management Fee comprises two components, being the Base Fee and the Performance Fee. The Management Fee remunerates the Manager for its provision of on-going management services to Sasseur REIT as a professional licensed REIT manager on a full-time and dedicated basis. These management services include functions such as setting the strategic direction of Sasseur REIT, working with the Entrusted Manager and the Property Managers (through the Entrusted Manager) in adopting a strategy to actively

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\(^1\) In respect of the Properties under the management of the Entrusted Manager pursuant to the Entrusted Management Agreement, the Entrusted Manager shall appoint the Property Managers to provide property management services and pay the Property Managers for the provision of property management services. Any payment to such Property Managers in connection with such management services will be paid by the Entrusted Manager to such persons out of the Entrusted Management Fees received by the Entrusted Manager, and not additionally out of the Deposited Property.
manage the Properties, maintain consistently high levels of service performance and undertaking active management of Sasseur REIT’s assets to enhance the performance of Sasseur REIT’s property portfolio and to provide Unitholders with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in DPU and NAV per Unit, while maintaining an appropriate capital structure for Sasseur REIT.

(i) Base Fee

The Base Fee is a recurring income stream to the Manager which covers its operational and administrative overheads incurred in the provision of REIT management services to Sasseur REIT’s portfolio.

(ii) Performance Fee

The Performance Fee, which is based on and linked to DPU growth, ensures that the Manager will only be entitled to the Performance Fee if it achieves DPU growth over the previous financial year. The methodology for the computation of the Performance Fee aligns the interest of the Manager with that of Unitholders, as the Manager is incentivised to improve and sustain the operating performance of Sasseur REIT’s properties in order to achieve the Performance Fee. The objective of achieving sustainability in DPU growth over the long-term will require the Manager to undertake prudent capital and risk management, proactive asset management and well-executed asset enhancement initiatives, and avoid exposing Sasseur REIT to excessive short-term risks.

(b) Acquisition Fee and Divestment Fee

The Acquisition Fee and Divestment Fee are payable to the Manager upon a successful acquisition or successful divestment respectively. The Acquisition Fee and Divestment Fee compensate the Manager for the time, effort and costs incurred by its management team (in the case of the Acquisition Fee) in sourcing, evaluating and executing opportunities to acquire new properties to further the growth of Sasseur REIT or (in the case of the Divestment Fee) in rebalancing and unlocking the underlying value of existing properties where they have reached a stage which offers limited scope for further growth. In undertaking a proposed acquisition or proposed divestment, the Manager is also expected to incur time and effort in negotiating with the prospective seller or purchaser, liaising with the valuers and working with the legal advisers and regulatory authorities to seek the necessary approvals from regulators and/or the Unitholders (where required). The Manager provides these services over and above the provision of on-going management services with the aim of enhancing long-term returns and achieving the investment objectives of Sasseur REIT.

(c) Development Management Fee

The Development Management Fee is payable to the Manager only when it undertakes development projects on behalf of Sasseur REIT (the “Development Manager”) within the limits of the Property Funds Appendix. Given that the quantum of the Development Management Fee is subject to the review of the Trustee and the Independent Directors of the Manager when the Total Project Costs are greater than S$100.0 million, the Manager will not be incentivised to take on unnecessary development activities.
As the Development Manager, the Manager will be responsible for development management services which include:

- overall responsibility for the planning, control and monitoring of the progress of the development project from concept to completion to ensure that the development project is completed within the stipulated time, cost and quality;
- working closely with the appointed project manager, architect and consultants to carry out relevant value engineering to ensure a cost-efficient building as well as hiring of staff required to oversee the development projects on behalf of the Manager; and
- reporting to the Trustee on a regular basis, in particular, on the cost and progress of the project.

Unlike outright acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The gestation period (i.e. from the time taken between identification of development opportunities and the confirmation of a deal) may take up to a year and sometimes longer. From confirmation of a deal to the completion of the construction of the development project, the time frame for the development management process (and depending on the size of the project) is expected to be longer compared to the time frame for outright acquisitions (starting from initial inspection until the completion of the acquisition).

In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers and the relevant authorities. The amount of services rendered for a development project is significantly more than the amount of services rendered for an acquisition.
# THE OFFERING

**Sasseur REIT**  
Sasseur REIT, a REIT established in Singapore and constituted by the Trust Deed.

**The Manager**  
Sasseur Asset Management Pte. Ltd., in its capacity as manager of Sasseur REIT.

**The Sponsor**  
Sasseur Cayman Holding Limited.

**The Trustee**  
DBS Trustee Limited, in its capacity as trustee of Sasseur REIT.

**The Offering**  
266,562,500 Units offered under the Placement Tranche and the Public Offer, subject to the Over-Allotment Option.

**The Placement Tranche**  
252,812,500 Units offered by way of an international placement to investors, including institutional and other investors in Singapore.

The Units have not been and will not be registered under the Securities Act and, accordingly, may not be offered or sold within the United States except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. The Units are being offered and sold in offshore transactions (as defined in Regulation S) outside of the United States, in reliance on Regulation S.

**The Public Offer**  
The Public Offer Units offered by way of a public offer in Singapore. 13,750,000 Units will be offered under the Public Offer.

**Clawback and Re-allocation**  
The Units may be re-allocated between the Placement Tranche and the Public Offer at the discretion of the Joint Bookrunners and Underwriters (in consultation with the Manager, subject to the minimum unitholding and distribution requirements of the SGX-ST), in the event of an excess of applications in one and a deficit in the other.

**Sponsor Initial Unit**  
One Unit issued to the Cayman Holdco in connection with the constitution of Sasseur REIT.

**Consideration Units**  
Pursuant to the Restructuring Exercise, 1,062,289 Consideration Units were issued to the Cayman Holdco as purchase consideration for the acquisition of the Initial Portfolio from the Sponsor. After completion of the Sub-division and the Offering, a portion of the Units held by the Cayman Holdco will be redeemed by the Manager at the Offering Price following the listing and trading of the Units on the SGX-ST.
| Subscription by the Cornerstone Investors | Concurrently with, but separate from the Offering, each of the Cornerstone Investors has entered into a Cornerstone Subscription Agreement to subscribe for an aggregate of 228,437,500 Units (the “Cornerstone Units”) at the Offering Price, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.  
(See “Ownership of the Units – Subscription by the Cornerstone Investors – Information on the Cornerstone Investors” for further details.) |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Offering Price</td>
<td>S$0.80 per Unit</td>
</tr>
</tbody>
</table>
| Subscription for Units in the Public Offer | Investors applying for Units by way of Application Forms or Electronic Applications (both as referred to in “Appendix G – Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”) in the Public Offer will pay the Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case, without interest or any share of revenue or other benefit arising therefrom) where:  
(i) an application is rejected or accepted in part only; or  
(ii) the Offering does not proceed for any reason.  
For the purpose of illustration, an investor who applies for 1,000 Units by way of an Application Form or an Electronic Application under the Public Offer will have to pay S$800.00, which is subject to a refund of the full amount or the balance thereof (without interest or any share of revenue or other benefit arising therefrom), as the case may be, upon the occurrence of any of the foregoing events.  
The minimum initial subscription is for 1,000 Units. An applicant may subscribe for a larger number of Units in integral multiples of 100.  
Investors in Singapore must follow the application procedures set out in “Appendix G – Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”. Subscriptions under the Public Offer must be paid for in Singapore dollars. No fee is payable by applicants for the Units, save for an administration fee for each application made through ATM and the internet banking websites of the Participating Banks. |
| Unit Lender | The Cayman Holdco |
**Over-Allotment Option**

In connection with the Offering, the Unit Lender has granted the Over-Allotment Option to the Joint Bookrunners and Underwriters. The Over-Allotment Option is exercisable by the Stabilising Manager (or any of its affiliates or other persons acting on its behalf), in full or in part, on one or more occasions, only from the Listing Date but no later than the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought, on the SGX-ST, an aggregate of 32,000,000 Units, representing not more than 12.0% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 32,000,000 Units (representing 12.0% of the total number of Units in the Offering), at the Offering Price. Unless indicated otherwise, all information in this document assumes that the Over-Allotment Option is not exercised.

(See “Plan of Distribution” for further details.)

The total number of Units in issue immediately after completion of the Sub-division and the Offering and prior to the Redemption is 1,675,280,000 Units. The total number of Units in issue immediately after completion of the Offering and Redemption will be 1,180,280,000 Units. The exercise of the Over-Allotment Option will not increase the total number of Units in issue.

**Lock-ups**

Each of the Sponsor, the Cayman Holdco, Sasseur (BVI) Holding II Limited, Shimmer Fair Holdings Limited, Mr Xu Rongcan, Great World Shanghai Outlet Pte. Ltd., L Capital Asia 2 Pte. Ltd. and L Catterton Singapore Pte. Ltd. has agreed to (i) a lock-up arrangement during the period commencing from the Listing Date until the date falling six months thereafter (both dates inclusive) (the “First Lock-up Period”) in respect of all of the Units which will be legally and/or beneficially owned by such persons on the Listing Date (the “Lock-up Units”) and (ii) a lock-up arrangement during the period commencing from the day immediately following the First Lock-up Period until the date falling six months after the First Lock-up Period (both dates inclusive) (the “Second Lock-up Period”) in respect of each of such person’s effective interest in 50.0% of the Lock-up Units, subject to certain exceptions.
Save for DBS Bank Ltd. in respect of its own investment and Sparkling Gateway Pte. Ltd., the Cornerstone Investors are not subject to any lock-up restrictions in respect of their Unitholdings. DBS Bank Ltd. has agreed to a lock-up arrangement during the First Lock-Up Period in respect of its interest in the Units held by it, subject to certain exceptions. For the avoidance of doubt, the Units held by investors whom DBS Vickers (Securities) Pte. Ltd. had entered into a cornerstone subscription agreement on behalf of will not be subject to any lock-up restrictions. Sparkling Gateway Pte. Ltd. has agreed to (i) a lock-up arrangement during the First Lock-up Period in respect of all of its Lock-up Units and (ii) a lock-up arrangement during the Second Lock-up Period in respect of its effective interest in 50.0% of its Lock-up Units, subject to certain exceptions.

The Manager has also undertaken, amongst other things, not to allot, offer, issue or contract to issue any Units, and make any announcements in connection with any of the foregoing transactions, during the First Lock-up Period, subject to certain exceptions.

(See “Plan of Distribution – Lock-up Arrangements” for further details.)

**Capitalisation**

- Approximately S$944.2 million immediately after completion of the Offering and Redemption.
- Approximately S$1,340.2 million immediately after completion of the Offering and prior to Redemption.

(See “Capitalisation and Indebtedness” for further details.)

**Use of Proceeds**

See “Use of Proceeds” and “Certain Agreements Relating to Sasseur REIT and the Properties” for further details.

**Listing and Trading**

Prior to the Offering, there was no market for the Units. An application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST:

- all the Units comprised in the Offering;
- the Sponsor Initial Unit;
- all the Consideration Units;
- all the Cornerstone Units; and
- all the Units which may be issued to the Manager from time to time in full or part payment of the Manager’s fees.
Such permission will be granted when Sasseur REIT is admitted to the Official List of the SGX-ST.

The Units will, upon their issue, be listed and quoted on the SGX-ST and will be traded in Singapore dollars under the book-entry (scripless) settlement system of the CDP. The Units will be traded in board lot sizes of 100 Units.

**Stabilisation**

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) may, at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations (including the SFA and any regulations thereunder).

Such transactions may commence on or after the date of commencement of trading in the Units on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the commencement of trading in the Units on the SGX-ST, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 32,000,000 Units representing not more than 12.0% of the total number of Units in the Offering, to undertake stabilising actions.

(See “Plan of Distribution – Over-Allotment and Stabilisation” for further details.)

**No Redemption by Unitholders**

Save for the Redemption, which is expected to be completed on the Listing Date following the listing and trading of the Units on the SGX-ST, Unitholders have no right to request the Manager to redeem their Units while the Units are listed. Unitholders may only deal in their listed Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

(See “Ownership of the Units” for further details on the Redemption.)
| Distribution Policy | Distributions from Sasseur REIT to Unitholders will be computed based on 100.0% of Sasseur REIT’s Distributable Income for the period from the Listing Date to 31 December 2019. Thereafter, Sasseur REIT will distribute at least 90.0% of its Distributable Income. The distribution will be made on a semi-annual basis for the six-month periods ending 30 June and 31 December. Distributions, when paid, will be in Singapore dollars.  

The first distribution, which will be in respect of the period from the Listing Date to 30 June 2018, will be paid by the Manager on or before 30 September 2018.  

(See “Distributions” for further details.) |
|---|---|
| Tax Considerations | Unitholders will not be subject to Singapore income tax on distributions made by Sasseur REIT out of its tax-exempt income.  

Unitholders will not be subject to Singapore income tax on distributions made by Sasseur REIT out of its taxable income that has been taxed on the Trustee. Unitholders are also not entitled to tax credits for any taxes paid or payable by the Trustee on such taxable income.  

Unitholders will not be subject to Singapore income tax on distributions made by Sasseur REIT out of its capital receipts. These distributions will be treated as returns of capital for Singapore income tax purposes. For Unitholders who hold the Units as trading assets and are liable to Singapore income tax on gains arising from disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain when the Units are disposed of. If the amount (being the distributions made by Sasseur REIT out of its capital receipts) exceeds the cost or reduced cost of the Units, as the case may be, the excess will be subject to tax as trading income of such Unitholders.  

(See “Taxation” for further details.) |
| Termination of Sasseur REIT | Sasseur REIT can be terminated by either an Extraordinary Resolution at a Unitholders’ meeting duly convened and held in accordance with the provisions of the Trust Deed or by the Manager or the Trustee under certain circumstances specified in the Trust Deed, for example, if Sasseur REIT is delisted permanently from the SGX-ST.  

(See “The Formation and Structure of Sasseur REIT – Termination of Sasseur REIT” for further details.) |
| Governing Law | The Trust Deed is governed by Singapore law. |
| **Commission Payable by Sasseur REIT to the Joint Bookrunners and Underwriters** | Maximum of 3.25% of the total proceeds raised from 298,562,500 Units and the proceeds raised from the issuance of the Cornerstone Units.  
(See “Plan of Distribution – Issue Expenses and Other Transaction Costs” for further details.) |
|---|---|
| **Risk Factors** | Prospective investors should carefully consider certain risks connected with an investment in the Units, as discussed under “Risk Factors”.

INDICATIVE TIMETABLE

An indicative timetable for the Offering is set out below for the reference of applicants for the Units:

<table>
<thead>
<tr>
<th>Date and time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 March 2018,</td>
<td>Opening date and time for the Public Offer.</td>
</tr>
<tr>
<td>8.00 p.m.</td>
<td></td>
</tr>
<tr>
<td>26 March 2018,</td>
<td>Closing date and time for the Public Offer.</td>
</tr>
<tr>
<td>12.00 noon</td>
<td></td>
</tr>
<tr>
<td>27 March 2018</td>
<td>Balloting of applications under the Public Offer, if necessary, Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price, if necessary.</td>
</tr>
<tr>
<td>28 March 2018,</td>
<td>Commence trading on a “ready” basis.</td>
</tr>
<tr>
<td>9.00 a.m.</td>
<td></td>
</tr>
<tr>
<td>28 March 2018, after 5:00 p.m.</td>
<td>Redemption of a portion of the Units held by the Cayman Holdco.</td>
</tr>
<tr>
<td>3 April 2018</td>
<td>Settlement date for all trades done on a “ready” basis on the Listing Date.</td>
</tr>
</tbody>
</table>

The above timetable is indicative only and is subject to change. It assumes:

- that the closing of the list of applicants subscribing for Units which are the subject of the Public Offer (the "Application List") is 26 March 2018, 12.00 noon;
- that the Listing Date is 28 March 2018;
- compliance with the SGX-ST’s unitholding spread requirement; and
- that the Units will be issued and fully paid up prior to 9.00 a.m. on 28 March 2018.

All dates and times referred to above are Singapore dates and times.

Trading in the Units through the SGX-ST on a “ready” basis will commence at 9.00 a.m. on 28 March 2018 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units through the SGX-ST on a “ready” basis have been fulfilled).

If Sasseur REIT is terminated by the Manager or the Trustee under the circumstances specified in the Trust Deed prior to 9.00 a.m. on 28 March 2018 (being the time and date of commencement of trading in the Units through the SGX-ST), the Offering will not proceed and the application monies will be returned in full (without interest or any share of revenue or other benefit arising therefrom and at each applicant’s own risk and without any right or claim against Sasseur REIT, the Manager, the Sponsor, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators or the Joint Bookrunners and Underwriters).
In the event of any early or extended closure of the Application List or the shortening or extension of the time period during which the Offering is open, the Manager will publicly announce the same:

- via SGXNET, with the announcement to be posted on the internet at the SGX-ST website: http://www.sgx.com; and

- in one or more major Singapore newspapers, such as The Straits Times, The Business Times and Lianhe Zaobao.

For the date on which trading on a “ready” basis will commence, investors should monitor SGXNET, the major Singapore newspapers, or check with their brokers.

The Manager will provide details and results of the Public Offer through SGXNET and in one or more major Singapore newspapers, such as The Straits Times, The Business Times and Lianhe Zaobao.

The Manager reserves the right to reject or accept, in whole or in part, or to scale down or ballot any application for Units, without assigning any reason, and no enquiry and/or correspondence on the decision of the Manager will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

Where an application is rejected or accepted in part only or if the Offering does not proceed for any reason, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, and without any right or claim against Sasseur REIT, the Manager, the Sponsor, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators or the Joint Bookrunners and Underwriters (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in “Appendix G – Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

Where an application is not successful, the refund of the full amount of the application monies (without interest or any share of revenue or other benefit arising therefrom) to the applicant, is expected to be completed, at his own risk within 24 hours after balloting (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in “Appendix G – Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

Where an application is rejected or accepted in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days (as defined herein) after the close of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in “Appendix G – Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

Where the Offering does not proceed for any reason, the full amount of application monies under the Public Offer (without interest or any share of revenue or other benefit arising therefrom) will, within three Market Days after the Offering is discontinued, be returned to the applicants at their own risk (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in “Appendix G – Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

The manner and method for applications and acceptances for the Units under the Placement Tranche shall be determined by the Manager, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters.
UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following table is only an extract from, and should be read together with “Unaudited Pro Forma Financial Information”, and the report set out in “Appendix B – Reporting Accountant’s Report on the Unaudited Pro Forma Financial Information”.

UNAUDITED PRO FORMA STATEMENTS OF FINANCIAL POSITION OF PRO FORMA GROUP

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2016</th>
<th>As at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>1,386,080</td>
<td>1,386,080</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>2,454</td>
<td>5,762</td>
</tr>
<tr>
<td></td>
<td><strong>1,388,534</strong></td>
<td><strong>1,391,842</strong></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>1,729</td>
<td>950</td>
</tr>
<tr>
<td>Prepayments, deposits and other receivables</td>
<td>4,150</td>
<td>7,442</td>
</tr>
<tr>
<td>Pledged deposits</td>
<td>43,951</td>
<td>42,356</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>68,513</td>
<td>109,412</td>
</tr>
<tr>
<td></td>
<td><strong>118,343</strong></td>
<td><strong>160,160</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>1,506,877</strong></td>
<td><strong>1,552,002</strong></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>501,601</td>
<td>501,601</td>
</tr>
<tr>
<td></td>
<td><strong>501,601</strong></td>
<td><strong>501,601</strong></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>15,918</td>
<td>26,923</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>39,388</td>
<td>66,668</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>25,646</td>
<td>32,590</td>
</tr>
<tr>
<td>Tax payable</td>
<td>2,477</td>
<td>2,373</td>
</tr>
<tr>
<td></td>
<td><strong>83,429</strong></td>
<td><strong>128,554</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>585,030</strong></td>
<td><strong>630,155</strong></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>921,847</strong></td>
<td><strong>921,847</strong></td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitholders</td>
<td><strong>921,847</strong></td>
<td><strong>921,847</strong></td>
</tr>
<tr>
<td></td>
<td>Year ended 31 December 2016</td>
<td>Nine-month period ended 30 September 2016</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-----------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>89,401</td>
<td>61,334</td>
</tr>
<tr>
<td>Manager’s management fee</td>
<td>(4,810)</td>
<td>(3,234)</td>
</tr>
<tr>
<td>Trustee’s fee</td>
<td>(290)</td>
<td>(179)</td>
</tr>
<tr>
<td>Other trust expenses</td>
<td>(13,491)</td>
<td>(12,909)</td>
</tr>
<tr>
<td>Finance income</td>
<td>636</td>
<td>56</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(24,825)</td>
<td>(17,513)</td>
</tr>
<tr>
<td>Net change in fair value of investment properties</td>
<td>(2,523)</td>
<td>(1,585)</td>
</tr>
<tr>
<td><strong>Total return for the year/period before tax</strong></td>
<td>44,098</td>
<td>25,970</td>
</tr>
<tr>
<td>Tax expense</td>
<td>(16,833)</td>
<td>(11,321)</td>
</tr>
<tr>
<td><strong>Total return for the year/period</strong></td>
<td>27,265</td>
<td>14,649</td>
</tr>
<tr>
<td>Total return attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitholders</td>
<td>27,265</td>
<td>14,649</td>
</tr>
<tr>
<td></td>
<td>Year ended 31 December 2016</td>
<td>Nine-month period ended 30 September 2017</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----------------------------</td>
<td>-----------------------------------------</td>
</tr>
<tr>
<td></td>
<td>S$’000</td>
<td>S$’000</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total return for the year/period before tax</td>
<td>44,098</td>
<td>66,120</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Straight-lining rent adjustment</td>
<td>(2,523)</td>
<td>3,395</td>
</tr>
<tr>
<td>Manager’s management fee paid in units</td>
<td>4,810</td>
<td>5,518</td>
</tr>
<tr>
<td>Change in fair value of investment properties</td>
<td>2,523</td>
<td>(3,395)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>24,825</td>
<td>23,037</td>
</tr>
<tr>
<td>Interest income</td>
<td>(636)</td>
<td>(1,418)</td>
</tr>
<tr>
<td><strong>Cash flows before changes in working capital</strong></td>
<td>73,097</td>
<td>93,257</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>(4,374)</td>
<td>660</td>
</tr>
<tr>
<td>Prepayments, deposits and other receivables</td>
<td>(19,514)</td>
<td>(5,150)</td>
</tr>
<tr>
<td>Trade payables</td>
<td>13,428</td>
<td>10,583</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>7,943</td>
<td>(29)</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td>70,580</td>
<td>99,321</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(12,054)</td>
<td>(14,158)</td>
</tr>
<tr>
<td>Interest received</td>
<td>636</td>
<td>1,418</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td>59,162</td>
<td>86,581</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from bank loans</td>
<td>548,897</td>
<td>–</td>
</tr>
<tr>
<td>Repayments of bank loans</td>
<td>(425,909)</td>
<td>(3,964)</td>
</tr>
<tr>
<td>Proceeds from issuance of units</td>
<td>416,557</td>
<td>–</td>
</tr>
<tr>
<td>Redemption of sponsor units</td>
<td>(416,557)</td>
<td>–</td>
</tr>
<tr>
<td>Payment of transaction costs relating to issuance of units</td>
<td>(19,365)</td>
<td>–</td>
</tr>
<tr>
<td>Payment of transaction costs relating to borrowings</td>
<td>(26,084)</td>
<td>–</td>
</tr>
<tr>
<td>Distribution to unitholders</td>
<td>(18,855)</td>
<td>(65,098)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(21,980)</td>
<td>(18,043)</td>
</tr>
<tr>
<td>Increase in pledged deposit</td>
<td>(8,417)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net cash generated from/(used in) financing activities</strong></td>
<td>28,287</td>
<td>(87,105)</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>87,449</td>
<td>(524)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the year/period</td>
<td>5,580</td>
<td>93,029</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>–</td>
<td>(2,926)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of the year/period</strong></td>
<td>93,029</td>
<td>89,579</td>
</tr>
</tbody>
</table>
## UNAUDITED PRO FORMA STATEMENT OF TOTAL RETURN OF CHONGQING OUTLETS

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014 S$'000</td>
<td>2015 S$'000</td>
<td>2016 S$'000</td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>55,405</td>
<td>56,859</td>
<td>55,890</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(15,980)</td>
<td>(16,278)</td>
<td>(15,896)</td>
</tr>
<tr>
<td>Net change in fair value of investment property</td>
<td>(1,087)</td>
<td>558</td>
<td>548</td>
</tr>
<tr>
<td><strong>Total return for the year before tax</strong></td>
<td><strong>38,338</strong></td>
<td><strong>41,139</strong></td>
<td><strong>40,542</strong></td>
</tr>
<tr>
<td>Tax expense</td>
<td>(9,236)</td>
<td>(9,912)</td>
<td>(9,736)</td>
</tr>
<tr>
<td><strong>Total return for the year</strong></td>
<td><strong>29,102</strong></td>
<td><strong>31,227</strong></td>
<td><strong>30,806</strong></td>
</tr>
</tbody>
</table>

## UNAUDITED PRO FORMA STATEMENT OF TOTAL RETURN OF BISHAN OUTLETS

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015 S$'000</td>
<td>2016 S$'000</td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>11,530</td>
<td>11,332</td>
</tr>
<tr>
<td>Finance income</td>
<td>45</td>
<td>367</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(3,821)</td>
<td>(5,049)</td>
</tr>
<tr>
<td>Net change in fair value of investment property</td>
<td>(461)</td>
<td>454</td>
</tr>
<tr>
<td><strong>Total return for the year before tax</strong></td>
<td><strong>7,293</strong></td>
<td><strong>7,104</strong></td>
</tr>
<tr>
<td>Tax credit</td>
<td>1,013</td>
<td>711</td>
</tr>
<tr>
<td><strong>Total return for the year</strong></td>
<td><strong>8,306</strong></td>
<td><strong>7,815</strong></td>
</tr>
</tbody>
</table>
PROFIT FORECAST AND PROFIT PROJECTION

The following is only an extract from, and should be read with “Profit Forecast and Profit Projection”. Statements contained in this “Profit Forecast and Profit Projection” section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in “Profit Forecast and Profit Projection” and are subject to certain risks and uncertainties which could cause actual results to differ materially from the forecast or projected results of Sasseur REIT. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of Sasseur REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters or any other person, nor that these results will be achieved or are likely to be achieved (see “Forward-looking Statements” and “Risk Factors” for further details). Prospective investors in the Units are cautioned not to place any undue reliance on these forward-looking statements that are made only as at the date of this Prospectus.

None of Sasseur REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators or the Joint Bookrunners and Underwriters guarantees the performance of Sasseur REIT, the repayment of capital or the payment of any distributions, or any particular return on the Units. The forecast and projected yields stated in the following table are calculated based on:

- the Offering Price; and
- the assumption that the Listing Date is 1 March 2018.

Such yields will vary accordingly if the Listing Date is not 1 March 2018, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price.

The following table shows Sasseur REIT’s Statements of Total Return for the Forecast Period 2018 and Projection Year 2019. The financial year end of Sasseur REIT is 31 December. The Profit Forecast and Profit Projection may be different to the extent that the actual date of issuance of Units is other than on 1 March 2018, being the assumed date of the issuance of Units for the Offering. The Profit Forecast and Profit Projection are based on the assumptions set out below and have been examined by the Reporting Accountant, being Ernst & Young LLP, and should be read together with the “Reporting Accountant’s Report on the Profit Forecast and Profit Projection” set out in Appendix A, as well as the assumptions and the sensitivity analysis set out in this section of this Prospectus.
The forecast and projected statements of total return for Sasseur REIT are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2018 (1 March 2018 to 31 December 2018)</th>
<th>Projection Year 2019 (1 January 2019 to 31 December 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>99,971</td>
<td>119,966</td>
</tr>
<tr>
<td>Manager's management fees</td>
<td>(5,920)</td>
<td>(8,181)</td>
</tr>
<tr>
<td>Trustee's fee</td>
<td>(252)</td>
<td>(302)</td>
</tr>
<tr>
<td>Other trust expenses</td>
<td>(13,009)</td>
<td>(1,410)</td>
</tr>
<tr>
<td>Finance income</td>
<td>284</td>
<td>1,441</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(22,879)</td>
<td>(28,106)</td>
</tr>
<tr>
<td>Fair value adjustments to investment properties</td>
<td>(4,045)</td>
<td>4,045</td>
</tr>
<tr>
<td><strong>Total return for the period/year before tax</strong></td>
<td><strong>54,150</strong></td>
<td><strong>87,453</strong></td>
</tr>
<tr>
<td>Tax expenses</td>
<td>(16,923)</td>
<td>(22,365)</td>
</tr>
<tr>
<td><strong>Total return for the period/year after tax</strong></td>
<td><strong>37,227</strong></td>
<td><strong>65,088</strong></td>
</tr>
<tr>
<td>Total return after tax attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unitholders</strong></td>
<td><strong>37,227</strong></td>
<td><strong>65,088</strong></td>
</tr>
</tbody>
</table>
The reconciliation of the total return for the period/year after tax to the total return available for distribution to Unitholders is shown in the table below:

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2018</th>
<th>Projection Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1 March 2018 to 31 December 2018)</td>
<td>(1 January 2019 to 31 December 2019)</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Total return attributable to Unitholders but before distribution adjustments</td>
<td>37,227</td>
<td>65,088</td>
</tr>
<tr>
<td>Distribution adjustments(1)</td>
<td>21,976</td>
<td>9,372</td>
</tr>
<tr>
<td><strong>Total return available for distribution to Unitholders</strong></td>
<td><strong>59,203</strong></td>
<td><strong>74,460</strong></td>
</tr>
<tr>
<td><strong>Total return available for distribution to Unitholders (without the Entrusted Management Agreements)</strong></td>
<td><strong>48,339</strong></td>
<td><strong>74,424</strong></td>
</tr>
<tr>
<td>Weighted average number of Units in issue ('000)(2)</td>
<td>1,183,980</td>
<td>1,192,333</td>
</tr>
<tr>
<td>Distribution per Unit (S$)</td>
<td>0.05</td>
<td>0.06</td>
</tr>
<tr>
<td>Offering Price (S$/Unit)</td>
<td>0.80</td>
<td>0.80</td>
</tr>
<tr>
<td>Distribution yield (%)</td>
<td>7.5(3)</td>
<td>7.8</td>
</tr>
<tr>
<td>Distribution yield (without the Entrusted Management Agreements) (%)</td>
<td>6.1(3)</td>
<td>7.8</td>
</tr>
</tbody>
</table>

In the absence of the Entrusted Management Agreements (see “Certain Agreements Relating to Sasseur REIT and the Properties – Master Entrusted Management Agreement” and “Certain Agreements Relating to Sasseur REIT and the Properties – Individual Entrusted Management Agreements” for further details), the DPU and the distribution yield would be S$0.04 and 6.1%(3) for the Forecast Period 2018, respectively, and S$0.06 and 7.8% for the Projection Year 2019, respectively.

Notes:

(1) Comprises 100.0% of the Manager’s management fees payable or to be paid in Units for the Forecast Period 2018 and Projection Year 2019, amortisation of upfront debt-related transaction costs, straight lining rental adjustment, fair value adjustments to investment properties, statutory reserves, transaction costs attributable to the Units held by the Sponsor Group that are expensed in Forecast Period 2018 and deferred taxes. It is assumed that there will be a time lag in the repatriation of dividend from the PRC Property Companies following the end of each financial year, due to the time that may be required for tax and regulatory clearance in the PRC. However, the actual time required may vary on a case-by-case basis. Notwithstanding this, any such time lag would not impact Sasseur REIT’s ability to make distributions to Unitholders as Sasseur REIT would be able to draw down on additional secured facilities as an interim measure to cover any difference as a result of the time lag, where required.

(2) Includes the increase in number of Units in issue as a result of the assumed payment of 100% of the Manager’s management fees for the relevant period in the form of Units, which are assumed to be issued at the Offering Price.

(3) Presented on an annualised basis, and based on the Offering Price and the accompanying assumptions in the Prospectus.
OVERVIEW OF THE ACQUISITION OF THE INITIAL PORTFOLIO

OWNERSHIP STRUCTURE PRIOR TO THE RESTRUCTURING EXERCISE

Prior to the Restructuring Exercise, the Properties in the Initial Portfolio were initially indirectly owned by the Sponsor through various intermediate holding entities, in the following manner:

- Chongqing Outlets is directly held by the Chongqing PRC Property Company. 85.0% of the interest in the Chongqing PRC Property Company is held by the Bishan PRC Property Company, with the remaining 15.0% interest in the Chongqing PRC Property Company being held by Hong Sun Development Group Limited, a company incorporated in Hong Kong;

- The Bishan PRC Property Company (which owns Bishan Outlets) is wholly owned by Sasseur Bishan HK Limited, a company incorporated in Hong Kong. Both Sasseur Bishan HK Limited and Hong Sun Development Group Limited are wholly owned by Sasseur Bishan (BVI) Limited ("Bishan BVI Company"), a company incorporated in the British Virgin Islands;

- Hefei Outlets is directly held by the Hefei PRC Property Company, which is in turn wholly owned by Sasseur (Hefei) Investment Consultancy Co., Ltd., a WFOE. Such WFOE is wholly owned by Sasseur Hefei HK Limited, a company incorporated in Hong Kong, which is in turn wholly owned by Sasseur Hefei Limited ("Hefei BVI Company"), a company incorporated in the British Virgin Islands;

- Kunming Outlets is directly held by the Kunming PRC Property Company, which is in turn wholly owned by Sasseur (Kunming) Investment Consultancy Co., Ltd., a WFOE. Such WFOE is wholly owned by Sasseur Jinan HK Limited, a company incorporated in Hong Kong, which is in turn wholly owned by Sasseur Jinan Limited ("Kunming BVI Company"), a company incorporated in the British Virgin Islands; and

- the Sponsor holds 100.0% of the interest in each of Bishan BVI Company, Hefei BVI Company and Kunming BVI Company (collectively, the "BVI Holding Companies"), and therefore holds 100.0% of the interest in Bishan Outlets, Chongqing Outlets, Hefei Outlets and Kunming Outlets.
The shareholding structure of the Initial Portfolio prior to the Restructuring Exercise is as follows:

Note:

(1) 60.0% of the interest in each of the Associated Companies is held by Shanghai Pacific Rehouse Service Co., Ltd., an independent third party unrelated to the Sponsor Group. The Associated Companies have commenced voluntary winding up from 12 December 2017 onwards.
BACKGROUND

Incorporation of the Sponsor – Sasseur Cayman Holding Limited

Shimmer Fair Holdings Limited was incorporated on 11 March 2011 in the British Virgin Islands with the sole shareholder being Mr Xu Haoran. Shimmer Fair Holdings Limited then incorporated Sasseur (BVI) Holding II Limited on 6 July 2011 as its wholly-owned subsidiary. On 7 July 2011, Sasseur Cayman Holding Limited, the Sponsor, was incorporated in the Cayman Islands by a professional Cayman Islands company secretary, which transferred all its interests in the Sponsor (comprising one share) to Sasseur (BVI) Holding II Limited on 11 July 2011.

Chongqing Outlets and Bishan Outlets

Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd, was established in March 2005 and holds the land use rights of Chongqing Outlets. Prior to acquisition of its shares by Sasseur (Chongqing) Business Co., Ltd, 85.0% of the interest in the Chongqing PRC Property Company were held by Mr Xu Rongcan and his family member, while the remaining 15.0% were held by Chongqing Peng Li Industrial Development Co., Ltd., (which was then subsequently transferred to Hong Sun Development Group Limited), Chongqing Peng Li Industrial Development Co., Ltd. and Hong Sun Development Group Limited (prior to it being a wholly-owned subsidiary of Sasseur Bishan (BVI) Limited) were independent third parties unrelated to the Sponsor. Sasseur (Chongqing) Business Co., Ltd, the Bishan PRC Property Company, was established by Sasseur Bishan HK Limited in August 2011 (which was indirectly held by Mr Xu Haoran as its ultimate individual shareholder) to acquire 70.0% interest in the Chongqing PRC Property Company in October 2011 and subsequently acquired the other 15.0% interest in November 2011 from Mr Xu Rongcan and his family members. The remaining 15.0% interest in the Chongqing PRC Property Company was still held by Chongqing Peng Li Industrial Development Co., Ltd. at that time, which then subsequently transferred such 15.0% interest to Hong Sun Development Group Limited in June 2017. In September 2011, the Bishan PRC Property Company acquired the land use rights of Bishan Outlets from the Land and Housing Administrative Bureau of Bishan County.

Hefei Outlets and Kunming Outlets

Sasseur Hefei HK Limited (which was indirectly held by Mr Xu Haoran as its ultimate individual shareholder) had established Sasseur (Hefei) Investment Consultancy Co., Ltd. in March 2013 which then established Hefei Sasseur Commercial Management Co., Ltd. in April 2013 to acquire the land use rights of Hefei Outlets from the Hefei Land Resources Bureau. Similarly, Sasseur Jinan HK Limited (which was indirectly held by Mr Xu Haoran as its ultimate individual shareholder) established Sasseur (Kunming) Investment Consultancy Co., Ltd. in November 2013 which then established Kunming Sasseur Commercial Management Co., Ltd., in March 2014 to acquire the land use rights of Kunming Outlets from the Kunming Land Resources Bureau.

Change of ultimate individual shareholder

On 30 November 2013, Mr Xu Rongcan became a shareholder of Shimmer Fair Holdings Limited through a share issuance after he obtained citizenship of St. Christopher (St. Kitts) and Nevis, after which, Mr Xu Haoran redeemed all his shares in Shimmer Fair Holdings Limited on the same day and ceased to be a shareholder of Shimmer Fair Holdings Limited. Mr Xu Rongcan then became the sole shareholder of Shimmer Fair Holdings Limited.
M&A Rules & SAFE Circular 37

Jingtian & Gongcheng, the legal adviser to the Manager and the Sponsor as to PRC law ("Jingtian & Gongcheng") has confirmed that all relevant approvals, permits, filings and registrations in relation to:

(i) the acquisitions of the PRC Property Companies by the HK Holding Companies, if applicable;

(ii) the establishment of the PRC Property Companies by the HK Holding Companies, where applicable; and

(iii) the obtaining of the land use rights to each of the Properties by the PRC Property Companies,

as described above have been obtained and that the restructuring steps set out above had been carried out in compliance with applicable PRC laws and regulations.

Jingtian & Gongcheng is also of the opinion that the restructuring steps set out above do not require any PRC regulatory approval and do not have any PRC legal implications on both the restructuring exercise for the acquisition of the Initial Portfolio to be implemented for the Offering and the listing of Sasseur REIT, as well as on Sasseur REIT, due to the following:

(a) According to Administrative Measures Regarding Mergers and Acquisitions by Foreign Investors of Domestic Enterprises (关于外国投资者并购境内企业的规定) ("Circular 10"), in the event of merger and acquisition by the Foreign Investor (as defined herein) of the Domestic Company (as defined herein), the transaction shall be submitted to the Ministry of Commerce of the Government of the PRC ("MOFCOM") or local commerce governing authorities at the provincial level for examination and approval. In the event of merger and acquisition by a company, enterprise, or natural person from the PRC, in the name of a company that is legitimately established or controls outside the PRC, of a domestic company (i.e. an enterprise in the PRC other than an FIE (as defined herein)) affiliated thereto, the merger and acquisition transaction shall be submitted to the MOFCOM for examination and approval.

For the purposes of Circular 10, mergers and acquisitions of a domestic company (the "Domestic Company") by a company, enterprise, or natural person outside the PRC (the "Foreign Investor") shall mean that (i) the Foreign Investor, by agreement, purchases equity interest from shareholders of a domestic enterprise with no foreign investment or subscribe to the increase in the registered capital of the Domestic Company with the result that such Domestic Company changes into a foreign investment enterprise; or (ii) the Foreign Investor establishes a foreign investment enterprise and then, through such enterprise, purchases the assets of the Domestic Company by agreement and operates such assets; or (iii) the Foreign Investor purchases the assets of the Domestic Company by agreement and use such assets as investment to establish a foreign investment enterprise to operate such assets.

At the time of the 85.0% equity interest acquisition in Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd by Sasseur (Chongqing) Business Co., Ltd in 2011, Mr Xu Haoran (as the sole ultimate individual shareholder of Sasseur (Chongqing) Business Co., Ltd) was not a domestic natural resident defined under Circular 10, therefore, Circular 10 is not applicable and the approval of the Ministry of Commerce of the Government of the PRC is not required.

As Sasseur (Chongqing) Business Co., Ltd, Sasseur (Hefei) Investment Consultancy Co., Ltd. and Sasseur (Kunming) Investment Consultancy Co., Ltd. have been newly established by the relevant HK Holding Companies respectively, no mergers and acquisitions of a domestic company under Circular 10 had occurred, therefore, Circular 10 is not applicable and the approval of the Ministry of Commerce of the Government of the PRC is not required.
(b) The Notice on Issues Relating to the Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知) ("SAFE Circular 37") requires PRC residents to register with local branches of the SAFE with regards to their direct establishment or indirect control of an offshore entity established for the purpose of overseas investment and indirect control of an offshore entity established for the purpose of overseas investment and financing and holding such PRC residents’ legally owned assets or equity investments in domestic enterprises or offshore assets or interests.

At the time of the 85.0% equity interest acquisition in Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd by Sasseur (Chongqing) Business Co., Ltd and the time of the establishment of Sasseur (Chongqing) Business Co., Ltd and Sasseur (Hefei) Investment Consultancy Co., Ltd., the sole ultimate individual shareholder, Mr Xu Haoran, is not a domestic natural resident defined under the then effective Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies (Huifa [2005] No. 75) (国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知) (which has been replaced by Circular 37 in July of 2014), therefore Mr Xu Haoran is not subject to the registration procedures under the SAFE Circular 75. At the time of the establishment of Sasseur (Kunming) Investment Consultancy Co., Ltd., the sole ultimate individual shareholder had changed from Mr Xu Haoran to Mr Xu Rongcan and Mr Xu Rongcan is also not a domestic natural resident defined under the SAFE Circular 75, therefore Mr Xu Rongcan is also not subject to the registration procedures under the SAFE Circular 75.

At the time of the establishment of Sasseur (Kunming) Investment Consultancy Co., Ltd., the sole ultimate individual shareholder was Mr Xu Haoran, who was not a domestic natural resident as defined under the SAFE Circular 75, therefore Mr Xu Haoran was not subject to the registration procedures under the SAFE Circular 75.

At the time when the interests in Sasseur (Kunming) Investment Consultancy Co., Ltd had been indirectly transferred from Mr Xu Haoran to Mr Xu Rongcan through Shimmer Fair Holdings Limited, as both Mr Xu Haoran and Mr Xu Rongcan were not domestic natural residents as defined under the SAFE Circular 75, they were also not subject to the registration procedures under the SAFE Circular 75.

DETAILS OF THE ACQUISITION OF THE INITIAL PORTFOLIO

In preparation for the listing of Sasseur REIT, the Sponsor had undertaken a Restructuring Exercise to establish Sasseur REIT (first as a private trust known as Sasseur Trust) and the ownership structure of the Initial Portfolio (collectively, the “Restructuring Exercise”). The Restructuring Exercise involved the following steps:

(a) The Sponsor incorporated a wholly-owned subsidiary in the Cayman Islands, Sasseur Cayman Holding II Ltd. (the “Cayman Holdco”). The Sponsor then transferred the shares of the BVI Holding Companies to the Cayman Holdco and in return, the Cayman Holdco issued its shares to the Sponsor as consideration for the BVI Holding Companies;
(b) The Cayman Holdco then set up Sasseur Trust and transferred the shares of the BVI Holding Companies to Sasseur Trust through the entry into the following sale and purchase agreements:

(i) on 16 November 2017, the Cayman Holdco and the Sponsor entered into a sale and purchase agreement with the Trustee pursuant to which the Cayman Holdco agreed to sell and the Trustee agreed to acquire on a willing-seller and willing-buyer basis 100.0% of the total equity interest in Sasseur Bishan (BVI) Limited (which indirectly holds 100.0% of the interest in Bishan Outlets and 100.0% of the interest in Chongqing Outlets) (the “Bishan BVI Company SPA”):

(ii) on 16 November 2017, the Cayman Holdco and the Sponsor entered into a sale and purchase agreement with the Trustee pursuant to which the Cayman Holdco agreed to sell and the Trustee agreed to acquire on a willing-seller and willing-buyer basis 100.0% of the total equity interest in Sasseur Hefei Limited (which indirectly holds 100.0% of the interest in Hefei Outlets) (the “Hefei BVI Company SPA”); and

(iii) on 16 November 2017, the Cayman Holdco and the Sponsor entered into a sale and purchase agreement with the Trustee pursuant to which the Cayman Holdco agreed to sell and the Trustee agreed to acquire on a willing-seller and willing-buyer basis 100.0% of the total equity interest in Sasseur Jinan Limited (which indirectly holds 100.0% of the interest in Kunming Outlets) (the “Kunming BVI Company SPA”).

The Bishan BVI Company SPA, Hefei BVI Company SPA and Kunming BVI Company SPA are collectively known as the “BVI Companies Sale and Purchase Agreements”. Under the BVI Companies Sale and Purchase Agreements, Sasseur Trust issued Consideration Units to the Cayman Holdco as purchase consideration for the BVI Holding Companies. (See “Certain Agreements Relating to Sasseur REIT and the Properties – BVI Companies Sale and Purchase Agreements” for further details.); and

(c) Sasseur Trust then incorporated a wholly-owned subsidiary in Singapore, the Singapore Holdco, and transferred the shares of the BVI Holding Companies to the Singapore Holdco and in return, the Singapore Holdco issued its shares to the Sasseur Trust as consideration for the transfer of shares of the BVI Holding Companies. As a result, prior to the Listing Date, Sasseur Trust owns 100.0% of the interests in the Singapore Holdco, which in turn owns 100.0% of the interests in the BVI Holding Companies, which indirectly owns the Properties. Therefore, Sasseur Trust holds the legal and beneficial title of 100.0% of Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets prior to the Listing Date.

Constitution as a Private Trust

Sasseur REIT was constituted as a private trust on 30 October 2017 pursuant to the Trust Deed, with DBS Trustee Limited as the trustee, Sasseur Asset Management Pte. Ltd. as the manager and the Cayman Holdco as the initial Unitholder. Sasseur Trust was established to acquire the Properties comprising the Initial Portfolio with the intention that it would eventually be converted into a listed REIT.
No PRC Regulatory Approvals required for the Restructuring Exercise

Jingtian & Gongcheng is of the opinion that the acquisition of the Initial Portfolio by Sasseur REIT (through the BVI Holding Companies) does not require any PRC regulatory approval, consent, filing or registration under any laws and regulations in the PRC and is in compliance with applicable PRC laws and regulations, due to the following reasons:

(i) According to the Circular 10, in the event of a merger and acquisition by a Foreign Investor of a Domestic Company, the transaction shall be submitted to the MOFCOM or its local branch at the provincial level for examination and approval. In the event of a merger and acquisition by a company, enterprise or natural person from the PRC, in the name of a company that is legitimately established or controlled outside of the PRC, of a domestic company (i.e. an enterprise in the PRC other than a foreign invested enterprise) affiliated thereto, the merger and acquisition transaction shall be submitted to the MOFCOM for examination and approval.

For the purposes of Circular 10, mergers and acquisitions of a Domestic Company by a Foreign Investor shall mean that (i) the Foreign Investor, by agreement, purchases equity interest from shareholders of a Domestic Company with no foreign investment or subscribe to increase in the registered capital of the Domestic Company with the result that such Domestic Company changes into a foreign invested enterprise; or (ii) the Foreign Investor establishes a foreign investment enterprise and then, through such enterprise, purchases the assets of the Domestic Company by agreement and operates such assets; or (iii) the Foreign Investor purchases the assets of the Domestic Company by agreement and uses such assets as investments to establish a foreign investment enterprise to operate such assets.

Based on the Restructuring Exercise, as the private trust, Sasseur Trust, will be acquiring the Initial Portfolio through the acquisition of the BVI Holding Companies (which indirectly hold the PRC Property Companies) from the Cayman Holdco and will not be directly acquiring any PRC Property Companies and PRC Holding Companies, Jingtian & Gongcheng is of the view that Circular 10 is not applicable and the approval of the MOFCOM is not required; and

(ii) SAFE Circular 37 requires PRC residents to register with local branches of SAFE with regards to their direct establishment or indirect control of an offshore entity established for the purpose of overseas investment and indirect control of an offshore entity established for the purpose of overseas investment and financing and holding such PRC residents’ legally owned assets or equity investments in domestic enterprises of offshore assets or interests.

Having taken into account the acquisition of the BVI Holding Companies (which indirectly hold the PRC Property Companies) for the purpose of the Restructuring Exercise, Jingtian & Gongcheng is of the view that Mr Xu Rongcan, the only indirect controlling unitholder of Sasseur REIT prior to the Listing, has been a citizen of St. Christopher (St. Kitts) and Nevis and therefore is not subject to the registration procedures under the SAFE Circular 37.

Redemption

On the Listing Date, a portion of the Units that are held by the Cayman Holdco in Sasseur REIT will be redeemed at the Offering Price out of the Offering Proceeds following the listing and trading of the Units on the SGX-ST.
Winding up of the Associated Companies

Background

As illustrated in the section titled “Overview – Structure of Sasseur REIT as at the Listing Date”, the Chongqing PRC Property Company holds 40.0% of the interests in Chongqing West Outlets Brand Discount Commercial Co., Ltd. (the “Chongqing Associated Company”) and Shanghai Pacific Rehouse Service Chongqing Co., Ltd. (the “Pacific Associated Company”, and together with the Chongqing Associated Company, the “Associated Companies”).

The Associated Companies are joint venture PRC companies that the Sponsor had set up with Shanghai Pacific Rehouse Service Co., Ltd. (“Shanghai Pacific”) since the opening of Chongqing Outlets to jointly manage most of its retail space. Shanghai Pacific holds the remaining 60.0% interests in each of the Associated Companies. When Chongqing Outlets first commenced operations in 2008 and as at 30 September 2017, approximately 63.4% of the GFA of Chongqing Outlets (i.e. the basement one level and levels one to three of Zones A, B and C, as well as the entire Zone E) had been leased to the Chongqing Associated Company under a master lease agreement with the Chongqing PRC Property Company (the “Pacific Master Lease”) and subsequently sub-leased to the Pacific Associated Company (the “Sub-Lease”). Under the Sub-Lease, the Pacific Associated Company managed and collected rental income from the retail sub-tenants in respect of the area under the Pacific Master Lease, and such rental income would then be paid to the Chongqing Associated Company for payment to the Chongqing PRC Property Company. This arrangement ceased on 11 December 2017 as the operating licences of the Associated Companies expired on 11 December 2017. The expiry date of each of the Pacific Master Lease as well as the Sub-Lease had been fixed to coincide with the expiry date of the operating licences of the Associated Companies on 11 December 2017. Consequently, the sub-leases between the end-retail tenants and the Pacific Associated Company as well as the Chongqing Associated Company, as the case may be, all expired on 11 December 2017. Other than the Pacific Master Lease and the Sub-Lease, the Associated Companies do not have any other material assets.

Rationale for non-termination of the Pacific Master Lease and Sub-Lease prior to their expiry on 11 December 2017

According to the joint venture agreement between the Sponsor and Shanghai Pacific dated 11 May 2007 (the “Associated Companies Joint Venture Agreement”), each party had been granted a pre-emptive right in the event that either party wished to divest or transfer its interest in the Pacific Associated Company to a third party. In addition, as the Chongqing Associated Company and the Pacific Associated Company were mainly responsible for lease management of the retail space in Chongqing Outlets, it would have been unduly disruptive to the operations of Chongqing Outlets to terminate the existing lease arrangement with the Chongqing Associated Company prior to their expiry given that the operating licences of both the Associated Companies would expire on 11 December 2017. As the Sponsor had no intention to continue the joint venture with Shanghai Pacific to manage parts of Chongqing Outlets through the Associated Companies after the operating licences and the Pacific Master Lease and Sub-Lease reached the end of its term, prior to the expiry of the end-retail tenants' sub-leases with the respective Associated Companies on 11 December 2017, the Chongqing PRC Property Company entered into new

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1 The remaining retail space, comprising approximately 36.6% of the GFA of Chongqing Outlets (i.e. levels four to six of Zones A, B and C, as well as the entire Zone D), had been leased directly by the Chongqing PRC Property Company to the end-retail tenants as at 30 September 2017, out of which: (a) 64.8% of such leases (comprising approximately 23.7% of the GFA of Chongqing Outlets) were managed directly by the Chongqing PRC Property Company; and (b) the remaining 35.2% of such leases (comprising approximately 12.9% of the GFA of Chongqing Outlets) were managed by the Chongqing Associated Company. As at the Latest Practicable Date, 100.0% of the retail space of Chongqing Outlets is managed by the entrusted Manager.
leases with the end-retail tenants, which took effect on 12 December 2017 and such leases between the tenants and the Chongqing PRC Property Company will be managed by the Entrusted Manager. As at the Latest Practicable Date, all tenants of the Associated Companies have signed new leases with the Chongqing PRC Property Company, commencing on 12 December 2017 upon expiry of their existing leases with the Associated Companies on 11 December 2017. Based on the foregoing, the Sponsor and the Manager believe that the non-extension of the operating licences of the Associated Companies will not have a material impact on the sub-leases in Chongqing Outlets. Furthermore, the operations of Chongqing Outlets are centrally managed by the Entrusted Manager, allowing the Entrusted Manager to take over from the Associated Companies after the expiry of the operation licences, hence the Sponsor does not foresee any impact on the operations of Chongqing Outlets due to the non-extension of the operating licences of the Associated Companies.

Rationale for non-extension of the operating licences of the Associated Companies beyond 11 December 2017

The Sponsor and Sasseur REIT also do not intend to extend the term of the operating licences of the Associated Companies and have commenced winding up of the Associated Companies after their expiry on 11 December 2017. The Sponsor believes that the non-extension of the operating licences of the Associated Companies will not have a material impact on the sub-leases in Chongqing Outlets as prior to the expiry of the end-retail tenants’ sub-leases with the Associated Companies on 11 December 2017, the Chongqing PRC Property Company has entered into new leases with the end-retail tenants, which took effect on 12 December 2017. Furthermore, the operations of Chongqing Outlets are centrally managed by the Entrusted Manager, allowing the Entrusted Manager to take over from the Associated Companies after the expiry of the operation licences. Hence, the Sponsor does not foresee any impact on the operations of Chongqing Outlets due to the non-extension of the operating licences of the Associated Companies.

According to the Associated Companies Joint Venture Agreement, any extension of the operating licences of the Associated Companies requires the unanimous consent of each of their boards of directors, which comprise board members appointed by both the Chongqing PRC Property Company and Shanghai Pacific. According to the Sponsor, Shanghai Pacific is aware of the Sponsor’s intention not to continue with the operations of the Associated Companies and not to extend the operating licences of the Associated Companies. In addition, Shanghai Pacific has also indicated its intention not to continue with the Associated Companies by way of board and shareholder resolutions of the Associated Companies which had been passed authorising the establishment of a winding up team to oversee the winding-up of the Associated Companies upon expiry of the term of the operating licence.

Treatment of the Associated Companies

Even though the Chongqing PRC Property Company and Shanghai Pacific have commenced winding-up proceedings in respect of the Associated Companies from 12 December 2017, Sasseur REIT will retain its 40.0% interest in both the Chongqing Associated Company and the Pacific Associated Company until such winding-up has been completed.

In view of the fact that:

- the Cayman Holdco shall be liable for any losses or liabilities incurred by Sasseur REIT Group in respect of the Associated Companies; and

- the purchase consideration paid by Sasseur REIT for the acquisition of the Bishan BVI Company does not include the value of the Associated Companies,
the terms of the Bishan BVI Company SPA stipulate that any dividends or distribution that the Chongqing PRC Property Company receives from the Associated Companies (including any distributions, surplus assets or proceeds from the winding up of the Associated Companies) shall be for the account of the Cayman Holdco.

Therefore, the Sasseur REIT Group (as defined herein) will not be entitled to any of the retained earnings, profits or distributions from the Associated Companies and the Sasseur REIT Group will pay over any retained earnings, profits or distributions it may receive from the Associated Companies to the Cayman Holdco. Accordingly, the Cayman Holdco shall be liable for any losses or liabilities incurred by the Sasseur REIT Group in respect of the Associated Companies. The Pacific Master Lease and Sub-Lease had not been terminated prematurely as these had expired on 11 December 2017.

Following the expiry of the Pacific Master Lease and Sub-Lease on 11 December 2017, the retail sub-tenants lease directly from the Chongqing PRC Property Company. To facilitate a smooth transition between the retail sub-tenants and the Chongqing PRC Property Company when the Pacific Master Lease and Sub-Lease expired on 11 December 2017 as well as to secure the retail sub-tenants of the Associated Companies for the Chongqing PRC Property Company when it took over on 12 December 2017, the Sponsor had procured such retail sub-tenants of the Associated Companies to sign new leases with the Chongqing PRC Property Company ahead of 11 December 2017, commencing on 12 December 2017, apart from five tenants which had been leasing temporary structures in the common area of Chongqing Outlets (representing 1.2% of the total NLA that was leased to tenants of the Associated Companies as at 30 September 2017).

**Employees of the Associated Companies**

As the Associated Companies are not subsidiaries of Sasseur REIT, the staff costs and associated expenses arising from the employment of their employees were not consolidated or reflected under the staff costs and associated expenses of Sasseur REIT and its subsidiaries (the “Sasseur REIT Group”), unlike that of the employees of Sasseur REIT’s subsidiaries, whereby the staff costs and associated expenses of such subsidiaries’ employees are consolidated and reflected under the Sasseur REIT Group. Following the commencement of winding-up proceedings in respect of the Associated Companies on 12 December 2017, all the employees of the Associated Companies ceased employment, with some of these employees being re-employed by other entities in the Sponsor Group. Under the employment contracts of these employees, the Associated Companies were liable to pay termination compensation and based on the 146 employees that were employed under the Associated Companies as at 11 December 2017, the amount of termination compensation payable by the Associated Companies to such employees is RMB 5.8 million. Both the Sponsor and Shanghai Pacific have agreed that the Associated Companies will bear such termination compensation. Pursuant to the Bishan BVI Company SPA, the Sponsor has undertaken to indemnify the Sasseur REIT Group in respect of claims arising out of the employment and termination of employment of the employees of the Associated Companies (including any termination compensation payable by the Associated Companies to its employees).

To minimise any operational risks of Sasseur REIT in respect of its minority interests in the Associated Companies, under the terms of the Bishan BVI Company SPA, the Sponsor has provided an indemnity to Sasseur REIT against any and all losses which Sasseur REIT may suffer or incur that arises out of or in connection with the Chongqing PRC Property Company’s 40.0% interests in the Associated Companies, including but not limited to (a) the operations of the Associated Companies (including any shortfall in rental payments to be collected by the Chongqing PRC Property Company from the Chongqing Associated Company under the Pacific Master Lease); (b) the winding up of such Associated Companies; and (c) the employment and termination of employment of the employees of the Associated Companies (including any termination compensation payable by the Associated Companies to its employees). There are no
termination clauses with respect to the indemnity provided by the Sponsor. (See “Certain Agreements Relating to Sasseur REIT and the Properties – BVI Companies Sale and Purchase Agreements – Bishan BVI Company SPA” for further details.)

Shop Units in Hefei Outlets that have been strata-titled and sold

Prior to the Restructuring Exercise, the Sponsor had sub-divided and sold a total of 162 shop units located on the peripheral areas of Hefei Outlets (the “Shop Units”) that were originally situated on the same land parcel which the Hefei Outlets and the Shop Units were situated. As at 30 September 2017, the 162 Shop Units that were sold constituted approximately 14.0% of the NLA of Hefei Outlets (prior to the sale of these Shop Units). These Shop Units had been sold to various parties, including certain employees of the Sponsor Group. For the avoidance of doubt, none of the directors or controlling shareholders of the Sponsor nor any of their associates had purchased any of the Shop Units.

Out of the 162 Shop Units that were sold, the transfer of the title to 126 of these Shop Units have been completed, whereas in respect of the remaining 36 Shop Units, the purchasers have only made partial progress payments and have not made full payment. Therefore, the strata titles to these 36 Shop Units (the “Pre-Sold Shop Units”) have not been transferred to the individual purchasers and are currently held by the Hefei PRC Property Company pending completion of the transfer of title to the respective purchasers. Based on the payment schedule according to the respective sale and purchase agreements between the Hefei PRC Property Company and the purchasers, the Sponsor envisages that the transfer of title of all the Pre-Sold Shop Units from the Hefei PRC Property Company to the purchasers will be completed by no later than the end of FY2019. In the event that the purchasers of Pre-Sold Shop Units do not make full payment for the Pre-Sold Shop Units by the end of FY2020 (so as to provide purchasers an additional grace period of up to one year to make full payment for the Pre-Sold Shop Units if they are unable to do so by the end of FY2019), Sasseur REIT will transfer title to the remaining Pre-Sold Shop Units to the Sponsor (or its nominee) for no consideration and any costs and expenses associated with such transfers will be borne by the Sponsor.

For the avoidance of doubt, the valuations of Hefei Outlets by the Independent Valuers as at 30 September 2017 do not include the valuations of any of these Shop Units.

In view of the foregoing, the following measures will be undertaken to address the issue of the Hefei PRC Property Company holding title to the Pre-Sold Shop Units post-listing until transfer of title by the Hefei PRC Property Company to the respective purchasers has been completed:

(a) the Hefei PRC Property Company will continue to hold title to these 36 Shop Units until the transfer of title of these 36 Shop Units has been completed. In view of the fact that the sale and purchase agreements in respect of these 36 Shop Units have already been entered into, Sasseur REIT will not be deriving any profit or incurring any loss in connection with the sale of, or any matter arising in relation to, these 36 Shop Units;

(b) the proceeds (if any) that the Hefei PRC Property Company, being the registered owner of strata title of these 36 Shop Units, receives from the sale of the Pre-Sold Shop Units will be solely for the account of the Sponsor. Accordingly, such sale proceeds will not be booked by Sasseur REIT as revenue; and
(c) the Sponsor will fully indemnify Sasseur REIT from and against any and all actual or potential losses or damages suffered as well as all costs and expenses incurred by Sasseur REIT in connection with the transfer of these 36 Shop Units to the respective purchasers and/or the Sponsor including any and all actual or potential losses or damages suffered by the Hefei PRC Property Company in performing its obligations under the sale and purchase agreements with the respective purchasers as well as any other residual liabilities, damages or risks associated with these 36 Shop Units.
RISK FACTORS

Prospective investors should consider carefully, together with all other information contained in this Prospectus, the factors described below before deciding to invest in the Units. The risks set forth below are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Manager or which may not be material now but could turn out to be material in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on Sasseur REIT or the trading price of the Units. The market price of the Units could decline due to any of these risks and Unitholders may lose all or part of their investment. In addition, this Prospectus does not constitute advice to investors relating to investing in the Units and investors should make their own judgement or consult their own investment advisers before making any investment in the Units.

This Prospectus also contains forward-looking statements (including profit forecast and profit projection) that involve risks, uncertainties and assumptions. The actual results of Sasseur REIT could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by Sasseur REIT as described below and elsewhere in this Prospectus.

As an investment in a REIT is meant to produce returns over the long-term, investors should not expect to obtain short-term gains. Investors should be aware that the price of Units, and the income from them, may fall or rise. Investors should note that they may not get back their original investment.

Before deciding to invest in the Units, prospective investors should seek professional advice from their own investment or other advisers about their particular circumstances.

RISKS RELATING TO THE PROPERTIES

As Sasseur Shanghai is the Entrusted Manager of all of the Properties in the Initial Portfolio under the Entrusted Management Agreements, Sasseur REIT will accordingly, be dependent on Sasseur Shanghai for its income.

As Sasseur Shanghai is the Entrusted Manager of each of the Properties under the Entrusted Management Agreements, the rental payments due to Sasseur REIT in respect of the Properties will depend solely on the ability of Sasseur Shanghai to drive the performance of the Properties and deliver on the rental income due to Sasseur REIT from the operations of the Properties. Pursuant to the terms of the Entrusted Management Agreements, Sasseur REIT shall be entitled to receive a Minimum Rent for the period from the Listing Date to 31 December 2018 and Projection Year 2019, and all the operating expenses of the Properties shall be borne by the Entrusted Manager (or the Sponsor). The Minimum Rent requirement will fall away if the Initial Portfolio achieves the Minimum Rent for two consecutive years commencing from Forecast Period 2018. Therefore, the obligations of the Entrusted Manager to deliver the Minimum Rent to Sasseur REIT under the Entrusted Management Agreement functions as an income support to Sasseur REIT for the Forecast Period 2018 and Projection Year 2019. Accordingly, Sasseur REIT’s revenue and ability to make distributions to the Unitholders will depend upon the ability of Sasseur Shanghai to deliver on its obligations including the rental payments to Sasseur REIT as well as to bear all the operating expenses of the Properties. As such, the operations of Sasseur Shanghai and its management of the Properties will impact its ability to deliver the rental payments (including the Minimum Rent) to Sasseur REIT under the Entrusted Management Agreements.
Factors that affect sales at the Properties and the ability of Sasseur Shanghai to meet its obligations include, but are not limited to:

- the financial position of Sasseur Shanghai;
- the PRC economy;
- the ability of the Properties to compete with its retail competitors;
- unfavourable publicity;
- seasonal retail cycles;
- the ability of tenants to perform their payment and other obligations under the lease agreements; and
- social unrest and natural disasters.

Sasseur REIT’s financial condition and results of operations and capital growth may be adversely affected by the bankruptcy, insolvency or mismanagement of the Properties by Sasseur Shanghai or where it does not deliver the standards required or perform its obligations under the Entrusted Management Agreements. In addition to the Minimum Rent, the Sponsor has provided an amount of RMB 100.0 million to Sasseur REIT as a performance reserve as security for its obligations under the Entrusted Management Agreements. Should Sasseur REIT terminate any of the Entrusted Management Agreements (through the PRC Property Companies), there is no assurance that Sasseur REIT will be able to secure a suitable replacement Entrusted Manager with the same level of expertise as Sasseur Shanghai in managing the Properties on such short notice. This may result in Sasseur REIT losing its ability to maintain the same level of revenue from the Properties pending the replacement of the Entrusted Manager. In addition, the failure to renew the Entrusted Management Agreements, the termination of the Entrusted Management Agreements or the loss of Sasseur Shanghai as the Entrusted Manager of any one of the Properties (or where consequently, Sasseur REIT is made to bear all the operating expenses of the Properties instead of the Entrusted Manager) could affect the performance of the Properties and adversely affect the PRC Property Companies’ ability to make dividends, distributions or interest payments to Sasseur REIT.

In respect of properties that Sasseur REIT may acquire from the Sponsor or third parties in future, while Sasseur REIT is not obliged to appoint the Entrusted Manager or enter into similar arrangements as the Entrusted Management Agreements for such properties, the Manager envisaged that it is likely to engage the Entrusted Manager and enter into similar arrangements as the Entrusted Management Agreements where the properties that it acquires are managed by the Sponsor. Any entry by Sasseur REIT into similar entrusted management arrangements with the Entrusted Manager in respect of future properties acquired by Sasseur REIT will be subject to Chapter 9 of the Listing Manual and may be required to be approved by Unitholders at the relevant time in accordance with Chapter 9 of the Listing Manual. In this regard, Sasseur REIT’s revenue and ability to make distributions to the Unitholders from such properties would also be dependent upon the ability of Sasseur Shanghai to deliver on its obligations as Entrusted Manager where similar arrangements to the Entrusted Management Agreements are put in place for future acquisitions by Sasseur REIT.

There can be no assurance that Sasseur Shanghai will have sufficient assets, income and access to financing to enable it to satisfy its financial obligations to the PRC Property Companies under the Entrusted Management Agreements. The performance of Sasseur Shanghai to manage the operation in the Properties and generate Property Income could also have an impact on their ability to deliver rental income to Sasseur REIT. In the event that Sasseur Shanghai is unable to
meet its financial obligations (to ensure that Sasseur REIT receives the Minimum Rent or otherwise) or breaches its other obligations under the Entrusted Management Agreements, the level of Distributable Income may also be adversely affected.

The Hefei PRC Property Company and the Kunming PRC Property Company may be exposed to potential liability and/or forfeiture of land arising from its non-compliance with the terms of the Land Use Right Grant Contracts in respect of Hefei Outlets or Kunming Outlets respectively.

Under PRC laws and regulations, if a property developer fails to comply with the terms of the Land Use Right Grant Contract, including those relating to payment of land premiums, the designated use of the land and the schedule for commencement and completion of the development of the land, the relevant PRC land administration department may impose a penalty on the developer or reclaim the relevant land.

The Land Use Right Certificate issued to the Hefei PRC Property Company comprises a plot of land on which Hefei Outlets is located on as well as approximately 51,447 sq m of undeveloped land which can support the development of new assets (collectively, the “Hefei Phase 2 Development”). The undeveloped land adjacent to Hefei Outlets comprises approximately 39.0% of the GFA of the entire plot of land. The Land Use Right Grant Contract in respect of Hefei Outlets stipulates that construction on the land has to commence by 21 October 2013 and complete by 20 April 2016. While the construction of Hefei Outlets had commenced on 26 March 2014 and completed on 26 May 2016\(^1\), the Hefei Phase 2 Development has not been developed as the Sponsor had only planned to commence development on the neighbouring land parcel after monitoring the performance of Hefei Outlets and ensuring that it has reached maturity.

The Land Use Right Certificate issued to the Kunming PRC Property Company comprises a plot of land on which Kunming Outlets is located on as well as approximately 116,432 sq m of undeveloped land which can support the development of new assets (collectively, the “Kunming Phase 2 Development”). The undeveloped land adjacent to Kunming Outlets comprises approximately 77.0% of the GFA of the entire plot of land. The Land Use Right Grant Contract in respect of Kunming Outlets stipulates that construction on the land has to commence by 20 July 2014 and complete by 15 July 2017. While the construction of Kunming Outlets had commenced on 18 September 2014 and completed on 11 November 2016\(^2\), the Kunming Phase 2 Development has not commenced for the same reason stated above.

Both the Land Use Right Grant Contracts in respect of the land underlying Hefei Outlets and Kunming Outlets stipulate that the relevant PRC Property Company shall pay to the relevant PRC land administration department the equivalent of 0.1% of the total value of the Land Use Right Grant Contract for every day that it does not complete construction by the date stipulated in the contract. According to the Sponsor and Jingtian & Gongcheng, the PRC Property Companies have not, as at the Latest Practicable Date, received any notice requiring them to pay any penalties in relation to the delay of commencement or completion of construction on the land under the Land Use Right Grant Contracts from the relevant PRC governmental authorities.

In respect of Kunming Outlets and its adjacent undeveloped land, the Sponsor and Jingtian & Gongcheng have consulted with the land administration department responsible for Kunming Outlets, namely the Anning Land and Resources Bureau (安宁市国土资源局). Pursuant to the consultations, the Sponsor has obtained a written approval from the Anning Land and Resources Bureau for the extension of the construction completion date in the Land Use Right Grant Contract.

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1 Based on the completion date stated in the Completion Acceptance Certificate (竣工验收合格证明) issued in respect of Hefei Outlets.

2 Based on the completion date stated in the Completion Acceptance Certificate (竣工验收合格证明) issued in respect of Kunming Outlets.
in respect of the land underlying Kunming Outlets by one year. As such, the Kunming PRC Property Company has entered into a supplemental contract with the Anning Land and Resources Bureau, which provides that the construction completion date in the Land Use Right Grant Contract in respect of the land underlying Kunming Outlets is extended to 15 July 2018 (the “Kunming New Completion Date”). In addition, the Sponsor and Jingtian & Gongcheng have also received a confirmation from the Anning Land and Resources Bureau that it would not require the Kunming PRC Property Company to pay any penalties for the delay in the commencement of construction of the undeveloped land adjacent to Kunming Outlets, and it will not forfeit the Land Use Right granted to the Kunming PRC Property Company. Furthermore, the Anning Land and Resources Bureau has advised that the Kunming PRC Property Company may file a new application for a subsequent one-year extension once the Kunming New Completion Date lapses.

After taking into consideration the abovementioned consultations with the Anning Land and Resources Bureau, Jingtian & Gongcheng is of the opinion that:

(a) pursuant to the Measures on Disposal of Idle Land (闲置土地处置办法) promulgated by the PRC Ministry of Land and Resources, the local land regulatory authority, which is the competent authority regulating idle land, may impose an idle land fee of up to 20.0% of the land premium if (i) there is a failure to commence construction and development thereof within one year from the construction date stipulated in its Land Use Right Grant Contract; or (ii) the construction has been suspended for over one year and the area in construction is less than one third of the total area of land that should have been under construction and development, or the invested amount is less than 25.0% of the total amount of capital that ought to be invested. In addition, if the date of commencement of construction has been delayed for over two years, the local land regulatory authority which is the competent authority regulating idle land, shall forfeit the idle land without compensation. During Jingtian & Gongcheng’s consultation with the Anning Land and Resources Bureau, the Anning Land and Resources Bureau had confirmed that Kunming Outlets will not be regarded as idle land and it will not forfeit the land use right granted in relation to Kunming Outlets. Based on the abovementioned consultation with the Anning Land and Resources Bureau, Jingtian & Gongcheng is of the opinion that the Anning Land and Resources Bureau would not forfeit the Land Use Right granted to the Kunming PRC Property Company regardless of whether construction of the undeveloped land adjacent to Kunming Outlets is completed by the Kunming New Completion Date;

(b) the Kunming PRC Property Company will not be subject to any penalties before the Kunming New Completion Date; and

(c) the Kunming PRC Property Company may file a new application for a one-year extension of the completion date of construction once the Kunming New Completion Date lapses, as well as further applications for extension if necessary.

Pursuant to the Land Use Right Grant Contract in respect of the land underlying Kunming Outlets, the Kunming PRC Property Company has the right to apply for an extension of the date of completion of construction, and there are no provisions restricting or prohibiting the Kunming PRC Property Company from applying for further extension or restricting or prohibiting the Government of Anning City from approving further extensions of the date of completion of construction under the Land Use Right Grant Contract as well as applicable PRC laws. Furthermore, during Jingtian & Gongcheng’s consultation with the Anning Land and Resources Bureau, the Anning Land and Resources Bureau agreed that they are not aware of any material legal impediments to the Kunming PRC Property Company obtaining approvals for further extension. Based on the Land Use Right Grant Contract as well as the consultation with the Anning Land and Resources Bureau, Jingtian & Gongcheng is of the opinion that there are no material legal impediments to obtaining an approval for further extension, and hence the Kunming PRC Property Company is more likely to obtain the further extension, assuming that (1) an application letter which sets out the basic
information and the reasons for the application for the further extension has been submitted to the Government of Anning City through the Management Committee of Taiping New Zone in accordance with the relevant laws and regulations regarding land resource management, and (2) the Government of Anning City is of the view that such extension is in compliance with the requirements under the relevant laws and regulations regarding land resource management. Assuming that the Kunming PRC Property Company has obtained the approval for further extension of the completion date of construction, the Kunming PRC Property Company will not be subject to any penalties by the relevant authorities due to failure to meet the stipulated completion dates.

In respect of Hefei Outlets and its adjacent undeveloped land, the land administration department responsible for Hefei Outlets, namely the Hefei Land and Resources Bureau (合肥市国土资源局), had issued a written confirmation dated 5 June 2017, confirming the extension of the construction completion date in the Land Use Right Grant Contract in respect of the land underlying Hefei Outlets by two years to 20 April 2018 (the "Hefei New Completion Date"). The Hefei Land and Resources Bureau has also confirmed that the authority to deal with the Hefei PRC Property Company in the event of breach of the Land Use Right Grant Contract of Hefei Outlets due to the delayed completion of construction will be delegated to the Management Committee of the High-Tech New Zone.

Jingtian & Gongcheng, after taking into account the abovementioned written confirmation, is of the opinion that:

(a) the Hefei Land and Resources Bureau is the competent authority to govern the relevant issue, and the Hefei New Completion Date has already been approved by the Hefei Land and Resources Bureau;

(b) the Hefei PRC Property Company will not be subject to any penalties before the Hefei New Completion Date; and

(c) the Hefei PRC Property Company may file a new application for a one-year extension of the completion date of construction once the Hefei New Completion Date lapses, as well as further applications for extension if necessary. There are no material legal impediments to obtaining an approval for the further extension, and hence the Hefei PRC Property Company is more likely to obtain the further extension, assuming that (i) an application letter which sets out the basic information and the reasons for the application for the further extension has been submitted to the Government of Hefei City through the Management Committee of High-Tech New Zone in accordance with the relevant laws and regulations regarding land resource management, and (ii) the Government of Hefei City is of the view that such extension is in compliance with the requirements under the relevant laws and regulations regarding land resource management. Assuming that the approval for further extension of the completion date of construction has been issued, the Hefei PRC Property Company will not be subject to any penalties by the relevant authorities due to the failure to meet the stipulated completion dates.

According to Jingtian & Gongcheng, pursuant to the Measures on Disposal of Idle Land (闲置土地处置办法) promulgated by the Ministry of Land and Resources, "idle land" shall mean that the granted state-owned land (1) fails to commence construction and development thereof within one year from the construction date stipulated in its land use right grant contract; or (2) has its construction suspended for over one year and the area in construction is less than one third of the total area of land that should have been under construction and development, or the invested amount is less than 25.0% of the total amount of capital that ought to be invested. In addition to imposing an idle land fee of up to 20.0% of the land premium, if the date of commencement of construction has been delayed for over two years, the local land regulatory authority which is the competent authority regulating idle land, shall forfeit the idle land without compensation. The
Sponsor has confirmed that the construction with respect to most of the area of the land underlying Hefei Outlets in respect of the Land Use Right Grant Contract granted to the Hefei PRC Property Company (including the adjacent undeveloped land) has been completed. Jingtian & Gongcheng has reviewed all the Land Use Right Certificates, Real Estate Ownership Certificates, Construction Project Planning Permits, and Construction Works Commencement Permits that have been issued to the Hefei PRC Property Company in respect of Hefei Outlets, and found that the built-up area of the four completed buildings which Hefei Outlets is comprised of exceeds one third of the total area of the underlying land set out in the Land Use Right Certificate issued to the Hefei PRC Property Company in respect of Hefei Outlets. According to Jingtian & Gongcheng, the total investment amount as stipulated in the Notification on the Record of the Project Sasseur (Hefei) Art Commercial Plaza issued by Economic and Trade Bureau of High-tech Industry Development District in Hefei dated 26 June 2013 with Serial No. He Gao Jing Mao [2013] 157 in respect of Hefei Outlets amounts to RMB 1.8 billion and according to the Sponsor, the actual investment amount for Hefei Outlets as at 30 September 2017 is RMB 1,076.9 million, exceeding 25% of the total investment amount which is RMB 450 million. In addition, the Reporting Accountant, Ernst & Young LLP, has found such actual investment amounts stated by the Sponsor to be consistent with the accounting records of the Hefei PRC Property Company. Based on the above, Jingtian & Gongcheng is of the opinion that that the undeveloped land adjacent to Hefei Outlets would not constitute “idle land” pursuant to the Measures on Disposal of Idle Land and hence the Land Use Right granted to the Hefei PRC Property Company would not be subject to forfeiture by the Hefei Land and Resources Bureau regardless of whether construction of the undeveloped land adjacent to Hefei Outlets is completed by the Hefei New Completion Date.

Notwithstanding the abovementioned extension of the construction completion dates in the respective Land Use Right Grant Contract of Hefei Outlets and Kunming Outlets, there can be no assurance that the relevant Hefei or Kunming PRC Property Company will be able to continue obtaining extension(s) of the construction completion date, or that circumstances leading to the imposition of penalties arising from the failure to meet the stipulated commencement and completion dates will not occur. In that respect, the Sponsor has undertaken to carry out development of the Hefei Phase 2 Development and Kunming Phase 2 Development by 2019 and complete the Phase 2 Developments by end of 2020, and in connection therewith, the Sponsor has also undertaken to assist Sasseur REIT to apply for further extensions of the construction completion date in the Land Use Right Grant Contract in respect of the land underlying Hefei Outlets or Kunming Outlets respectively to ensure that there will be no issues of non-compliance with the construction completion date under the Land Use Right Grant Contract of Kunming Outlets and Hefei Outlets. As such, the deadline for completion of the Phase 2 Developments as stipulated in the Grant Agreements is 31 December 2020 to tie in with the development plans of the Sponsor. Accordingly, the Buy Back Option whereby Sasseur REIT would be able to exercise to buy back the development right of the Phase 2 Developments becomes exercisable from 1 January 2021, subject to certain exceptions e.g. where the Sponsor is unable to complete the development of the Phase 2 Developments due to financial difficulties in which case the Buy Back Option can be exercisable before 1 January 2021. Furthermore, the Sponsor has also agreed to indemnify Sasseur REIT against any penalties which Sasseur REIT or the relevant PRC Property Companies may suffer or incur if the Sponsor is unable to complete construction of the undeveloped land adjacent to Hefei Outlets and Kunming Outlets prior to the lapse of the respective Hefei or Kunming New Completion Dates, or any subsequent extension(s), if applicable, as well as any and all liabilities and losses which Sasseur REIT may suffer or incur which arises out of or in connection with the development, operation and/or management of the Phase 2 Developments by the Sponsor. (See “Certain Agreements Relating to Sasseur REIT and the Properties – Grant Agreements in Relation to the Phase 2 Developments” for further details.) Notwithstanding that the Sponsor has provided an indemnity for such non-compliance, should Sasseur REIT not be able to obtain such extension or be required to pay financial penalties, there
is no assurance that the Hefei PRC Property Company or the Kunming PRC Property Company will be adequately compensated for any losses which it may suffer or incur arising from such non-compliance.

**The Sponsor owns development rights under the Grant Agreements, pursuant to which it has the right to develop, operate and manage the Phase 2 Properties.**

According to Jingtian & Gongcheng’s consultation with the relevant PRC authorities, namely the Anning Land and Resources Bureau and the Hefei Land and Resources Bureau, the authorities will not permit any sub-division of land use right before the completion of construction of all the buildings on the land for which the Land Use Right Certificate was issued. In light of the difficulty involved in effecting a sub-division of the land use right prior to the listing of Sasseur REIT and until the Hefei Phase 2 Development and Kunming Phase 2 Development (collectively, the “Phase 2 Developments”) are completed, as well as the fact that the Manager does not intend for Sasseur REIT to acquire the undeveloped land, or to undertake substantial development risks as it would not be compatible with the investment strategy of Sasseur REIT, each of the Hefei PRC Property Company and the Kunming PRC Property Company has entered into the Grant Agreement with the Sponsor and the Manager, whereby the Sponsor has been granted the right to develop the parcel of undeveloped land, implement building construction, property management and property operation. (See “Certain Agreements Relating to Sasseur REIT and the Properties – Grant Agreements in Relation to the Phase 2 Developments” for further details.)

Pursuant to the Sponsor’s Indemnity (as defined herein), the Sponsor has agreed to indemnify Sasseur REIT, the Trustee and each of the Hefei PRC Property Company and the Kunming PRC Property Company (the “Indemnified Parties” and each an “Indemnified Party”) against, among others:

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a breach of any of the warranties or representations under the Grant Agreements;

- any and all claims by any party against any Indemnified Party which arises out of or in connection with the development, operation and/or management of the Phase 2 Developments;

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with the development, operation and/or management of the Phase 2 Developments, including but not limited to losses incurred due to (i) any breach of the terms of the relevant permits, licences and approvals required for the Phase 2 Developments (such as planning permits and construction permits); (ii) the lack thereof of such permits, licences and approvals required for the Phase 2 Developments, (iii) any non-compliance of laws in respect of the Phase 2 Developments, and (iv) any non-compliance with the conditions of the land use right granted in respect of Hefei Outlets and/or Kunming Outlets in the Sponsor’s development, management and/or operation of the Phase 2 Developments; and

- any and all development costs, operational costs, expenses, tax liabilities (including real estate taxes), fees for the permits, licences and approvals required for the Phase 2 Developments and any other liabilities which arises out of or in connection with the ownership, development, operation and/or management of the Phase 2 Developments which any Indemnified Party may incur ("Sponsor’s Indemnity").

Notwithstanding that the Sponsor has provided the Sponsor’s Indemnity to the Indemnified Parties, there is no assurance that Sasseur REIT, the Hefei PRC Property Company and the Kunming PRC Property Company (as the owners of the land use right of Hefei Outlets and Kunming Outlets respectively) will be adequately compensated for any losses which they may
suffer or incur arising from the development, operation and/or management of the Phase 2 Developments by the Sponsor. In the event that the Sponsor is subject to any winding up, bankruptcy or insolvency petition or order or encounters any financial difficulties during its development of the Phase 2 Developments, Sasseur REIT’s recourse to call on the Sponsor’s Indemnity for compensation and/or compel the Sponsor to fulfil its obligations under the Sponsor’s Indemnity may be limited.

Sasseur REIT may be subject to investigations and/or potential penalties in connection with the non-compliance with the designated use of carpark spaces in Bishan Outlets.

Approximately 4,010 sq m of Bishan Outlets (comprising approximately 8.2% of Bishan Outlets’ total NLA) on the underground second floor, which was designated for carpark usage under the Fire Control Acceptance Certificate of Bishan Outlets (建设工程消防验收意见书) issued by the fire safety department of Bishan (璧山县公安消防大队) (“Bishan Fire Safety Department”), have been utilised for retail store purposes and leased out to tenants.

As advised by Jingtian & Gongcheng, according to Article 14 of the Chongqing Measures for the Administration of Parking Spaces (重庆市停车场管理办法) (“Measures for the Administration of Parking Spaces”), the owner of carpark spaces should register the usage of the carpark spaces with the municipal department of Chongqing (区县(自治县)区政主管部门) (“Chongqing Municipal Department”) within 30 days of commencement of the operations of the carpark. Any change in the usage of carpark spaces will have to be authorised by and filed with the Chongqing Municipal Department. Furthermore, according to Article 23 of the Measures for the Administration of Parking Spaces, any violation of Article 14 relating to unauthorised change in usage of carpark spaces will be investigated by the Chongqing Municipal Department. The Measures for the Administration of Parking Spaces does not stipulate the penalties arising from a violation of Article 14.

In this regard, the Sponsor has obtained a written confirmation dated 5 May 2017 from the Chongqing District Bishan Municipal Landscape Management Bureau (重庆市璧山区市政园林管理局) (“Bishan Municipal Landscape Management Bureau”), which acts as the municipal department in the Bishan District, stating that (i) the Bishan PRC Property Company is in compliance with the Measures for the Administration of Parking Spaces regarding its usage of the carpark spaces in Bishan Outlets, and (ii) the Bishan Municipal Landscape Management Bureau has not imposed any penalties on the Bishan PRC Property Company as a result of the non-compliance of its usage of the carpark spaces in Bishan Outlets. Based on the written confirmation issued, Jingtian & Gongcheng is of the view that the Bishan Municipal Landscape Management Bureau is the competent PRC authority responsible for governing the usage of carpark spaces in Bishan Outlets, and therefore has the authority to issue the written confirmation. Although the non-compliance with the designated use of carpark spaces in Bishan Outlets may be regarded as a violation of Article 14 of the Measures for the Administration of Parking Spaces, considering that the Bishan Municipal Landscape Management Bureau has issued the abovementioned written confirmation, Jingtian & Gongcheng is of the view that the risk of the Bishan PRC Property Company being penalised due to non-compliance with the Measures for the Administration of Parking Spaces by the Bishan Municipal Landscape Management Bureau is remote. In addition, as at the Latest Practicable Date, the Bishan PRC Property Company has not received any rectification order in relation to the usage of the carpark spaces. In view of Jingtian & Gongcheng’s opinion that that the risk of the Bishan PRC Property Company being penalised due to non-compliance with the Measures for the Administration of Parking Spaces by the Bishan Municipal Landscape Management Bureau is remote, such use of the carpark space in Bishan Outlets has not been rectified as it is currently being leased to tenants for which the Bishan PRC Property Company collects rent.
Furthermore, the Sponsor has provided an indemnity to the Bishan Indemnified Parties (as defined herein) against any and all losses which any of the Bishan Indemnified Parties may suffer or incur that arises out of or in connection with the unauthorised usage of the carpark spaces (including any costs or expenses incurred to carry out rectification of the carpark spaces, if required), for so long as Sasseur REIT owns Bishan Outlets or until such retail spaces in the carpark spaces have been rectified to its authorised use. (See “Certain Agreements Relating to Sasseur REIT and the Properties – Deed of Indemnity in relation to Bishan Outlets” for further details.)

There can be no assurance that the Bishan PRC Property Company or Sasseur REIT will not subsequently be found to be non-compliant with the Measures for the Administration of Parking Spaces and be subject to penalties as a result of the non-compliance of its usage of the carpark spaces in Bishan Outlets. If the Bishan Municipal Landscape Management Bureau subsequently takes action, (e.g. it may impose a fine ranging from RMB 5,000 to RMB 30,000 on the Bishan PRC Property Company or issue rectification orders for the Bishan PRC Property Company to rectify the use of the relevant carpark spaces), this could have an adverse effect on the business, financial condition and results of operation of Sasseur REIT. Notwithstanding that the Sponsor has provided an indemnity for such non-compliance, there is no assurance that the Bishan PRC Property Company will be adequately compensated for any losses which it may suffer or incur arising from such non-compliance.

A substantial portion of tenancy agreements of the PRC Property Companies are not registered.

According to the Measures on Administration of Lease of Commodity Buildings (商品房屋租赁管理办法) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on 1 December 2010 and effective on 1 February 2011, all tenancy agreements for the Properties are required to be registered with the local housing administrative authority. However, a substantial portion of the tenancy agreements of the PRC Property Companies have not been registered and pursuant to the relevant regulations as advised by Jingtian & Gongcheng, the lessor and/or the lessee may be fined from RMB 1,000 to RMB 10,000 for each non-registration of tenancy agreement, although the relevant authorities would typically require the lessor and lessee to rectify the non-compliance before imposing any fine. As at the Latest Practicable Date, 109 of the 1,057 leases in the Properties have been registered. According to Jingtian & Gongcheng, where the lessor has the authority to lease the property, the registration of the leases is procedural in nature and the PRC Property Companies may register the tenancy agreements with the respective competent local housing administrative authorities under the Measures on Administration of Lease of Commodity Buildings (商品房屋租赁管理办法). During the Sponsor’s consultation with the respective competent local housing administrative authorities (i.e. the Land and Resource and Real Estate Bureau of Chongqing, the Hefei Land and Resources Bureau and the Anning Land and Resources Bureau), the respective competent local housing administrative authorities had confirmed that it will not require the PRC Property Companies to comply with the registration requirements as the procedure for the registration of tenancy agreements has not been established by the local authorities. Pursuant to the terms of the BVI Companies Sale and Purchase Agreements and the Entrusted Management Agreements, the Sponsor (through the Cayman Holdco) and the Entrusted Manager have undertaken to procure the registration of the tenancy agreements at their own costs in the event that the competent housing administrative authority requires such registration requirements to be complied with.

In the case of tenancy agreements which specify registration as a requirement, failure to do so may also subject the lessor to the penalties under the tenancy agreements. Notwithstanding the foregoing, Jingtian & Gongcheng has advised that tenancy agreements which are legally executed by both the lessor and the lessee are valid and legally binding despite non-registration with the relevant local housing administrative authority, meaning that if a tenancy agreement is legally executed and the clauses thereof are not in violation of applicable laws and regulations of the
PRC, then the tenancy agreement shall be valid and enforceable against the parties to the agreement (i.e. both the lessor and lessee), and the tenancy agreement can be used as evidence during dispute resolution processes.

In addition, post listing, each of the PRC Property Companies and the Entrusted Manager have agreed in their respective Individual Entrusted Management Agreements that in the event that the tenancy agreement has stipulated that registration is required, the Entrusted Manager will procure the registration of such tenancy agreement.

It should be noted that the PRC Property Companies do not have sole control over completion of registration in all cases, as the registration process may require the assistance of the relevant tenants, and there is no assurance that such tenants would render assistance to complete registration. The business, financial condition and results of operations of Sasseur REIT may be adversely affected in the event that the relevant PRC authorities hold the PRC Property Companies responsible for the non-registration of the tenancy agreements and impose the fines on them. However, the Sponsor has provided an indemnity in favour of Sasseur REIT in the event that any of the PRC Property Companies were to be subject to the imposition of any fines for non-registration of their tenancy agreements. (See Certain Agreements Relating to Sasseur REIT and the Properties – Deed of Indemnity in relation to Non-Registration of Tenancy Agreements" for further details.)

*The business and reputation of Sasseur REIT may be adversely impacted in the event of non-compliance with Sasseur REIT’s tenant and brand authentication guidelines.*

In order to ensure that customers who patronise the Properties have confidence in the authenticity of the products sold in the Properties, Sasseur Shanghai, as the Entrusted Manager of the Properties under the Entrusted Management Agreements, in consultation with the Manager, have put in place tenant and brand authentication guidelines to ensure that only genuine and authentic products are sold in the Properties. (See “Business and Properties – Other General Information about the Properties – Tenant and Brand Authentication” for further details on the tenant and brand authentication guidelines.)

Sasseur REIT and/or its subsidiaries may be involved in legal proceedings or complaints from consumers concerning matters arising from or in connection with product quality and trademark infringement due to the nature of the outlet mall industry and the line of products carried by its tenants, being branded goods. In addition, in the course of their operations, the PRC Property Companies has, in the past, been subject to legal proceedings arising from complaints lodged by consumers for incorrect product labelling of the items bought in the Properties as well as alleged trademark infringements. All of these claims had been settled out of court and the PRC Property Companies had recovered from its tenants the settlements paid to such complainants from an indemnity under their lease agreements.

Although Sasseur REIT and the Entrusted Manager have implemented the abovementioned tenant and brand authentication guidelines to ensure that only genuine and authentic products are sold in the Properties, there is no assurance that the implementation of such guidelines would successfully prevent purchasing or selling of forgeries or counterfeit products. According to Jingtian & Gongcheng, pursuant to the Law of the People’s Republic of China on the Protection of Rights and Interests of Consumers (中华人民共和国消费者权益保护法), if any of the tenants in the Properties sell forgeries or counterfeit products, the landlords of the Properties, i.e. the PRC Property Companies, may be exposed to potential financial liabilities in the event any of their tenants are found to have sold counterfeit goods in the premises of the Properties. In such an event, Jingtian & Gongcheng has confirmed that the PRC Property Companies have a right under their respective lease agreements to claim compensation from their tenants. Jingtian & Gongcheng is of the view that the risk that the PRC Property Companies will be subject to any criminal liabilities under the Product Quality Law of the People’s Republic of China (中华人民共和
and the Criminal Law of the People’s Republic of China (中华人民共和国刑法) if any of the tenants in the Properties sell forgeries or counterfeit products is low, unless the PRC Property Companies possess the knowledge that the tenants are selling forgeries or counterfeit products or have conspired with the tenants to sell such forgeries or counterfeit products. As at the Latest Practicable Date, the Sponsor has confirmed that none of the PRC Property Companies has been subject to any investigations by the PRC governmental and regulatory authorities or legal or regulatory proceedings in respect of counterfeit goods.

If any of the tenants of the Properties are found to have sold counterfeit goods in the premises of the Properties, and Sasseur REIT or the PRC Property Companies are exposed to any liabilities, whether civil or criminal liabilities, this will have a material adverse effect on the business, financial condition, results of operation or cash flow of Sasseur REIT and/or its subsidiaries. In addition, the success of the Sasseur REIT Group is materially dependent on its reputation, and if it is discovered that the products sold in the Properties are forgeries or counterfeit products, it is possible that the Sasseur REIT Group’s reputation will also be adversely affected.

Two of the Properties have a limited operating track record.

As at the Listing Date, two of the Properties have a limited operating track record as they are newly opened. Hefei Outlets commenced operations in May 2016 and Kunming Outlets commenced operations in December 2016. Due to their limited operating track record, the operating histories of the said Properties are not sufficiently established for their past performance to be judged. This will make it difficult for investors to assess the future performance and prospects of Hefei Outlets and Kunming Outlets.

In addition, the soft launch of approximately 11.5% of the total GFA of Bishan Outlets occurred in January 2014 while Zones A and B of Bishan Outlets (comprising approximately 73.0% of the total GFA of Bishan Outlets) commenced operations in October 2014, and parts of Zone C of Bishan Outlets (comprising approximately 7.0% of the total GFA of Bishan Outlets) commencing operations only in February 2016. The remaining parts of Zone C of Bishan Outlets (comprising approximately 8.5% of the total GFA of Bishan Outlets) are expected to commence operations in April 2018.

Accordingly, there can be no assurance that these Properties will be able to achieve the forecast and projections set out in “Profit Forecast and Profit Projection” of this Prospectus.

The underlying land use rights of the Properties are of limited duration and unless such duration is extended, this will have an impact on the value of the Properties with the passage of time. Furthermore, the Properties would revert back to the PRC government and Sasseur REIT would no longer derive income from such Properties.

The Properties are directly held under the land use right granted by the PRC government, which will expire within the period from 2047 to 2054. As at the Latest Practicable Date, Chongqing Outlets, which has contributed more than 90% of the operating profits of the Initial Portfolio over the past three years, has a lease tenure balance of less than 30 years. The remaining three Properties, Bishan Outlets, Hefei Outlets and Kunming Outlets each has a lease tenure balance of more than 30 years. The Manager has sought clarification from the SGX-ST and received response that the SGX-ST has no further comments on Sasseur REIT’s compliance with Rule 222(1) of the Listing Manual, subject to disclosure in the Prospectus of (i) the remaining lease of Chongqing Outlets as a risk factor and the potential implication of the shorter remaining lease on Sasseur REIT and the Unitholders; and (ii) the reason(s) for the lease balance to be less than 30 years. (See “General Information – Approvals and Waivers from the SGX-ST”.)
The land use right of Chongqing Outlets commenced on 12 May 2007 and will expire on 11 May 2047. Under the Provisional Regulations of the PRC Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (中华人民共和国城镇国有土地使用权出让和转让暂行条例) ("Urban Land Regulations"), the maximum term of the land use right grant depends on the type of use of land. Chongqing Outlets is directly held under the land use right granted by the PRC government for commercial uses (other than comprehensive purposes), for which land use right is limited to a maximum of 40 years. This period of 40 years is inclusive of the time taken for developing the land. Furthermore, the Initial Portfolio also comprises Hefei Outlets, which commenced operations in May 2016 and Kunming Outlets, which commenced operations in December 2016. While Chongqing Outlets accounted for more than 50.0% of the Initial Portfolio's total operating profits for the past three years, this should be considered in light of the fact that Hefei Outlets and Kunming Outlets had only recently commenced operations and had not contributed to the total operating profits of the Initial Portfolio for the past three years.

Sasseur REIT will be able to apply for renewal of land use right by submitting an application at least 12 months in advance of the expiry of the land use right. Such application will be granted unless either of the two exceptions is applicable:

- the land needs to be taken back by the PRC government for public interest; or
- the Property no longer complies with overall planning of land utilisation formulated by the PRC government then in force at the time of application for renewal.

There is no assurance that Sasseur REIT will be able to obtain an extension to any of the land use rights of the Properties. In the event that any extension is not granted by the PRC government, such Property would revert back to the PRC government and Sasseur REIT would no longer own or derive income from that Property and this may affect the business, financial condition and results of operations of Sasseur REIT.

As a result, unless Sasseur REIT acquires or holds other real estate investment that generates recurrent rental income before all the land use rights expire, the value of Sasseur REIT would diminish over time and would have zero value in approximately 30 years when all the land use rights would have expired. There is also no assurance that the return (if any) achieved by holding and/or disposing of Units will exceed the Unitholders' investment cost.

Nevertheless, it is difficult in reality to ascertain the change in value of the Properties over time because their respective values will depend on various market and property-specific factors. The market factors relate to the future demand and supply of the Properties which impact, among others, rental rates, yields and vacancy rates. Such demand and supply of the Properties are influenced by the future physical condition of the Properties, tenancy profiles, prevailing rental and occupancy rates, quality of property management, remaining term of land use rights etc. While the change in the remaining term of the land use rights will have an effect on the value of the Properties, it is not the only determining factor. The value of the Properties is also affected by other relevant market and property-specific factors mentioned above. Therefore, it is difficult to determine how the value of the Properties will vary at any point of the remaining term of the land use rights. In the event that the value of the Properties decline over time due to various factors, this may adversely affect Sasseur REIT's ability to seek refinancing where necessary, and consequently, its business, financial condition and results of operation.

(See also “Risk Factors – Risks Relating to the Properties – In the event that an extension to the land use right tenure balance is sought and obtained (and there can be no assurance that such extension will be obtained), there is uncertainty about the quantum of land grant premium which Sasseur REIT will have to pay and the additional conditions which may be imposed.”)
In the event that an extension to the land use right tenure balance is sought and obtained (and there can be no assurance that such extension will be obtained), there is uncertainty about the quantum of land grant premium which Sasseur REIT will have to pay and the additional conditions which may be imposed.

Upon the expiration of the respective terms of the land use rights of the Properties, the land use rights will revert to the PRC government unless the relevant land user applies for an extension of the term of such land use right at least 12 months in advance of the expiry of the land use right. If an application for extension is granted, the land user will be required to, among other things, pay a land grant premium subject to the requirement of PRC laws and regulations effective as at the date thereof.

As none of the land use rights granted by the PRC government similar to those granted for the Properties has, as at the Listing Date, run their full terms, there is no precedent to provide an indication of the quantum of land grant premium which Sasseur REIT will have to pay and additional conditions which may be imposed in the event that an extension to the land use rights for the Properties is sought and obtained (and there can be no assurance that such extension will be obtained as there are currently no precedents of such extension). If an application for extension is granted on terms which are not commercially acceptable to Sasseur REIT, this may affect Sasseur REIT’s business, financial condition and results of operations.

The loss of key tenants or a significant number of tenants of any of the Properties or a downturn in the financial conditions and results of operations of key tenants or a significant number or tenants of any of the Properties.

Sasseur REIT’s financial condition and results of operations and capital growth may be adversely affected by the bankruptcy, insolvency or downturn in the businesses of any one or more of the key tenants (which include, but are not limited to, the overall top 10 tenants of the Initial Portfolio by Property Income) or a significant number of tenants of any of the Properties, as well as the decision by one or more of these tenants not to renew its lease or to terminate its lease before it expires. If key tenants or a significant number of tenants terminate their leases or do not renew their leases at expiry, it may be difficult to secure replacement tenants at short notice. For example, one of the key tenants, with leases in Chongqing Outlets, Bishan Outlets and Kunming Outlets, had terminated its leases (upon mutual agreement) in these Properties prior to its expiry as it was unable to deliver on sales targets.

The loss of key tenants or a significant number of tenants in any one of the Properties or Sasseur REIT’s future acquisitions could result in periods of vacancy, which could adversely affect the revenue and financial conditions of the relevant property, consequently impacting Sasseur REIT’s ability to make dividends or distributions.

Collectively, the overall top 10 tenants of the Initial Portfolio by Property Income accounted for approximately 13.4% of the Property Income of the Initial Portfolio for the month of September 2017. Further, as at 30 September 2017, 22.2% of the leases (by Property Income) for the Properties have expired during the period from 30 September 2017 to 31 December 2017 and 51.5% of the leases (by Property Income) for the Properties will expire during the Forecast Period 2018.

Similarly, if key tenants or a significant number of tenants do not renew their leases upon expiry or a significant number of early terminations by key tenants or a significant number of tenants occur, and replacement tenants cannot be found, or if found, leases are entered into with these tenants on terms less favourable than those experienced with prior tenants, this could adversely affect Sasseur REIT’s business and financial conditions and results of operations.
Sasseur REIT may be adversely affected by economic and real estate market conditions, as well as changes in regulatory, fiscal and other governmental policies in the PRC and Asia.

The Properties are all located in the PRC, and Sasseur REIT has an initial focus on Asia. Therefore, Sasseur REIT’s gross revenue and results of operations depend upon the performance of the PRC and Asian economy. An economic decline in the PRC or Asia could adversely affect Sasseur REIT’s results of operations and future growth.

In addition, the PRC economy is affected by global economic conditions and may even experience a gradual slowdown. These events could adversely affect Sasseur REIT insofar as they result in:

- a negative impact on the sales of the retail tenants which could impact the rent collected from the retail tenants, thereby affecting Sasseur REIT’s cash flow;
- a decline in the market values of the Properties;
- a decrease in consumer spending on retail products;
- access to capital markets becoming more difficult, expensive or impossible resulting in a material adverse effect on Sasseur REIT’s ability to obtain debt or equity capital to fund its operations, meet its obligations, purchase additional properties or otherwise conduct its business;
- an increase in counterparty risk (being the risk of monetary loss which Sasseur REIT may be exposed to if any of its counterparties encounters difficulty in meeting its obligations under the terms of its respective agreements); and/or
- an increased likelihood that one or more of (i) Sasseur REIT’s banking syndicates (if any); (ii) banks or insurers, as the case may be, providing bankers’ guarantees or performance bonds for the rental deposits or other types of deposits relating to or in connection with the Properties or Sasseur REIT’s operations or (iii) Sasseur REIT’s insurers, may be unable to honour their commitments to Sasseur REIT.

There is also uncertainty as to the strength of the global economy, the potential slowdown in consumer demand and the impact of the global downturn on the PRC and Asian economy.

Sasseur REIT may face increased competition from other outlet malls or future outlet and retail developments in the PRC.

Factors that affect the ability of retail properties to attract or retain tenants include the attractiveness of the building and the surrounding areas to prospective tenants and their customers or clients and the quality of the building’s existing tenants. The Properties face competition from other outlet malls and retail developments operating in the same or other areas. Sasseur REIT’s competitors may own and operate newer, better located and more attractive outlet malls or retail developments than Sasseur REIT. An increase in the number of such competing properties, particularly in close proximity to the Properties, may increase competition for customer traffic and reduce the relative attractiveness of our retail outlet malls. These and other actions by Sasseur REIT’s competitors may cause Sasseur REIT to respond by incurring additional costs in order to make the Properties more appealing to customers, adopting more aggressive marketing initiatives or executing our growth strategy more rapidly, all of which may be unsuccessful.

The income from, and market value of, the Properties will be dependent on the ability of the Properties to compete against other properties for tenants. If, after the Offering, competing properties are more successful in attracting and retaining tenants, increased competition may adversely impact the lessees of the Properties and consequently affect their ability to make rental
payments or affect its decision to renew the tenancy agreements which will in turn adversely affect Sasseur REIT’s cash flow, business, financial condition and results of operation and the amount of funds available for distribution to Unitholders. (See “Business and Properties” for further details.)

The due diligence exercise on the Properties and their existing holding structures, tenancies, buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies.

The Manager believes that reasonable due diligence investigations have been conducted with respect to the Properties. There is no assurance that the Properties will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the Properties which may require additional capital expenditure, special repair or maintenance expenses) or be affected by breaches of laws and regulations. Statutory or contractual representations, warranties and indemnities given by any seller of retail properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects. Costs or liabilities arising from such defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on Sasseur REIT’s earnings and cash flows.

Jingtian & Gongcheng has conducted due diligence on the Properties and the PRC Property Holding Companies based on the compliance certificates issued by the competent authorities which regulate the land resource, construction, construction planning, safe production, fire protection and taxation of the PRC Property Holding Companies and using public resources such as the National Enterprise Credit Information Publicity System (http://www.gsxt.gov.cn). While there are no material deficiencies in relation to these public resources, there is no assurance that the information and materials on these websites are up-to-date and complete. Therefore, the due diligence exercise on the Properties and the PRC Property Holding Companies may not have identified all breaches of laws and regulations and other deficiencies.

The Properties are subject to property related taxes that may increase and thereby adversely affect Sasseur REIT’s financial condition.

The Properties are subject to various taxes in connection with real estate (i.e. immovable) property in the PRC that may increase as tax rates increase or as taxable scope expands or when the property is assessed or re-assessed by the relevant authorities. Real estate tax is levied on owners of real estate properties which are located within certain specified areas in the PRC (i.e. the taxable area). There is no assurance that the PRC tax rules or local practices may not change or that any such change will not be applied on a retrospective basis.

In addition, in the PRC, certain tax treatments where the prevailing PRC tax rules have not been clearly stated are subject to the discretion or practice of local tax bureaus on a case by case basis. Thus the amount of PRC taxes payable may vary. If the tax assessed in respect of the Properties increases, the property taxes included in the relevant forecast and projection in “Profit Forecast and Profit Projection” may increase and the distributions of Sasseur REIT could be adversely affected.

(See “Taxation – PRC Taxation” and “Appendix D – Independent Taxation Report” for further details.)
Amenities and transportation infrastructure near the Properties may not be completed or implemented as planned, or may be closed, relocated, terminated or delayed.

There is no assurance amenities, transportation infrastructure and public transport services near the Properties will be completed or implemented as planned, or will not be closed, relocated, terminated or delayed. If any such event were to occur, it could adversely impact the accessibility of the relevant Property and the attractiveness and marketability of the relevant Property to tenants which may have an adverse impact on the demand and rental rates for the relevant Property and Sasseur REIT’s ability to make regular distributions to its Unitholders.

Losses or liabilities from latent property or equipment defects may adversely affect earnings and cash flow.

Design, construction or other latent property or equipment defects in the Properties may require additional capital expenditure, special repair, maintenance expenses or the payment of damages or other obligations to third parties. Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on Sasseur REIT’s earnings and cash flows.

Renovation or redevelopment works or physical damage to any of the Properties may disrupt the operations of the affected Property and collection of rental income or otherwise result in an adverse impact on the financial condition of Sasseur REIT.

The quality and design of the Properties have a direct influence over the demand for space in, and the rental rates of, the Properties. The Properties may need to undergo renovation or redevelopment works from time to time to retain their attractiveness to tenants and may also require unforeseen ad-hoc maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. Such costs of maintaining properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. Unless otherwise borne by the Entrusted Manager pursuant to the Entrusted Management Agreements, the costs of such renovation or redevelopment works will be borne by Sasseur REIT.

Furthermore, while the Entrusted Manager will endeavour to keep any disruptions caused by such renovations works to a minimum, the business and operations of the Properties may still suffer some disruption and it may not be possible to collect the full rate of, or, as the case may be, any rental income on the space affected by such renovation works. Shopper traffic may also be adversely affected by inconveniences resulting from such renovation works.

In addition, physical damage to the Properties resulting from fire, earthquakes or other causes may lead to a significant disruption to the business and operation of the Properties and together with the foregoing, may impose unbudgeted costs on Sasseur REIT and result in an adverse impact on the financial condition and results of operations of Sasseur REIT and its ability to make distributions.

The Properties and future properties to be acquired by Sasseur REIT may require significant periodic capital expenditures beyond the Manager’s estimates at the time of acquisition and Sasseur REIT may not be able to fund (or secure funding for) such capital expenditures.

The Manager has forecast minimal capital expenditure for the Forecast Period 2018 and Projection Year 2019, due to the fact that three out of four Properties are relatively new.
In order to remain competitive, the Properties and future properties to be acquired by Sasseur REIT may require periodic capital expenditures beyond the Manager’s estimates at the time of acquisition for refurbishment, renovation for improvements and development. Sasseur REIT may not be able to fund such capital expenditures solely from cash generated from its operating activities and may not be able to obtain additional equity or debt financing on favourable terms or at all. If Sasseur REIT is not able to fund such capital expenditures, the attractiveness and marketability of its properties may be adversely affected.

**Sasseur REIT may suffer material losses in excess of insurance proceeds or Sasseur REIT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties.**

The Properties face the risk of suffering physical damage caused by fire, terrorism, acts of God such as natural disasters or other causes, as well as potential public liability claims, including claims arising from the operations of the Properties. Certain types of risks (such as war risk and losses caused by the outbreak of contagious diseases, contamination or other environmental breaches) may be uninsurable or the cost of procuring insurance coverage for such risks may not be economically viable.

Should an uninsured loss or a loss in excess of insured limits occur, Sasseur REIT could be required to compensate persons affected by such loss and/or lose the capital invested in the affected Property as well as anticipated future revenue from that Property as it may not be able to rent out or sell the affected Property and any financial obligations secured by such Property may be accelerated. There is no assurance that material losses in excess of insurance proceeds will not occur.

**The Properties might be adversely affected if the Manager, the Entrusted Manager or any other person appointed to manage the Properties is not qualified and/or does not provide adequate management and maintenance services to the Properties under the Entrusted Management Agreements.**

Under the Entrusted Management Agreements, Sasseur Shanghai, as Entrusted Manager of the Properties, will be fully responsible for the management and end-to-end operations of the Properties for and on behalf of the PRC Property Companies subject to the overall management and supervision of the Manager. Therefore, if the Entrusted Manager, or any other person appointed by the Entrusted Manager to assist with managing the Properties is not qualified and/or fails to provide adequate management and maintenance services to the Properties, the value of the Properties might be adversely affected and may also result in a loss of tenants, thereby adversely affecting the ability of Sasseur REIT to make regular distributions to its Unitholders. In addition, if any of the Entrusted Management Agreements is terminated and Sasseur REIT is unable to obtain property management services from an alternative service provider in a timely manner or on competitive terms, Sasseur REIT could face a substantial disruption to its operations and increase in costs incurred for management of the relevant Property.

Furthermore, the Entrusted Manager is not required to obtain any certificate to manage the Properties. The Manager holds a capital market services licence for REIT management. Where the Manager, the Entrusted Manager and/or any person appointed by the Entrusted Manager to provide services to the Properties fails to obtain any relevant qualification certificate, the operations of the Properties might be materially affected if the Manager, the Entrusted Manager and/or such service provider ceases to provide its services and a replacement cannot be appointed in time.
The appraisals of the Properties are based on various assumptions and the price at which Sasseur REIT is able to sell such Properties in the future may be different from the initial acquisition value.

There can be no assurance that the assumptions on which the appraisals of the Properties are, or will be, based are accurate measures of the market, and the values may be evaluated inaccurately. The Independent Valuers may have included a subjective determination of certain factors relating to a Property such as its relative market position, financial and competitive strengths, and physical condition and, accordingly, the valuation of a Property (which affects the NAV per Unit) may be subjective and prove incorrect.

The valuation of any Property does not guarantee a sale price at that value at present or in the future. The price at which Sasseur REIT may sell a Property may be lower than its purchase price or the anticipated sale price projected at the time of acquisition.

Sasseur REIT could incur significant costs or liability related to environmental matters.

The operations of Sasseur REIT are subject to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal, noise pollution control and the storage of dangerous goods, in the jurisdictions where its properties are located. Under these laws, an owner or operator of real property may be subject to liability, including a fine or imprisonment, for air pollution, noise pollution or the presence or discharge of hazardous or toxic chemicals at that property. In addition, Sasseur REIT may be required to make capital expenditures to comply with these environmental laws. As at the Latest Practicable Date, none of Sasseur REIT and/or its subsidiaries has encountered any incidents arising from environmental matters, which resulted in a material adverse effect on Sasseur REIT and/or its subsidiaries' financial position, results of operations, cash flows and prospects. The presence of contamination, air pollution, noise pollution or dangerous goods without a valid licence or the failure to remediate contamination, air pollution, noise pollution or dangerous goods may expose Sasseur REIT to liability or materially adversely affect its ability to sell or lease the affected property or to borrow using the affected property as collateral. Accordingly, if the Properties are affected by contamination or other environmental effects not previously identified and/or rectified, Sasseur REIT faces risks of prosecution by environmental authorities and may be required to incur unbudgeted capital expenditure to remedy such issue and the financial position of the tenants may be adversely impacted, affecting their ability to trade and to meet their tenancy obligations. Such costs or liabilities may have an adverse impact on Sasseur REIT.

RISKS RELATING TO SASSEUR REIT’S OPERATIONS

Sasseur REIT and the Manager have little operating history or track record which may make it more difficult for investors to assess Sasseur REIT’s future performance.

Sasseur REIT was constituted on 30 October 2017, and the Manager was incorporated on 15 March 2017 under the laws of the Republic of Singapore. As such, the operating history of Sasseur REIT and track record of the Manager are not sufficiently established for their past performance to be judged. This will make it difficult for investors to assess Sasseur REIT’s future performance and prospects.

There can also be no assurance that Sasseur REIT will be able to achieve the forecast and projection or make the distributions set out in “Profit Forecast and Profit Projection” of this Prospectus.
If the Manager’s capital market services licence for REIT management (“CMS Licence”) is cancelled or the authorisation of Sasseur REIT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of Sasseur REIT will be adversely affected.

The CMS Licence issued to the Manager is subject to conditions and is valid unless otherwise cancelled. If the CMS Licence of the Manager is cancelled by the MAS, the operations of Sasseur REIT will be adversely affected, as the Manager would no longer be able to act as the manager of Sasseur REIT.

Sasseur REIT was authorised as a collective investment scheme on 21 March 2018 and must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of Sasseur REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

The amount that Sasseur REIT may borrow is subject to the aggregate leverage limit set out in the Property Funds Appendix, which may affect the operations of Sasseur REIT.

Under the Property Funds Appendix, Sasseur REIT is permitted to borrow up to 45.0% of the value of the Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units). As at the Listing Date, Sasseur REIT is expected to have in place the Onshore Facilities equivalent to approximately RMB 1,960.0 million and the Offshore Facility equivalent to approximately S$125.0 million, with its total borrowings and deferred payments (if any) as a percentage of the Deposited Property (the “Aggregate Leverage”) of approximately 31.2% based on the Offering Price.

Sasseur REIT may, from time to time, require further debt financing to achieve its investment strategies. In the event that Sasseur REIT decides to incur additional borrowings in the future, Sasseur REIT may face adverse business consequences as a result of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements in relation to Sasseur REIT’s existing asset portfolio or in relation to Sasseur REIT’s acquisitions to expand its portfolio;
- a decline in the value of the Deposited Property of Sasseur REIT may cause the borrowing limit to be exceeded, thus affecting Sasseur REIT’s ability to make further borrowings;
- an inability of the PRC Property Companies to provide security for borrowings by Sasseur REIT under the PRC laws and regulations; and
- cash flow shortages (including with respect to distributions) which Sasseur REIT might otherwise be able to resolve by borrowing funds.

Sasseur REIT may suffer losses in excess of insurance proceeds or a PRC Property Company may not put in place or maintain adequate insurance in relation to its employees.

Each of the PRC Property Companies will continue to employ one to three employees from the Listing Date (i.e. a maximum of 12 employees across the four PRC Property Companies) to oversee the operations of the Properties, including supervising Sasseur Shanghai as the Entrusted Manager of the Properties under the Entrusted Management Agreements.

There can be no assurance that all risks, including the risk of accidents involving personal injury to employees, can be adequately insured against or that any insured sum will be paid when there is a claim. In the event of an accident that is not covered by the PRC Property Company’s
insurance policies or where claims which are in excess of such insurance coverage are successfully contested by the insurance companies, Sasseur REIT's business, financial condition and results of operations and prospects may be adversely affected.

*Sasseur REIT operates in a capital intensive industry that relies on the availability of sizeable amounts of capital for the acquisition of properties.*

There is no assurance that Sasseur REIT would be able to obtain financing, whether on a short-term or a long-term basis, if at all, on terms that are commercially acceptable. There is also no assurance that any additional financing will not be dilutive to Unitholders. Factors that could affect Sasseur REIT's ability to procure financing include Sasseur REIT's financial position, results of operation or cash flow, the property market's cyclical nature, any impairment of financial systems in the event of a downturn in financial markets and market disruption risks, which could adversely affect the liquidity, interest rates and availability of credit.

In addition, in respect of availability of credit from banks, changes in the reserve requirement ratio will affect the amount of funds that banks must hold in reserve against deposits made by their customers. Any future increase in the reserve requirement ratio will further reduce the amount of bank credit available to businesses, including Sasseur REIT. Under certain circumstances (such as consolidation in the banking industry or banks being required to reduce their exposure to a particular company, sector or industry), lending banks may be forced to reduce their loan portfolio, in which case, there can be no assurance that Sasseur REIT would be able to obtain new loans or refinance its existing debt and Sasseur REIT may be required to repay part of its loans.

Failure to obtain financing or refinancing on commercially acceptable terms when required, may result in Sasseur REIT not having adequate funds to fund its operations or acquisitions of properties, or to service its financing obligations which would have a material adverse effect on Sasseur REIT's financial position, results of operations, cash flows and prospects.

Future credit facilities may contain covenants that require the creation of security interests over assets or limit Sasseur REIT’s flexibility in its operations or financing activities. Such covenants may include negative pledges, restrictions on indebtedness, maintenance of certain financial ratios and prohibition of amendments to material documents, amongst others. For example, as of the date of this Prospectus, Sasseur REIT has put in place the Onshore Facilities and the Offshore Facility which contain covenants including but not limited to the following:

- Gearing Ratio (as defined herein) shall not at any time exceed 45.0%;
- 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
- each of Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets shall maintain a minimum occupancy rate of 80.0%, 75.0%, 80.0% and 80.0%, respectively.

(See “Capitalisation and Indebtedness – Indebtedness” for further details.)

Notwithstanding that security in relation to the Performance Reserve has been granted to the Offshore Lenders, both the Onshore Facilities and Offshore Facility do not contain any term which restricts Sasseur REIT from utilising the Performance Reserve for so long as an event of default or enforcement event has not occurred. Breach of these covenants could result in defaults under the relevant financing instruments or enforcement of any security provided to the lenders (including the Performance Reserve). If Sasseur REIT defaults under its financing instruments
and is unable to cure the default or obtain refinancing on favourable terms, it would have a material adverse effect on Sasseur REIT’s financial position, results of operations, cash flows and prospects.

The Manager’s strategy to initiate asset enhancement on some of the Properties from time to time may not materialise.

The Manager may from time to time initiate asset enhancement on some of the Properties. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, they may not achieve their desired results or may incur significant costs.

The Sponsor will be able to exercise influence over certain activities of Sasseur REIT through its shareholding in the Manager. There may be potential conflicts of interest between Sasseur REIT, the Manager and the Sponsor.

The Sponsor’s principal business is focused on the development and management of real estate, including the development and operation of retail outlet malls. Post-listing of Sasseur REIT, the Sponsor’s business would continue to be focused on the development and management of real estate, including the development and operation of retail outlet malls. The Sponsor will, immediately after the completion of the Offering, hold 685,280,000 Units (constituting 58.1% of the total number of Units expected to be in issue) (assuming that the Over-Allotment Option is not exercised) or, 653,280,000 Units (constituting 55.3% of the total number of Units expected to be in issue) (assuming that the Over-Allotment Option is exercised in full).

The Manager is an indirect wholly owned subsidiary of the Sponsor. Accordingly, the Sponsor may be able to exercise influence over the activities of Sasseur REIT through the Manager. As a result, the strategy and activities of Sasseur REIT may be influenced by the overall interests of the Sponsor. While the Sponsor has granted the Sponsor ROFR to Sasseur REIT in order to demonstrate the commitment of the Sponsor and as a means to mitigate any potential conflict of interests so as to meet the requirements of Rule 223 of the Listing Manual, there can be no assurance that conflicts of interest will not arise between the Sponsor and Sasseur REIT in the future.

Further, the Entrusted Manager, a wholly-owned subsidiary of the Sponsor, has been appointed to manage the end-to-end operations of the Properties and may manage the future properties to be acquired by Sasseur REIT. (See “Certain Agreements Relating to Sasseur REIT and the Properties – Master Entrusted Management” and “Certain Agreements Relating to Sasseur REIT and the Properties – Individual Entrusted Management Agreements” for further details.) To mitigate any potential conflicts of interests arising from the Sponsor Group managing multiple properties other than the Initial Portfolio, the Audit and Risk Committee will review the compliance of the Entrusted Manager with the terms of the Entrusted Management Agreements on an annual basis. In addition, the Sponsor Group is unlikely to manage assets that are in similar locations or within the vicinity of the Properties. Notwithstanding the foregoing, if the Sponsor Group were to manage a property which competes with Sasseur REIT’s properties, there can be no assurance that the Sponsor Group will not favour properties retained in its own property portfolio or which it manages or operates over those owned by Sasseur REIT. This may affect the performance of the Properties and could lead to lower Property Income for the Properties which may have a material adverse effect on Sasseur REIT’s EMA Rental Income and ability to make distributions to Unitholders.
Potential competition may arise in the future between Sasseur REIT and the Sponsor Group.

Potential competition may arise in the future between Sasseur REIT and the Sponsor Group. The Sponsor Group's principal business is focused on the development and management of real estate, including the development and operation of retail outlet malls. Post-listing of Sasseur REIT, the Sponsor Group's business would continue to be focused on the development and operation of retail outlet mall properties.

While the Sponsor has granted the Sponsor ROFR to Sasseur REIT in order to demonstrate the commitment of the Sponsor and as a means to mitigate any potential conflict of interests which may arise in the future so as to meet the requirements of Rule 223 of the Listing Manual, potential competition may arise between Sasseur REIT and the Sponsor Group in relation to any future acquisition of additional properties or property-related investments or in relation to competition for tenants.

(See “Certain Agreements Relating to Sasseur REIT and the Properties – Sponsor Right of First Refusal”.)

Sasseur REIT’s pipeline of future acquisitions may be affected if the conditions to the Sponsor ROFR are not satisfied or the Sponsor ROFR is terminated.

The Sponsor owns the ROFR Properties and operates several Pipeline Properties which are not injected into the Initial Portfolio. To facilitate acquisition growth, the Sponsor has granted the Sponsor ROFR to Sasseur REIT over any future sales by a Relevant Entity (as defined herein) of any interest over income-producing real estate owned or operated by the Sponsor in Asia which is used primarily for retail outlet mall purposes. Under the Sponsor ROFR, the Sponsor is obliged to sell the ROFR Properties to Sasseur REIT should the Sponsor decide to divest its interest in these properties, subject to any overriding obligations which the Sponsor may have in relation to the ROFR Properties. The Building Ownership Certificates of the Pipeline Properties and Land Use Rights in respect of the land on which the Pipeline Properties are situated are held by third parties unrelated to the Sponsor and Sasseur REIT. In respect of these Pipeline Properties, the Sponsor has been granted a right of first refusal or, as the case may be, an option from each of the owners of the Pipeline Properties to acquire the interest in the respective Pipeline Property if the relevant owner decides to divest its interest in such Pipeline Property. Therefore, should the Sponsor acquire interest in any of the Pipeline Properties and subsequently propose to divest any of its interest in such Pipeline Properties, the Sponsor shall first offer such interest in the Pipeline Property to Sasseur REIT under the terms and conditions of the Sponsor ROFR.

(See “Business and Properties – ROFR Properties and Pipeline Properties” for further details on the ROFR Properties and Pipeline Properties.)

The rights under the Sponsor ROFR which are granted to Sasseur REIT are subject to certain conditions. For example, in the event that (i) Sasseur REIT ceases to be listed on and quoted for on the Main Board of the SGX-ST; or (ii) any one of the Sponsor and/or its related corporations, alone or in aggregate, ceases to be a controlling shareholder of the manager of Sasseur REIT, the Sponsor ROFR will be terminated. This may adversely affect Sasseur REIT’s pipeline of future acquisitions. (See “Certain Agreements Relating to Sasseur REIT and the Properties – Sponsor Right of First Refusal”.)

Sasseur REIT may not be able to ensure that it will achieve capital growth.

The net operating profit earned from real estate investments depends on, among other factors, the increase in value of the properties resulting from developments, the amount of rental income received, and the level of property, operating and other expenses incurred. If the properties owned
by Sasseur REIT do not generate sufficient net operating profit, Sasseur REIT’s income, cash flow and capital growth will be adversely affected. In addition, if Sasseur REIT does not have sufficient cash flow or distributable profits or surplus, or if Sasseur REIT does not make the expected level of distributions in any financial year or do not have sufficient funds to pay interest on or repay the principal amount of the shareholder loans (if any), this will adversely affect Sasseur REIT’s income, financial position, results of operations and cash flow.

Further, any change in the applicable laws in Singapore and the PRC may limit Sasseur REIT’s capital growth or even diminish Sasseur REIT’s capital.

No assurance can be given as to Sasseur REIT’s rate of capital growth, or that there will be any. Neither is there any assurance that the rate of Sasseur REIT’s capital growth will increase over time, that there will be contractual increases in rent under the leases of the Properties or that the receipt of rental income in connection with the expansion of the properties or future acquisitions of properties will increase Sasseur REIT’s cash flow available for reinvestment into future development projects.

**Sasseur REIT may face risks associated with debt financing and the debt covenants could limit or affect Sasseur REIT’s operations.**

Sasseur REIT has put in place the Onshore Facilities equivalent to approximately RMB 1,960.0 million and the Offshore Facility equivalent to approximately S$125.0 million. As such, Sasseur REIT is subject to risks associated with the Facilities, including the risk that its cash flow will be insufficient to meet the required payments of principal and interest under such financing or its inability to comply with or maintain certain financial covenants or security ratios under such debt facilities. Sasseur REIT is also exposed to fluctuations in interest rates in respect of the portion of the gross borrowings which are subject to floating interest rates, and any rise in the prevailing interest rates may increase the quantum of interest payable by Sasseur REIT.

Sasseur REIT will distribute 100.0% of its Distributable Income for the period from the Listing Date to 31 December 2019, and at least 90.0% of its Distributable Income in respect of FY2020 onwards. As a result of this distribution policy, Sasseur REIT does not retain any cash flow from the operations and will rely solely on its ability to refinance its borrowings. Sasseur REIT may be required to repay maturing debt with funds from additional debt or equity financing or both. There is no assurance that such financing will be available on acceptable terms or at all.

Notwithstanding that security in relation to the Performance Reserve has been granted to the Offshore Lenders, both the Onshore Facilities and Offshore Facility do not contain any term which restricts Sasseur REIT from utilising the Performance Reserve for so long as an event of default or enforcement event has not occurred. However, if Sasseur REIT defaults under such debt facilities, the lenders may be able to declare an event of default requiring the immediate repayment of the outstanding amount under the debt facilities and initiate enforcement proceedings in respect of any security provided (including any security in relation to the Performance Reserve which has been granted to the lenders), and/or call upon any guarantees provided as well as the Performance Reserve (in place of Sasseur REIT, in which case, Sasseur REIT would not be able to call or draw upon the Performance Reserve for its own use).

If Sasseur REIT’s property is mortgaged or otherwise encumbered, such property could be foreclosed by the lender or the lender could require a forced sale of the property and utilise the proceeds thereof to repay the principal and interest under the debt facilities, which will result in a loss of income and asset value to Sasseur REIT. (See “Capitalisation and Indebtedness – Indebtedness” for further details.)
If principal amounts due for repayment at maturity cannot be refinanced, refinanced without incurring additional upfront fees, extended or paid with proceeds from other capital sources, such as new equity capital, Sasseur REIT will not be able to pay distributions at expected levels to Unitholders or to repay all maturing debt.

Sasseur REIT may be subject to the risk that the terms of any refinancing undertaken will be less favourable than the terms of the original borrowings. Sasseur REIT may also be subject to certain covenants that may limit or otherwise adversely affect its operations and its ability to make distributions to Unitholders. Such covenants may also restrict Sasseur REIT's ability to acquire properties or undertake other capital expenditure and may require it to set aside funds for maintenance or repayment of security deposits or require Sasseur REIT to maintain certain financial ratios (e.g. loan to value ratios). The triggering of any of such covenants may have an adverse impact on Sasseur REIT's financial condition, results of operations and ability to make distributions to Unitholders.

Sasseur REIT's level of borrowings may rise to a higher level of gearing as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments. If prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial property loans) result in higher interest rates, the interest expense relating to such refinanced indebtedness would increase, thereby adversely affecting Sasseur REIT’s cash flow and the amount of funds available for distribution to the Unitholders.

The removal or retirement of the Manager and/or the Entrusted Manager could have an adverse effect on the financial condition and results of operations of Sasseur REIT.

The Manager is responsible for, among other things, formulating and executing Sasseur REIT’s investment mandate and making recommendations to the Trustee on the acquisition and disposal of retail assets (see “Overview – Structure of Sasseur REIT – The Manager: Sasseur Asset Management Pte. Ltd.” for further details). The Entrusted Manager has been appointed to manage the end-to-end operations of the Properties for and on behalf of the PRC Property Companies, including taking responsibility for, among other things, property and lease management services, property maintenance and repair services and marketing services (see “Overview – Structure of Sasseur REIT – The Entrusted Manager: Sasseur (Shanghai) Holding Company Limited” for further details). As such, Sasseur REIT’s financial condition, results of operations and ability to make distributions to Unitholders will depend on the performance of the Manager and the Entrusted Manager.

Under the Trust Deed, the Manager may be removed by the Trustee upon the occurrence of certain events, including the passing of a resolution by a majority consisting of more than 50.0% of the total number of votes (with no participants being disenfranchised) at a meeting of Unitholders duly convened and held (see “The Manager and Corporate Governance – The Manager of Sasseur REIT – Retirement or Removal of the Manager” for further details). Under the Entrusted Management Agreements, the PRC Property Companies may also terminate the appointment of the Entrusted Manager without cause or on the occurrence of certain specified events, including the liquidation or cessation of business of the Entrusted Manager (see “Certain Agreements Relating to Sasseur REIT and the Properties – Master Entrusted Management Agreement” and “Certain Agreements Relating to Sasseur REIT and the Properties – Individual Entrusted Management Agreements” for further details). Upon the retirement and/or removal of the Manager and/or the Entrusted Manager, the replacement of the manager of Sasseur REIT and/or the entrusted manager of the properties of Sasseur REIT generally on satisfactory terms may not occur in a timely manner, and may adversely affect the financial condition and results of operations of Sasseur REIT. For the avoidance of doubt, neither the Manager nor the Entrusted Manager is entitled to any compensation in the event of the termination of the Manager and/or the Entrusted Manager.
Future acquisitions may not yield the returns expected, and may result in dilution of holdings, or disruptions to Sasseur REIT’s business.

Sasseur REIT’s growth strategy and its asset selection process, as well as its future acquisitions may not ultimately be successful and may not provide positive returns to Unitholders. There are risks associated with pursuing further acquisitions of retail mall-related assets and successfully integrating them into Sasseur REIT’s portfolio. For example, the expected benefit, synergies or efficiencies from such acquisitions may take longer than expected to be achieved or may not be achieved at all. Even if Sasseur REIT were able to successfully acquire property or investments, there is no assurance that Sasseur REIT will achieve its intended return or any positive returns on such acquisitions or investments.

In addition, any new Units issued in connection with any new acquisition could also be potentially dilutive to Unitholders.

Sasseur REIT is exposed to foreign exchange fluctuation risks.

Sasseur REIT’s revenue is derived primarily from RMB denominated dividend income, which has to be converted into Singapore dollars for the distribution payments at Sasseur REIT’s level. Management fees payable to the Manager are also mainly denominated in S$, and Sasseur REIT’s finance costs are mainly denominated in RMB. As a result, Sasseur REIT is subject to foreign exchange exposure due to a mismatch in the currencies of its receipts and payments. To the extent of such mismatch, any significant appreciation or depreciation of the S$ against the RMB may cause Sasseur REIT to incur foreign exchange gains or losses.

Substantially all the revenues and costs of Sasseur REIT are denominated in RMB, while approximately 25.0% of its debt is denominated in S$ (due to lower finance costs, taking into account the foreign exchange risks). To the extent that the Manager needs to convert RMB into S$ for the purpose of making interest or principal payments on the debt of Sasseur REIT or for other business purposes, appreciation of the S$ against the RMB would have a negative effect on the S$ amount that Sasseur REIT would receive from the conversion. Any such exchange losses may have a material adverse effect on the financial condition and, results of operations of Sasseur REIT, including reducing the NAV of Sasseur REIT and increasing its gearing.

In the event that the foreign exchange rates between the RMB and S$ fluctuate, resulting in the actual exchange rates for Forecast Period 2018 and Projection Year 2019 being different from what has been assumed for the Profit Forecast and Profit Projection in this Prospectus, Sasseur REIT’s actual results of operations and the value of its assets and liabilities for Forecast Period 2018 and Projection Year 2019 could differ from that shown in the Profit Forecast and Profit Projection in this Prospectus. An appreciation of the S$ against the RMB may materially and adversely affect Sasseur REIT’s actual reported financial results and level of distributions.

Unitholders may not be able to evaluate future projects or assets which Sasseur REIT may invest in, and will have to rely on the Manager’s ability to select suitable future investments.

This Prospectus only describes the parameters which the Manager intends to use to identify projects which Sasseur REIT may invest in and the policies to be adopted in respect of the asset enhancement initiatives of those investments. Investors must rely on the Manager to identify and acquire suitable future investment assets or projects. Except for situations in which the future acquisitions require Unitholders’ approval under the Listing Manual, Unitholders will not be able to participate in the decision making process, and will not be able to evaluate the economic merit of particular projects prior to their acquisition.
**Sasseur REIT and/or its subsidiaries may from time to time be subject to legal proceedings and government proceedings.**

Legal proceedings against Sasseur REIT and/or its subsidiaries relating to property management and disputes over tenancies may arise from time to time. In addition, from time to time, Sasseur REIT and/or its subsidiaries may be involved in legal proceedings concerning matters arising from or in connection with product quality and trademark infringement due to the nature of the outlet mall industry and the line of products carried by the tenants, being branded goods.

In the course of their operations, the PRC Property Companies have, in the past, been subject to certain legal proceedings arising from complaints lodged by consumers for incorrect product labelling of the items bought in the Properties. All of these claims were settled out of court and the PRC Property Companies had been reimbursed by the tenants for the settlements paid to such complainants under the indemnity in their lease agreement for the tenant to compensate the PRC Property Companies for any losses sustained by the PRC Property Companies as a result of non-compliance by the tenant of the applicable laws and regulations with respect to consumer protection and product quality as well as trademark infringement. There can be no assurance that Sasseur REIT and/or its subsidiaries will not be involved in such proceedings in the future or that the outcome of these proceedings will not adversely affect the financial condition, results of operations or cash flow Sasseur REIT and/or its subsidiaries.

Sasseur REIT and its subsidiaries are regulated by various government agencies and regulations. If any government agency believes that Sasseur REIT, its subsidiaries or any of their tenants are not in compliance with regulations, it could shut down the relevant non-compliant entity or delay the approval process, refuse to grant or renew the relevant approvals or licenses, institute legal proceedings to seize the properties, enjoin future action or (in the case of Sasseur REIT and/or its PRC subsidiaries not being in compliance with PRC regulations), impose civil, administrative and/or criminal penalties against such entity, its officers or employees. Any such action by a government agency would have a material adverse effect on the business, financial condition, results of operation or cash flow of Sasseur REIT and/or its subsidiaries.

**Possible change of Sasseur REIT's investment strategies may adversely affect Unitholders’ investments in Sasseur REIT.**

As provided in the Listing Manual, the Manager’s investment strategy may not be changed for a period of three years commencing from the Listing Date unless the change is approved by Unitholders by way of an Extraordinary Resolution and in accordance with the provisions of the Trust Deed. However, after a period of three years from the Listing Date, the Manager may change the investment strategy without Unitholders’ approval, if it determines that such changes are in the best interest of Sasseur REIT and its Unitholders. There is no assurance that the Manager’s investment strategy as described in this Prospectus will not be amended.

In addition, the methods of implementing Sasseur REIT’s investment strategies and policies may also vary as new investment and financing techniques are developed or otherwise used. There is no assurance that any investment, or that any new methods of implementing Sasseur REIT’s investment strategies and policies, would be successful.

**The Manager may not be able to implement its investment strategy for Sasseur REIT.**

There is no assurance that the Manager will be able to implement its investment strategy successfully or that it will be able to expand Sasseur REIT’s portfolio at any specified rate or to any specified size. The Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame.
Sasseur REIT faces active competition in acquiring suitable properties. There may be significant competition for attractive investment opportunities from other property investors, including other REITs, retail property development companies and private investment funds. There is no assurance that Sasseur REIT will be able to compete effectively against such entities. As such, Sasseur REIT's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected. Even if Sasseur REIT were able to successfully acquire property or investments, there is no assurance that Sasseur REIT will achieve its intended return on such acquisitions or investments.

In addition, Sasseur REIT's investment strategy of investing principally, directly or indirectly, in a diversified portfolio of income-producing real estate, which is used primarily for retail outlet mall purposes, as well as real estate related assets in relation to the foregoing, with an initial focus on Asia, involves a higher level of risk as compared to a portfolio which has a more diverse range of investments.

Since the amount of borrowings that Sasseur REIT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions may be affected by Sasseur REIT's ability to raise equity capital. This may result in a dilution of Unitholders' holdings. In the event that equity capital needs to be raised in order to finance an acquisition, potential vendors may view negatively the prolonged time frame and lack of certainty associated with the raising of equity capital to fund any such purchase. They may instead prefer other potential purchasers.

Sasseur REIT's potential acquisitions of the ROFR Properties may require third party consents and there can be no assurance that such third parties will give such consent. For example, consents from regulatory authorities, financial institutions pursuant to covenants against sale or mortgages under the financing terms may not be obtained at all or on terms that are satisfactory to Sasseur REIT.

(See “Risk Factors – Risks Relating to PRC – There is uncertainty in relation to MOFCOM approval when a disposal is made to Sasseur REIT in accordance with the Sponsor ROFR.” for further details.)

There is no assurance that Sasseur REIT will be able to leverage on the Sponsor’s experience in the operation of the Properties.

In the event that the Sponsor decides to transfer or dispose of its Units or its shares in the Manager, Sasseur REIT may no longer be able to leverage on:

- the Sponsor’s experience in the ownership and management of retail properties; or
- the Sponsor’s financial strength, market reach and network of contacts to further its growth.

In such an event, Sasseur REIT may not be able to benefit from the range of corporate services which are available to owners of properties managed by the Sponsor. This may have a material and adverse impact on Sasseur REIT’s results of operations and financial condition which may consequently affect its ability to make distributions to its Unitholders.

There may be difficulty in removing the Manager.

Under the Property Funds Appendix, Unitholders may remove the manager of a real estate investment trust only if an Ordinary Resolution is passed by Unitholders. Given that an Ordinary Resolution is a resolution proposed and passed by a majority consisting of 50.0% or more of the total number of votes cast at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed, it may be difficult for the Manager to be removed, in particular, if the Sponsor Group continues to hold a significant or controlling stake in Sasseur REIT.
**Sasseur REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations.**

Sasseur REIT’s performance depends, in part, upon the continued service and performance of key personnel of executive officers of the Manager. (See “The Manager and Corporate Governance – The Manager of Sasseur REIT – Executive Officers of the Manager” for further details on the Executive Officers.) These key personnel may leave the Manager in the future and take up subsequent positions at entities which may compete with the Manager and Sasseur REIT. If any of the above were to occur, the Manager will need time to search for a replacement(s) and the duties which have been performed by such Executive Officers may be affected. The loss of any of these individuals could have a material adverse effect on the financial condition and the results of operations of Sasseur REIT.

**Sasseur REIT may be affected by adverse developments or negative publicity affecting the “Sasseur” brand name.**

Sasseur REIT is closely associated with the “Sasseur” brand name. Any degradation, adverse market developments and/or negative publicity relating to the “Sasseur” brand name could therefore adversely affect the results of operations of the Initial Portfolio. Furthermore, any adverse developments, negative publicity and future financial challenges experienced by the Sponsor Group may indirectly result in negative perceptions of Sasseur REIT due to Sasseur REIT’s close association with the Sponsor, which could have a material adverse effect on Sasseur REIT’s financial condition and results of operations and, in turn, its ability to make distributions to Unitholders.

**The right of Sasseur REIT to use the “Sasseur” brand name may cease.**

A licence agreement dated 1 March 2018 has been entered into between the Manager, in its capacity as the manager of Sasseur REIT, the Trustee and the Sponsor (the “Licence Agreement”) to allow Sasseur REIT to use, among others, the “Sasseur” name and any additional trade marks which may be agreed to by the parties in writing from time to time for use in connection with the business of Sasseur REIT. The License Agreement may be terminated by the Sponsor in the event that the Manager or any of its related corporations ceases to be the manager of Sasseur REIT or the Sponsor ceases to be a direct or indirect shareholder in the Manager. If the Manager ceases to have the right to use the “Sasseur” brand name, this may adversely affect the marketing activities and operations of Sasseur REIT.

(See “Certain Agreements Relating to Sasseur REIT and the Properties – Licence Agreement” for further details.)

**Sasseur REIT faces risks associated with servicing and refinancing of existing and future debt facilities.**

As at the Listing Date, the indicative Aggregate Leverage of Sasseur REIT is expected to be approximately 31.2% of the value of the Deposited Property. Sasseur REIT and its subsidiaries may, from time to time, require additional debt financing to achieve the Manager’s investment strategies. There can be no assurance that such financing will be available at that time, on acceptable terms.

Sasseur REIT’s and its subsidiaries’ ability to generate sufficient cash to satisfy its outstanding and future debt obligations will depend upon its future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors which are beyond its control. There is no guarantee that Sasseur REIT and its subsidiaries will generate sufficient cash flow to meet all of their debt obligations. If Sasseur REIT and its subsidiaries are unable to service its debt facilities, Sasseur REIT will be forced to adopt an alternative strategy.
that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing its indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

If Sasseur REIT and/or its subsidiaries (as the case may be) are unable to make payments due under such debt facilities, or if principal amounts due for repayment at maturity cannot be refinanced, refinanced without incurring additional upfront fees, extended or repaid with proceeds from other capital transactions, the financial condition, cash flows and prospects of Sasseur REIT would be materially and adversely affected. Further, in the event of non-payment, breaches of terms and conditions of the debt facilities or accelerations or failure to refinance or extend the debt facilities, the lenders may be able to declare an event of default and initiate enforcement proceedings in respect of any security provided in respect of such borrowings and/or call upon the guarantees provided. In such situations, to the extent Sasseur REIT’s properties are mortgaged or other forms of security interest are used to secure payment of debt facilities, such security could be foreclosed by the lender or the lender could require a forced sale of the mortgaged property and this may materially and adversely affect the business and financial condition and results of operations and prospects of Sasseur REIT and may result in a reduction of the NAV of the Units.

If Sasseur REIT and/or its subsidiaries have to refinance their indebtedness at a higher interest rate, the interest expense relating to such refinanced indebtedness would increase, thereby adversely affecting Sasseur REIT’s cash flow and the amount of funds available for its development projects.

In addition, Sasseur REIT’s existing debt facilities contain change of control provisions (see “Capitalisation and Indebtedness” for further details). Thus, the terms of any refinancing may also contain change of control provisions and the breach of such provisions could result in defaults under the relevant financing instruments. If Sasseur REIT and/or its subsidiaries defaults under their respective financing instruments and are unable to cure the default, this would have a material adverse effect on Sasseur REIT’s and/or its subsidiaries’ financial position, results of operations, cash flows and prospects.

There is also the risk that foreign currency exchange rates and interest rate fluctuations may adversely affect repayments of borrowings by Sasseur REIT and/or its subsidiaries denominated in foreign currency.

**Sasseur REIT may engage in hedging transactions, which can limit gains and increase exposure to losses, and not offer full protection against interest rate and exchange rate fluctuations.**

Sasseur REIT may enter into hedging transactions to protect itself or its portfolio from, among others, the effects of interest rate and currency exchange fluctuations between its RMB-denominated revenue and Singapore dollars or other currencies, on floating rate debt and interest rate and prepayment fluctuations. Hedging transactions may include entering into interest rate hedging instruments, purchasing or selling futures contracts, purchasing put and call options or entering into forward agreements.

These hedging activities may not have the desired beneficial impact on the results of operations or financial condition of Sasseur REIT. No hedging activity can completely insulate Sasseur REIT from risks associated with changes in interest rates and exchange rates, and changes in foreign exchange rates for example, may negatively affect Sasseur REIT’s asset value. Moreover, interest rate hedging could fail to protect Sasseur REIT or adversely affect Sasseur REIT because among others:

- the available hedging may not correspond directly with the risk for which protection is sought;
• the duration or nominal amount of the hedge may not match the duration of the related liability;

• the party owing money in the hedging transaction may default on its obligation to pay;

• the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs Sasseur REIT’s ability to sell or assign its side of the hedging transaction; and

• the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments and the significant loss in value of hedging instruments due to a write down to fair value would reduce the NAV of Sasseur REIT.

In addition, hedging activities involve risks and transaction costs, which may reduce overall returns and possibly limit the amount of cash available for distribution to Unitholders. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. The Manager will regularly monitor the feasibility of engaging in such hedging transactions, taking into account the cost of such transactions.

The occurrence of any acts of God, natural disasters, severe environmental pollution, war and terrorist attacks may adversely and materially affect the business and operations of the Properties.

Acts of God, natural disasters, and severe environmental pollution, are beyond the control of Sasseur REIT or the Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. Sasseur REIT’s business and income available for distribution may be adversely affected should such acts of God occur. There is no assurance that a war, terrorist attack or any other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations of the Properties and hence, Sasseur REIT’s income that is available for distribution.

Epidemic diseases in Asia and elsewhere may adversely affect the business and operations of Sasseur REIT.

Several countries in Asia have suffered from outbreaks of communicable diseases like Middle East Respiratory syndrome coronavirus, the Ebola virus disease, the Influenza A (“H1N1”) virus, severe acute respiratory syndrome, avian flu and swine flu. A new and prolonged outbreak of such diseases may have a material adverse effect on Sasseur REIT’s business and financial condition and the results of its operations. The long-term effect of such diseases may not currently be predicted, however, previous occurrences of such diseases had an adverse effect on the economies of those countries in which they were most prevalent. An outbreak of a communicable disease in the PRC or in the particular region in which a property owned by Sasseur REIT is located may materially and adversely affect the business and financial condition and results of operations of Sasseur REIT.

Sasseur REIT’s investment strategy may entail a higher level of risk as compared to other types of unit trusts that have a more diverse range of investments.

Sasseur REIT’s investment strategy of investing principally, directly or indirectly, in a diversified portfolio of income-producing real estate, which is used primarily for retail outlet mall purposes, as well as real estate related assets in relation to the foregoing, will subject Sasseur REIT to risks inherent in concentrating in real estate. The level of risk could be higher as compared to other types of unit trusts that have a more diverse range of investments in other sectors.
A concentration of investments in real estate exposes Sasseur REIT to the risk of a downturn in the property market, stemming from an economic slowdown of such jurisdiction. The renewal of leases in Sasseur REIT’s properties will depend, in part, upon the success of the tenants. Any economic downturn may cause higher levels of non-renewals of leases or vacancies as a result of failures or defaults by tenants or the market pressures exerted by an increase in available retail space. There can be no assurance that the tenants of Sasseur REIT’s properties will renew their leases or that the new lease terms will be as favourable as the existing leases. In the event that a tenant does not renew its lease, a replacement tenant or tenants would need to be identified, which could subject Sasseur REIT’s properties to periods of vacancy and/or costly refitting, during which periods Sasseur REIT could experience reductions in rental income.

Such downturns may lead to a decline in occupancy for properties or real estate-related assets in Sasseur REIT’s portfolio. This will affect Sasseur REIT’s rental income from the Properties, and/or lead to a decline in the capital value of Sasseur REIT’s portfolio, and/or on the results of operations and the financial condition of Sasseur REIT and the ability of Sasseur REIT to make regular distributions to its Unitholders may be adversely affected.

**Sasseur REIT may not be able to control or exercise any influence over entities in which it has minority interests.**

Subject to compliance with the requirements in the Property Funds Appendix on joint investments, Sasseur REIT may, in the course of acquisitions, acquire minority interests in real estate-related investment entities. There is no assurance that Sasseur REIT will be able to control such entities or exercise any influence over the assets of such entities or their distributions to Sasseur REIT, other than the rights which Sasseur REIT is required to have under the Property Funds Appendix. Such entities may develop objectives, which are different from those of Sasseur REIT and may not be able to make any distribution. The management of such entities may make decisions which could adversely affect the operations of Sasseur REIT and its ability to make distributions to Unitholders.

**The laws, regulations and/or accounting standards in Singapore and the PRC may change.**

Sasseur REIT is a real estate investment trust constituted in Singapore while the PRC Property Companies and PRC Holding Companies are incorporated in the PRC.

The laws, regulations and/or accounting standards in Singapore and/or the PRC are subject to change. Sasseur REIT may be affected by the introduction of new or revised legislation, regulations or accounting standards. Accounting standards in the PRC and Singapore are subject to changes as accounting standards in the country are further aligned with international accounting standards. The financial statements of Sasseur REIT and the financial position and results of Sasseur REIT as reflected by the financial statements may be affected by the introduction of such revised accounting standards. The extent and timing of these changes in accounting standards are unknown and are subject to confirmation by the relevant authorities. There can be no assurance that these changes will not have a significant impact on the presentation of Sasseur REIT’s financial statements or on Sasseur REIT’s financial statements, Sasseur REIT’s capital growth or Sasseur REIT’s business and financial condition and results of operations. Such changes may adversely affect the ability of Sasseur REIT to make distributions to Unitholders. There can be no assurance that any such changes in laws, regulations and accounting standards will not have an adverse effect on the ability of the Manager to carry out Sasseur REIT’s investment strategy or on the operations and financial condition of Sasseur REIT.
Sasseur REIT may be subject to liability in connection with any future disposal of investments.

Sasseur REIT may dispose of investments in certain circumstances and may be required to give representations and warranties or be subject to defect liabilities in connection with a disposal of such investments. In the event that such representations or warranties are inaccurate or any defects are found, Sasseur REIT may be exposed to damages and other claims. Any liability in respect of any such representations or warranties or defect liabilities may adversely affect the business, financial condition, results of operations and prospects of Sasseur REIT and in turn, its ability to make distributions to Unitholders.

RISKS RELATING TO PRC

The HK Holding Companies may not be able to benefit from the reduced dividend withholding tax ("WHT") rate provided under the tax treaty between the PRC and Singapore or the tax treaty between the PRC and Hong Kong.

Under the Agreement between the Government of Singapore and the Government of the People’s Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income ("Singapore-PRC DTA") and the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income ("Mainland-Hong Kong Arrangement"), dividends paid by the PRC Property Companies to the HK Holding Companies (excluding Hong Sun Development Group Limited) will be subject to a reduced WHT rate of 5.0% (whereas the standard dividend WHT rate in the PRC is 10.0%) provided the HK Holding Companies are resident in Singapore or Hong Kong and are the beneficial owners of the dividends. In this regard, pursuant to the guidance provided on “beneficial ownership” in Public Notice [2018] No. 9 ("Public Notice 9") issued by the State Administration of Taxation of the PRC ("SAT"), the PRC tax authorities may view the HK Holding Companies as not having substantive business activities to satisfy the “beneficial ownership” test.

The SAT grants certain exceptions in Public Notice 9. Where the recipient of the dividend income is a foreign resident enterprise which meets one of the exceptions in Public Notice 9 (e.g. listed company exception etc.), the foreign resident enterprise could be directly recognised as the beneficial owner of the dividend income. The HK Holding Companies, which are indirectly held by Sasseur REIT, may therefore be considered as the beneficial owners of the dividends from the PRC Property Companies under Public Notice 9 subject to the satisfaction of the PRC tax authorities. The access to reduced WHT rates under tax treaties is subject to the approval of the competent local tax authorities and the PRC tax authorities have the discretion not to allow the preferential WHT rate if they are of the view that the main purpose of an offshore arrangement is to obtain preferential tax treatment under the applicable tax treaty. It is also uncertain if the PRC tax authorities will extend the exceptions in Public Notice 9 for a listed company to include a listed REIT.

There can therefore be no assurance that the HK Holding Companies would be able to enjoy the reduced 5.0% WHT rate on dividends. If the WHT rate is 10.0%, the return to Unitholders may be reduced as a result of the higher dividend WHT rate.

(See “Taxation – PRC Taxation” and “Appendix D – Independent Taxation Report” for further details.)
**Sasseur REIT and its non-PRC subsidiaries may be classified as a PRC tax resident enterprise (“TRE”) for the purposes of PRC CIT, which could result in unfavourable PRC tax consequences for Sasseur REIT and the Unitholders.**

The PRC CIT Law and the Implementation Rules to the PRC CIT Law provide that non-resident enterprises whose “de facto management bodies” are located in PRC will be considered TREs and hence be subject to CIT, currently at a rate of 25.0% on their worldwide taxable income. Under the PRC CIT Law, a “de facto management body” of an enterprise is defined as a body that has substantive and overall management and control over the business operations, personnel, finance and assets of that enterprise.

The SAT has issued Guoshuifa [2009] No. 82 ("Circular 82") to provide guidance on whether an offshore enterprise with a PRC enterprise as its primary controlling shareholder ("PRC-controlled offshore enterprise") is a TRE. Circular 82 sets forth the following four conditions for determining if a PRC-controlled offshore enterprise has established effective management and control in PRC for TRE purposes:

- whether the primary location of the day-to-day operational management of the offshore enterprise is in PRC;
- whether decisions concerning the offshore enterprise’s financial and human resource matters are made in PRC or are subject to approval by organisations or personnel in PRC;
- whether the offshore enterprise’s primary assets, accounting books and records, company seals, and board and shareholder meeting resolutions are located or maintained in PRC; and
- whether 50.0% or more of the voting board members or senior executives of the offshore enterprise habitually reside in PRC.

If all of the above conditions are met, the PRC-controlled offshore enterprise will be deemed to be a TRE. The TRE status is recognised only when confirmation is obtained from the relevant PRC tax authorities or if this is deemed so by the tax authorities. Circular 82 is targeted at PRC-controlled offshore enterprises, i.e. offshore enterprises controlled by PRC enterprises. It is possible that the relevant PRC tax authorities may make reference to the conditions stated in Circular 82 when determining whether an offshore enterprise controlled by a non-PRC enterprise is a TRE. Sasseur REIT and its non-PRC subsidiaries have not been determined by the PRC tax authorities to be TREs. Given that Sasseur REIT is constituted and listed in Singapore, and is managed by the Manager (incorporated in Singapore), except for the PRC subsidiaries, being the PRC Property Companies, the affairs of Sasseur REIT as well as its non-PRC subsidiaries will be conducted by the Manager from Singapore. As such, the effective management and control in relation to these non-PRC entities are not intended to be exercised in PRC. Nevertheless, should Sasseur REIT and/or any of its non-PRC subsidiaries be deemed to be or classified as TREs, they will be subject to CIT, currently at a rate of 25.0% on their worldwide taxable income. In addition, any distributions or dividends paid by them to their non-PRC non-individual Unitholders/shareholders and gains derived from the disposal of Units/shares by their non-PRC non-individual Unitholders/shareholders would be subject to PRC WHT at a rate of 10.0%, subject to applicable tax treaty relief.

Therefore, if Sasseur REIT or any of its non-PRC subsidiaries is deemed to be a TRE, this will adversely affect the amount of distributions made by Sasseur REIT to Unitholders.

(See “Taxation – PRC Taxation” and “Appendix D – Independent Taxation Report” for further details.)
The Properties are located in the PRC, thus if economic conditions in the PRC deteriorate or if there are any changes in the PRC laws and regulations, our current business and future growth could be materially and adversely affected.

All of our operations and assets are located in the PRC. As a result, Sasseur REIT is subject to political, economic, legal and regulatory risks specific to the PRC. The economic indicators in the PRC in recent years have shown mixed signs of growth and uncertainty, and future growth of the the PRC economy is subject to many factors beyond our control.

Difficulties affecting the U.S. and global financial sectors, adverse conditions and volatility in the worldwide credit and financial markets, fluctuations in oil and commodity prices and the general weakness of the U.S. and global economy in recent years have increased the uncertainty of global economic prospects in general and have adversely affected, and may continue to adversely affect, the PRC economy. Any future deterioration of the PRC or global economy could adversely affect our business, financial condition and results of operations.

Developments that could hurt the PRC’s economy in the future include:

- difficulties in the financial sectors in the United States and elsewhere and the resulting adverse effects on the global financial markets;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the U.S. dollar or Renminbi exchange rates), interest rates and stock markets;
- adverse conditions in the economies of countries that are important export markets for the PRC, such as the United States, Japan and Korea, or in emerging market economies in Asia or elsewhere;
- substantial decreases in the market prices of PRC real estate;
- increasing delinquencies and credit defaults by retail and small and medium-sized enterprise borrowers;
- declines in consumer confidence and a slowdown in consumer spending;
- social and labour unrest;
- a decrease in tax revenues and a substantial increase in the PRC government’s expenditures for unemployment compensation and other social programs that, together, would lead to an increased government budget deficit;
- financial problems or lack of progress in the restructuring of PRC conglomerates, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities and corporate governance issues at certain PRC conglomerates;
- the economic impact of any pending or future free trade agreements; geo-political uncertainty and risk of further attacks by terrorist groups around the world;
- natural disasters that have a significant adverse economic or other impact on PRC or its major trading partners, such as the earthquake and tsunami that occurred in the northeast part of Japan in 2011 and any resulting radiation leaks from damaged nuclear power plants in the area;
• the recurrence of SARS or an outbreak of swine or avian flu in Asia and other parts of the world;

• deterioration in economic or diplomatic relations between the PRC and its trading partners or allies, including deterioration resulting from trade disputes or disagreements in foreign policy;

• political uncertainty or increasing strife among or within political parties in PRC;

• hostilities or political turmoil involving oil producing countries in the Middle East and Northern Africa and any material disruption in the supply of oil or increase in the price of oil; and

• an increase in the level of tensions or an outbreak of hostilities between North Korea and the PRC or the United States.

The Properties will also be subject to the laws, regulations and policies from time to time adopted by the respective government authorities. Any amendment or change in the existing legal regime may adversely and directly affect the business, operations and financial condition of Sasseur REIT.

Sasseur REIT may be exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations.

The PRC Property Companies receive all their revenue in RMB, which may have to be converted into Singapore dollars for the distribution payments at Sasseur REIT’s level. In addition, as a portion of Sasseur REIT’s finance costs are denominated in S$, the Manager may have to convert RMB into S$ for the purpose of making interest or principal payments on the debt of Sasseur REIT. Accordingly, Sasseur REIT is exposed to risks associated with exchange rate fluctuations which may adversely affect Sasseur REIT’s results of operations.

Conversion of RMB is subject to strict government regulation in PRC. Current foreign exchange regulations have already significantly reduced the PRC government’s foreign exchange control on routine transactions, including trade and service-related foreign exchange transactions and payment of dividends. Under the existing foreign exchange regulations in PRC, the PRC Property Companies will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that the said policies regarding payment of dividends in foreign currencies will continue in the future. If approvals are required in the future, delays in or a refusal to grant any such approval, a revocation or variation of consents granted prior to the investments being made, or the imposition of new restrictions may adversely affect Sasseur REIT’s investments.

The value of the distributions received by a Unitholder may be adversely affected by fluctuations in the exchange rates between Renminbi, the Singapore dollar and any other currencies which may be adopted from time to time. Significant fluctuations in the exchange rates between such currencies will also, among others, affect the NAV of the Units and the foreign currency value of the proceeds which a Unitholder would receive upon sale of the Units in Singapore.

(See “Distributions” and “Exchange Rate Information” for further details.)

Sasseur REIT may be subject to extensive PRC regulatory control on foreign investment in the real estate sector in future.

The PRC government has promulgated a number of regulations and rules regulating foreign investment in the real estate sector. (See “Overview of Relevant Laws and Regulations in the People’s Republic of China” for further details.)
On 11 July 2006, the Ministry of Construction of the PRC (the “Ministry of Construction”), the MOFCOM, the NDRC, the PBOC, the State Administration for Industry and Commerce of the PRC (the “SAIC”), and the SAFE promulgated the Opinions on Regulating the Access by and Administration of Foreign Investment in the Real Estate Market (关于规范房地产市场外资准入和管理的意见) (the “Opinions”). According to the Opinions, foreign investors for commercial purposes shall set up foreign-invested enterprises (“Project Companies”) to develop and/or operate the property and pay a land grant premium in order to replace the interim Approval Certificate for Foreign Investment and interim Business Licence of the Project Companies with formal ones. Certain Project Companies that do not satisfy the conditions are forbidden to facilitate loans from banks in the PRC or abroad, and foreign investors acquiring real estate projects shall undertake that they will comply with the land use right grant contract, pay up debts, and meet other requirements.

On 23 May 2007, MOFCOM and the SAFE promulgated the Notice on Further Strengthening and Regulating the Examination, Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry (关于进一步加强、规范外商直接投资房地产审批和监管的通知). On 18 June 2008, MOFCOM promulgated the Notice of MOFCOM on Improving Record Work Related to Foreign Investment in Real Estate Sector (商务部关于做好外商投资房地产业备案工作通知). According to such Notices, MOFCOM requires the provincial branch of MOFCOM to check whether foreign investors and the Project Companies comply with the special control rules imposed in the real estate sector, and records shall be kept by MOFCOM, which may carry out selective examinations each quarter.

Pursuant to the Notice on Strengthening Administration of Approval and Filing of Foreign Investment into Real Estate Industry (商务部办公厅关于加强外商投资房地产业审批备案管理的通知) (Shang Ban Zi Han [2010] No. 1542) issued by the General Office of the MOFCOM on 22 November 2010, real estate enterprises funded by foreign capital are not permitted to purchase and resell real estate properties in the PRC that are either completed or under construction for arbitrage purposes. Jingtian & Gongcheng has advised that “arbitrage” in the context of this notice refers to speculative investment of real estate (i.e. the purchase and resale of real estate properties and/or property development projects solely for the purpose of making profits through the difference in price).

According to Jingtian & Gongcheng, this notice is intended to curb property speculation and does not affect Sasseur REIT’s ability to acquire and/or dispose of its properties in the PRC as long as the properties were acquired by Sasseur REIT mainly for the development and/or operation of the properties or for investment purposes and not solely for the purpose of speculation. However, there can be no assurance that the PRC government will not deem any transaction of real estate properties or any transfer of equity in real estate companies as arbitrage through transaction of real estate. The regulation is believed to be aimed at controlling inflow of foreign capital by curtailing the practices of reselling properties for arbitrage purposes adopted by some foreign investors.

In recent years, the policy measures taken by the PRC government towards foreign investment in the real estate industry may have been relaxed, as indicated by:

(a) the principles for prohibiting arbitrage investment in this industry remaining unchanged;

(b) certain conditions for facilitating loans (such as full payment of registered capital and the stricter proportion requirement between the total investment and registered capital for foreign invested real estate enterprises) having been repealed and the filing procedure with the MOFCOM having been simplified pursuant to the Circular of the MOFCOM and the SAFE on Improving the Recording Work of Foreign Investment in Real Estate Sector (商务部、国家外汇管理局关于改进外商投资房地产备案工作的通知) effective from 1 August 2014, the Notice of the Ministry of Housing and Urban-Rural Development and Other Departments on...
Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market (住房和城乡建设部等部门关于调整房地产市场外资准入和管理有关政策的通知) effective from 19 August 2015 and the Circular of the MOFCOM and the SAFE on Further Improving Record Work Related to Foreign Investment in Real Estate Sector (商务部、国家外汇管理局关于进一步改进外商投资房地产备案工作的通知) effective from 6 November 2015; and

(c) the repeal by the MOFCOM of the requirement on the public announcement procedure for filing with the MOFCOM since 6 November 2015.

Jingtian & Gongcheng is of the opinion that, save as disclosed in “Overview of the Acquisition of the Initial Portfolio”, “Risk Factors” and “Business and Properties”, as at the date of this Prospectus, each of the PRC Property Companies has obtained and maintained in full force and effect, in all material respects, all licences, permits and other consents, approvals and authorisations. In addition, Jingtian & Gongcheng has further advised that each of the HK Holding Companies had obtained all the necessary regulatory approvals and consents from the PRC authorities for the ownership of the respective PRC Property Companies. While Sasseur REIT has obtained all necessary approvals and consents from the PRC authorities for the acquisition of the Properties and will endeavour to obtain all necessary approvals and consents from the PRC authorities in the future for the acquisition of properties, and notwithstanding the recent relaxation of policy measures towards foreign investment in the real estate industry, there is no assurance that the PRC government will not implement additional restrictions on foreign investment in the real estate industry and acquisitions and sales of real estate properties by foreign investors in future.

The amount of distributions could be affected by delay in assessing taxes by the PRC tax authorities.

The conversion of RMB proceeds (for amounts greater than US$50,000) into foreign currency and the remittance of such foreign currency out of the PRC can be effected only after a registration form for cross-border payment has been obtained from the tax bureau and this in practice also requires the settlement of all relevant taxes. Such registration form has to be obtained each time prior to the repatriation of dividend payments by the PRC Property Companies. For the avoidance of doubt, other than the registration form for cross-border payment that has to be obtained after the relevant taxes are duly settled, there are no other registration processes required for the conversion of RMB proceeds (for amounts greater than US$50,000) into foreign currency. Although PricewaterhouseCoopers Singapore Pte. Ltd., the Independent Tax Adviser, has advised that the process for obtaining such registration form is procedural, in the event the PRC Property Companies are unable to obtain the registration form for cross-border payment from the PRC tax authorities in a timely manner, Sasseur REIT’s ability to make distributions to Unitholders will be adversely affected and Sasseur REIT may be required to take loan facilities to satisfy the payment of the distributions to Unitholders. If Sasseur REIT is unable to obtain financing on terms that are acceptable or Sasseur REIT has reached its Aggregate Leverage limit under the Property Funds Appendix, the amount of distributions could be adversely affected.

There is uncertainty in relation to MOFCOM approval when a disposal is made to Sasseur REIT in accordance with the Sponsor ROFR.

On 8 August 2006, the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council (the “SASAC”), the SAT, the SAIC, China Securities Regulatory Commission (the “CSRC”) and the SAFE promulgated Circular 10 which was amended by the MOFCOM on 22 June 2009. According to Circular 10 and the Company Law of the PRC (revised in 2013 and became effective on 1 March 2014) (中国人民共和国公司法 (2013 年修订)) (“PRC Company Law (2013 Revision)”) and certain interpretations of Circular 10 by MOFCOM, in the event of merger and acquisition by a company, enterprise, or natural person from the PRC, in the
name of a company that it has legitimately established or controls outside the PRC (i.e. a foreign investor), of a domestic company (i.e. an enterprise in the PRC other than a foreign-invested enterprise (“FIE”)) affiliated thereto, the relevant individual or organisation shall submit the merger and acquisition transaction to MOFCOM for examination and approval. Circular 10 does not provide the definition of “control” in this respect and the government authorities may have broad discretion. In the event that Sasseur REIT intends to acquire the affiliated project companies of the Sponsor under the Sponsor ROFR in the future, it may require approval from MOFCOM if new laws or legal interpretations are issued, or if the MOFCOM interprets, that Sasseur REIT shall be deemed under control of the Sponsor or the government authorities take such view. There is a risk that the MOFCOM may not approve such transaction such that Sasseur REIT may not be able to rely on the Sponsor ROFR for potential acquisitions and Sasseur REIT’s acquisition growth may be adversely affected.

The PRC legal system is in the process of continuous development and has inherent uncertainties, including the interpretation of PRC laws and regulations, that could limit the legal protections available to Sasseur REIT in respect of its operations.

The taxation and real estate laws and in particular, the laws relevant to the rights of foreign investors and the entities through which they may invest are often unclear in the PRC where the assets of Sasseur REIT are located.

The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. The PRC may not accord equivalent rights (or protection of such rights) to those rights that investors might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities. As such, different laws, rules, regulations and policies apply in different provinces and they may have different and varying applications and interpretations in different parts of the PRC. The PRC currently does not have any centralised register or official resources where legislation enacted by the central and local authorities is made available to the public. Legislation or regulations, particularly for local applications, may be enacted without prior notice or announcement to the public. Accordingly, the Manager may not be aware of the existence of new legislation or regulations. At present, there is also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation which it holds available for inspection. Accordingly, there is a risk that entities in the PRC acquired by Sasseur REIT may be subject to proceedings which may not have been disclosed.

It may be more difficult to enforce agreements which are governed under PRC laws by legal or arbitral proceedings in the PRC than in countries with more mature legal systems. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult for Sasseur REIT to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.
The building standards applicable and materials employed in the PRC may not be as stringent as those in other jurisdictions.

The building standards applicable in the PRC when each of the Properties was built may not be as stringent as those in other jurisdictions. For example, the applicable PRC seismic load design requirements may be less than those required by other international standards. Where a developed property asset (which was constructed prior to the entry into force of the latest PRC building standards) is acquired, there is increased risk that the building does not conform to international standards. Compliance with amended building codes may be required retrospectively, which could entail significant costs for Sasseur REIT. Furthermore, construction materials employed may not comply with international standards.

Based on the legal due diligence commissioned by the Manager, the Properties in the Initial Portfolio had obtained their respective Construction Completion Inspection and Acceptance Filing Forms, indicating that the filing for the inspection and acceptance of the completion of the Properties had been approved and the Properties had been developed and constructed with the requisite permits. However, if any of the Properties do not meet the most recent requirements for building standards and materials, it may be less desirable than developments which have been built in accordance with the latest standards, which may affect the ability to sell or let it, and the business, financial condition and results of operations of Sasseur REIT may be affected as a consequence.

The properties owned by Sasseur REIT or a part of them may be acquired compulsorily by the PRC government.

Under the laws and regulations of the PRC, there are various circumstances under which the PRC government is empowered to acquire some of the Properties, such as where the property is necessary for national defence and foreign affairs or where the property is necessary for the provision of affordable housing.

In the event of any compulsory acquisition of property in the PRC, and if the compensation paid for the compulsory acquisition is less than the market value of the relevant Property, such compulsory acquisition by the PRC government would have an adverse effect on Sasseur REIT and the value of its asset portfolio. In addition, even if the amount of compensation to be awarded is based on the open market value, the amount of compensation paid to Sasseur REIT may be less than the price which Sasseur REIT paid for such assets.

The PRC’s political policies and foreign relations could affect the properties.

The Properties are all located in the PRC. Investment in properties in the PRC entails risks of a nature and degree not typically encountered in property investments in developed markets. In the PRC, there is a high risk of nationalisation, expropriation, confiscation, punitive taxation, currency restriction, political changes, government regulation, political, economic or social instability or diplomatic developments which could adversely affect the value of investments made in the PRC, and for which Sasseur REIT may not be fairly compensated. Certain national policies may restrict foreigners from investing in industries deemed sensitive to the national interest such as mining of certain kinds of minerals, construction and operation of natural reserves.

The PRC’s economic reforms could affect Sasseur REIT’s business.

The PRC economy differs from the economies of most developed countries in many respects, including its structure, its level of development, its growth rate, its control of foreign exchange and its allocation of resources. The PRC economy is still in the process of being transformed from a planned economy to a more market-oriented economy. For the past two decades, the PRC government has implemented economic reform measures emphasising utilisation of market forces
in the development of the PRC economy. Although the Manager believes that these reforms will have a positive effect on its overall and long-term development, it cannot predict whether changes in the PRC’s economic and other policies will or will not have any adverse effect on Sasseur REIT’s current or future business, financial condition and results of operations.

**RMB is not freely convertible and there are significant restrictions on the remittance of RMB into and out of PRC, and the ability of the PRC Property Companies to make distributions to the Singapore Holdco may be subject to future limitations imposed by the PRC government.**

The PRC Property Companies receive almost all of their revenue in RMB. Relying on the receipt of dividends or payments from the PRC Property Companies indirectly, Sasseur REIT intends to make distributions to Unitholders in Singapore dollars. RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies, including the Singapore dollar, despite the significant reduction over the years by the PRC government in control over routine foreign exchange transactions on the current account. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover more than 20 provinces and cities in the PRC and to make RMB trade and other current account item settlement available in all countries worldwide. For a foreign-invested company (such as the PRC Property Companies), its dividends and other distributions/payments (whether in a foreign currency or in RMB) representing the profit entitlement of its foreign investor can be legally remitted out of the PRC to its foreign investor without the need to obtain the prior approval or authorisation of the relevant foreign exchange bureau. The remittance of dividends and other distributions/payments representing the profit entitlement of Sasseur REIT in RMB by the PRC Property Companies out of the PRC to Sasseur REIT could be processed through commercial banks which provide such remittance services, without the need to obtain any pre-approval or authorisation on the part of the PRC Property Companies from the relevant foreign exchange bureau regarding the remittance of such dividends offshore.

There is no assurance that the PRC government will continue to gradually liberalise the level of control over cross-border RMB remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of RMB into or out of the PRC. If the PRC Property Companies are not able to repatriate funds out of the PRC in RMB, Sasseur REIT will need to source for financing offshore to pay distributions to Unitholders, and there is no assurance that it will be able to source such financing on satisfactory terms, if at all, or that it will be able to make distributions to Unitholders in Singapore dollars.

**RISKS RELATING TO AN INVESTMENT IN REAL ESTATE**

There are general risks attached to investments in real estate.

Investments in real estate and therefore the income generated from the Properties are subject to various risks, including but not limited to:

- adverse changes in political or economic conditions in Asia;
- adverse local market conditions (such as over-supply of properties or reduction in demand for properties in the market in which Sasseur REIT operates);
- the financial condition of the tenants;
• the availability of financing such as changes in availability of debt or equity financing, which may result in an inability by Sasseur REIT to finance future acquisitions on favourable terms or at all;

• changes in interest rates and other operating expenses;

• changes in environmental laws and regulations, zoning laws and other governmental laws, regulations and rules and fiscal policies (including tax laws and regulations);

• environmental claims in respect of real estate;

• changes in market rents;

• changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market;

• competition among property owners for tenants which may lead to vacancies or an inability to rent space on favourable terms;

• inability to renew leases or re-let space as existing leases expire;

• inability to collect rents from the tenants on a timely basis or at all due to bankruptcy or insolvency of the tenants or otherwise;

• insufficiency of insurance coverage or increases in insurance premiums;

• increases in the rate of inflation;

• inability of the Entrusted Manager of the Properties to provide or procure the provision of adequate maintenance and other services;

• defects affecting the Properties which need to be rectified, or other required repair and maintenance of the Properties, leading to unforeseen capital expenditure;

• the relative illiquidity of real estate investments;

• considerable dependence on cash flow for the maintenance of, and improvements to, the Properties;

• increased operating costs, including real estate taxes;

• any defects or illegal structures that were not uncovered by physical inspection or due diligence review;

• management style and strategy of the Manager;

• the attractiveness of Sasseur REIT’s properties to tenants;

• the cost of regulatory compliance;

• ability to rent out properties on favourable terms; and

• power supply failure, acts of God, wars, terrorist attacks, uninsurable losses and other factors.
Many of these factors may cause fluctuations in occupancy rates, rental rates or operating expenses, causing a negative effect on the value of real estate and income derived from real estate. The annual valuation of the Properties will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of Sasseur REIT’s real estate assets may be significantly diminished in the event of a sudden downturn in real estate market prices or the economy in the PRC or Asia, which may adversely affect the financial condition of Sasseur REIT.

**Sasseur REIT may be adversely affected by the illiquidity of real estate investments.**

Sasseur REIT’s investment strategy of investing principally, directly or indirectly, in a diversified portfolio of income-producing real estate, which is used primarily for retail outlet mall purposes, as well as real estate related assets in relation to the foregoing, involves a higher level of risk as compared to a portfolio which has a more diverse range of investments. Real estate investments are relatively illiquid and such illiquidity may affect Sasseur REIT’s ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, property market or other conditions. Sasseur REIT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Sasseur REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on Sasseur REIT’s financial condition and results of operations, with a consequential adverse effect on Sasseur REIT’s ability to deliver expected distributions to Unitholders.

**The rate of increase in EMA Rental Income of the Properties may be less than the inflation rate.**

The rate of increase in EMA Rental Income of the Properties may be less than the inflation rate and therefore an investment in Sasseur REIT may not provide an effective hedge against inflation.

**RISKS RELATING TO AN INVESTMENT IN THE UNITS**

**The form of payment of the Management Fee will have an impact on DPU.**

The amount of distribution available to Unitholders is affected by the form of payment of the Management Fee. Although the Manager has elected to receive 100.0% of the Management Fee in Units for Forecast Period 2018 and Projection Year 2019, if the Manager elects to receive the payment of the Management Fee in the form of cash, the amount of distribution available for distribution to Unitholders will be affected. Conversely, if the Manager elects to receive the payment of the Management Fee in the form of Units, the distribution will be distributed to a larger number of Unitholders.

(See “Profit Forecast and Profit Projection – Sensitivity Analysis” for further details.)

**The sale or possible sale of a substantial number of Units (following the lapse of any applicable lock-up arrangements) in the public market could have adverse effects on the Unit price of Sasseur REIT.**

Following the Offering and the Redemption (assuming that the Over-Allotment Option is not exercised), Sasseur REIT will have 1,180,280,000 issued Units, of which 685,280,000 Units will be indirectly held by the Sponsor and Ping An Real Estate, 693,280,000 Units will be indirectly held by L Catterton Asia and 228,437,500 Units will be held by the Cornerstone Investors. If any of the Sponsor, L Catterton Asia, Ping An Real Estate and/or any of their transferees of the Units (following the lapse of any applicable lock-up arrangements) or any of the Cornerstone Investors sells or is perceived as intending to sell a substantial amount of its Units, or if a secondary offering of the Units is undertaken in connection with an additional listing on another securities exchange, the market price for the Units could be adversely affected.
Sasseur REIT’s ability to make distributions to Unitholders is dependent on many factors, including the financial position of Sasseur REIT as a whole and the application of and interpretation of PRC laws and regulations.

Sasseur REIT’s Properties are indirectly held via the Singapore Holdco through the PRC Property Companies and Sasseur REIT will, directly or indirectly, receive dividend payments and other distributions from the PRC Property Companies (which hold the Properties) and the Singapore Holdco. In order to meet its payment obligations and to make distributions to the Unitholders, Sasseur REIT will rely on the receipt of dividends from the PRC Property Companies and the Singapore Holdco, interests on shareholder’s loans (if any) extended by Sasseur REIT to the Singapore Holdco, principal repayment of shareholder’s loans (if any) extended by Sasseur REIT to the Singapore Holdco and/or draw down under the debt facilities put in place by Sasseur REIT.

There can be no assurance that the Singapore Holdco or the PRC Property Companies will have sufficient distributable or realised profits or cash in any future period to support the payment of distributions to Unitholders. Apart from potential onshore and offshore tax and/or legal liabilities through investing indirectly in the PRC Property Companies, the level of profit or cash in the Singapore Holdco or the PRC Property Companies available to support the payment of distributions to Unitholders may be affected by a number of factors including, among other things:

• their respective business and financial positions;

• the availability of distributable profits of the PRC Property Companies. For example, under current provisions in PRC company law, a WFOE, before distributing its after-tax profits for a given year is required to allocate 10.0% of that year’s profits to a statutory common reserve so long as the aggregate amount of such reserve is less than 50.0% of its registered capital\(^1\). There is no assurance that these thresholds will not be increased in future to adversely affect the level of distributable profits of the PRC Property Companies;

• sufficiency of cash flows received by the PRC Property Companies from the Properties;

• changes in accounting standards (including standards in respect of depreciation policies relating to real estate investment properties), real estate and taxation laws and regulations, laws and regulations in respect of foreign exchange and repatriation of funds, corporation laws and regulations (including laws and regulations in respect of statutory reserves required to be maintained by the PRC Property Companies);

• trapped cash in the PRC Property Companies (including that relating to depreciation of real estate being a mandatory accounting expense and other relevant non-cash expense items which reduce the accounting profits under PRC accounting standards) which cannot be effectively utilised;

• the application and interpretation of real estate, taxation, security, foreign exchange and/or other laws and regulations which may affect the amount of cash available to make distributions to Unitholders. For example, it is possible that offshore loans may be drawn down to fund part of the amount of Distributable Income that exceeds the amount of cash that can be repatriated back to Singapore (for example, cash which may be trapped in the PRC in the PRC Property Companies due to the depreciation of real estate being a mandatory accounting expense under PRC accounting standards, as a PRC company can distribute

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\(^1\) As at the Latest Practicable Date, the statutory common reserve of each of these PRC Property Companies is less than 50.0% of its registered capital. Therefore, each PRC Property Company is required to allocate 10.0% of its after-tax profit to its reserve fund until its reserve exceeds 50.0% of its registered capital.
dividends only to the extent of the amount of its retained earnings/accounting profits, after setting aside statutory surplus reserves, where applicable). While no material risks are currently anticipated from previous practice, the application and interpretation of applicable PRC laws and regulations (including, without limitation, those in respect of taxation and foreign exchange) may be subject to change. There can be no assurance that the application and interpretation of applicable laws and regulations in the future will not preclude the aforementioned arrangements undertaken by Sasseur REIT in respect of the PRC Property Companies, or assurance that the application and interpretation of applicable laws and regulations in the future will not adversely affect the amount of cash available for distribution by the PRC Property Companies. In addition, Sasseur REIT may not be able to obtain such offshore loans on favourable terms or at all. Further, the ongoing international discussion and debate over base erosion and profit shifting, an initiative spearheaded by the Organisation for Economic Co-operation and Development to overhaul the international tax architecture, could lead to future changes and developments in the PRC tax laws, regulations and practices and there is no assurance that such changes and developments will not have an adverse tax impact on, among others, any offshore loans arrangement;

- operating losses incurred by the PRC Property Companies in any financial year;
- the terms of agreements to which the PRC Property Companies are, or may become, a party to; and
- losses arising from a revaluation of the Properties. Such losses may become realised losses which would adversely affect the level of realised profits from which the PRC Property Companies may distribute dividends.

The occurrence of these or other factors that affect the ability of the PRC Property Companies and the Singapore Holdco to pay dividends and/or other distributions may adversely affect the level of distributions paid to Unitholders.

(See “Distributions” for further details.)

Market and economic conditions may affect the market price and demand for the Units.

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units. For example, following the referendum held on 23 June 2016 where the United Kingdom voted to leave the European Union, it is expected that there will be a period of uncertainty and volatility in the international securities markets which could have an adverse impact on the market price of the Units.

An increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return compared to other investments.

The laws, regulations and accounting standards in Singapore and/or the PRC may change.

Sasseur REIT and the Singapore Holdco are constituted or incorporated in Singapore, and the PRC Property Companies are incorporated in the PRC. The laws, regulations (including tax laws and regulations) and/or accounting standards in Singapore and/or the PRC are subject to change. New laws and regulations may also be introduced in these jurisdictions. As a result, the financial statements of Sasseur REIT may be affected by these changes. The extent and timing of these changes in accounting standards are currently unknown and subject to confirmation by the relevant authorities. The Manager has not quantified the effects of these proposed changes and there can be no assurance that these changes will not:
• have a significant impact on the presentation of Sasseur REIT’s financial statements;
• have a significant impact on Sasseur REIT’s results of operations;
• have an adverse effect on the ability of Sasseur REIT to make distributions to Unitholders;
• have an adverse effect on the ability of the Manager to carry out Sasseur REIT’s investment mandate; and/or
• have an adverse effect on the business, financial condition, results of operations and prospects of Sasseur REIT.

Sasseur REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs.

Sasseur REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs. There is no assurance that the MAS or any other relevant authority will not introduce new legislation, regulations, guidelines or directions which would adversely affect REITs generally or Sasseur REIT specifically.

Sasseur REIT may not be able to rely on the tax exemptions and/or rulings that have been granted, in the event that the conditions for the various tax exemptions and/or rulings are not complied with.

Sasseur REIT is applying for certain tax exemptions and tax rulings from IRAS. These tax exemptions and tax rulings are subject to Sasseur REIT and the Singapore Holdco satisfying the stipulated conditions of such exemptions and rulings. Where these conditions are not satisfied, or are no longer satisfied by Sasseur REIT or the Singapore Holdco, the tax exemptions and rulings may not apply. The approvals from IRAS may also be granted based on the facts presented to the IRAS. Where the facts turn out to be different from those represented to the IRAS, or where there is a subsequent change in the tax laws, then the tax exemptions and/or rulings may not apply.

Sasseur REIT may suffer higher taxes if it or any of its subsidiaries are treated as having a taxable presence or permanent establishment outside their place of incorporation or place of tax residency.

Currently, Sasseur REIT and its subsidiaries are not regarded as having any taxable presence or permanent establishment outside their place of constitution or incorporation or place of tax residency. If Sasseur REIT or any of its subsidiaries is considered as having a taxable presence or permanent establishment outside its place of constitution or incorporation or place of tax residency, its income or gains may be subject to additional taxes which may have an adverse impact on Sasseur REIT’s financial condition, cash flows and results of operations and consequentially may have a material adverse impact on distributions to be made by Sasseur REIT.

The NAV per Unit may be diluted if further issues are priced below the current NAV per Unit.

The Trust Deed contemplates future issues of new Units, the offering price for which may be above, at or below the then current NAV per Unit. The DPU may be diluted if new Units are issued and the use of proceeds from such issue of Units generates insufficient cash flow to cover the dilution.

Where new Units, including Units which may be issued to the Manager in payment of the Manager’s management fees, are issued at less than the current NAV per Unit, the NAV of each existing Unit may be diluted.
Sasseur REIT’s distribution policy may cause Sasseur REIT to face liquidity constraints.

The Manager intends to distribute 100.0% of Sasseur REIT’s Distributable Income for the period from the Listing Date to 31 December 2019. Thereafter, Sasseur REIT will distribute at least 90.0% of its Distributable Income, with the actual level of distribution to be determined at the Manager’s discretion. If Sasseur REIT’s Distributable Income is greater than its cash flow from operations, there may be liquidity constraints and it may have to borrow to meet on-going cash flow requirements since it may not have sufficient reserves to draw on. However, Sasseur REIT’s ability to borrow is limited by the aggregate leverage limit in the Property Funds Appendix and the willingness of lenders to provide debt financing on favourable terms or at all.

Unitholders may bear the effects of tax adjustments on income distributed in prior periods.

Distributions will be based on Sasseur REIT’s Distributable Income as computed by the Manager. Sasseur REIT’s Distributable Income as computed by the Manager may, however, be subject to adjustment by the IRAS. The effect of this adjustment would mean that Sasseur REIT’s actual Distributable Income might either be higher or lower than what was computed by the Manager. The difference between Sasseur REIT’s actual specified taxable income and Sasseur REIT’s specified taxable income, as computed by the Manager for the purpose of making a distribution to Unitholders, will be added to or deducted from the Distributable Income computed by the Manager for the subsequent distribution to Unitholders and thus affect the amount of these subsequent distributions.

(See “Taxation – Singapore Taxation – Taxation of Unitholders” and “Appendix D – Independent Taxation Report” for further details.)

The actual performance of Sasseur REIT and the Properties could differ materially from the forward-looking statements in this Prospectus.

This Prospectus contains forward-looking statements regarding, among other things, projected distribution levels. These forward-looking statements are based on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside of the Manager’s control (see “Profit Forecast and Profit Projection – Assumptions” for further details).

Sasseur REIT’s revenue is dependent on a number of factors including the receipt of rent from the Properties, which may decrease for a number of reasons including the lowering of rental rates, insolvency or delay in rent payment by its tenants. This may adversely affect Sasseur REIT’s ability to achieve the projected distributions as some or all events and circumstances assumed may not occur as expected, or events and circumstances may arise which are not currently anticipated. Actual results may be materially different from the projections. No assurance can be given that the assumptions will be realised and that actual distributions will be as projected.

Property yield on real estate to be held by Sasseur REIT is not equivalent to distribution yield on the Units.

Generally, property yield depends on net property income and is calculated as the amount of revenue generated by the properties, less the expenses incurred in maintaining, operating, managing and leasing the properties compared against the current value of the properties. In the case of Sasseur REIT however, our distribution yield is dependent on the EMA Rental Income of the Properties.

Distribution yield on the Units, however, depends on the distributions payable on the Units as compared with the purchase price of the Units. While there may be some correlation between these two yields, they are not the same and the distribution yield on the Units will vary accordingly for investors who purchase Units at a market price that differs from the price of the Units at the Offering.
The Manager is not obliged to redeem Units.

Save for the Redemption which is expected to be completed on the Listing Date following the listing and trading of the Units on the SGX-ST, Unitholders have no right to request the Manager to redeem their Units while the Units are listed on the SGX-ST. Unitholders may only deal in their listed Units through trading on the SGX-ST. Accordingly, apart from selling their Units through trading on the SGX-ST, Unitholders may not be able to realise their investments in Units.

If the Units are de-listed from the SGX-ST and are unlisted on any other stock exchange of repute in any part of the world (“Recognised Stock Exchange”), the Manager may, but is not obliged to, repurchase or cause the redemption of Units more than once a year in accordance with the Property Funds Appendix and a Unitholder has no right to request for the repurchase or redemption of Units more than once a year.

The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units.

Prior to the Offering, there was no public market for the Units and an active public market for the Units may not develop or be sustained after the Offering. While the Manager has received a letter of eligibility from the SGX-ST to have the Units listed and quoted on the Main Board of the SGX-ST, listing and quotation does not guarantee the development of a trading market for the Units or, if a market does develop, the liquidity of that market for the Units. Prospective Unitholders must be prepared to hold their Units for an indefinite length of time.

There is no assurance that the Units will remain listed on the SGX-ST.

Although it is currently intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. Among other factors, Sasseur REIT may not continue to satisfy any future listing requirements of the SGX-ST. Accordingly, Unitholders will not be able to sell their Units through trading on the SGX-ST if the Units are no longer listed on the SGX-ST.

Certain provisions of the Singapore Code on Take-overs and Mergers (the “Take-over Code”) could have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of the Units.

Under the Take-over Code, an entity is required to make a mandatory offer for all the Units not already held by it and/or parties acting in concert with it (as defined by the Take-over Code) in the event that an increase in the aggregate unitholdings of it and/or parties acting in concert with it results in the aggregate unitholdings crossing certain specified thresholds.

While the Take-over Code seeks to ensure an equality of treatment among Unitholders, its provisions could substantially impede the ability of Unitholders to benefit from a change in control and, as a result, may adversely affect the market price of the Units and the ability to realise any potential change of control premium.

The price of the Units may decline after the Offering.

The Offering Price of the Units is determined by agreement between the Manager and the Joint Bookrunners and Underwriters and may not be indicative of the market price for the Units after the completion of the Offering. The Units may trade at prices significantly below the Offering Price after the Offering. The trading price of the Units will depend on many factors, including but not limited to:

- the perceived prospects of Sasseur REIT’s business and investments and the retail real estate market;
• differences between Sasseur REIT’s actual financial and operating results and those expected by investors and analysts;
• changes in analysts’ recommendations or projections;
• changes in general economic or market conditions;
• the market value of Sasseur REIT’s assets;
• the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the real estate sector;
• the balance of buyers and sellers of the Units;
• the future size and liquidity of the Singapore real estate investment trust market;
• any future changes to the regulatory system, including the tax system, both generally and specifically in relation to Singapore real estate investment trusts;
• the ability of the Manager to successfully implement its investment and growth strategies;
• foreign exchange rates; and
• broad market fluctuations, including weakness of the equity market and increases in interest rates.

For these reasons, among others, the Units may trade at prices that are higher or lower than the NAV per Unit. The issue of Units under the Offering will be at a premium to Sasseur REIT’s NAV. On the Listing Date, there will be a premium of approximately 2.4% to the NAV per Unit\(^1\). To the extent that Sasseur REIT retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of Sasseur REIT’s underlying assets, may not correspondingly increase the market price of the Units. Any failure on the part of Sasseur REIT to meet market expectations with regards to future earnings and cash distributions may adversely affect the market price for the Units.

Where new Units are issued at less than the market price of Units, the value of an investment in Units may be affected. In addition, Unitholders who do not, or are not able to, participate in the new issuance of Units may experience a dilution of their interest in Sasseur REIT.

The Units are not capital-safe products. There is no guarantee that Unitholders can regain the amount invested. If Sasseur REIT is terminated or liquidated, it is possible that investors may lose a part or all of their investment in the Units.

*Foreign Unitholders may not be permitted to participate in future rights issues or entitlements offerings by Sasseur REIT.*

The Trust Deed provides that in relation to any rights issue, the Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue to those Unitholders whose addresses, as registered with CDP, are outside Singapore. Foreign Unitholders may be prejudiced should the Manager elect not to do so, and their holdings in Sasseur REIT may face dilutive effects from such a rights issue.

\(^1\) Based on the pro forma net assets as at 30 September 2017.
Third parties may be unable to recover in claims brought against the Manager as the Manager is not an entity with significant assets.

Third parties, in particular, Unitholders, may in future have claims against the Manager in connection with the carrying on of its duties as manager of Sasseur REIT (including in relation to the Offering and this Prospectus).

Under the terms of the Trust Deed, the Manager is indemnified from the Deposited Property against any actions, costs, claims, damages, expenses or demands to which it may be put as the manager of Sasseur REIT unless occasioned by fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager. In the event of any such fraud, gross negligence, wilful default or breach, only the assets of the Manager itself and not the Deposited Property would be available to satisfy a claim.
USE OF PROCEEDS

ISSUE PROCEEDS

The Manager intends to raise gross proceeds of S$396.0 million from the Offering and the issuance of the Cornerstone Units (the “Offering Proceeds”).

The Manager also intends to draw down from the Facilities an aggregate amount equivalent to approximately S$522.6 million on or around the Listing Date.

The total cash proceeds equivalent to approximately S$918.6 million (the “Total Proceeds”), comprising the Offering Proceeds as well as the amount drawn down from the Facilities, will be used towards the following:

- the Redemption (see “Ownership of the Units” for further details);
- repayment of RMB 1,960.0 million of Sasseur REIT’s existing debt (see “Capitalisation and Indebtedness – Indebtedness – Existing Debt of the PRC Property Companies prior to Listing Date”);
- payment of transaction costs incurred in relation to the Offering and the Facilities; and
- working capital.

The following table, included for the purpose of illustration, sets out the intended sources and applications of the Total Proceeds.

Assuming that the Over-Allotment Option is not exercised:

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offering</td>
<td>213,250</td>
</tr>
<tr>
<td>Cornerstone Units</td>
<td>182,750</td>
</tr>
<tr>
<td>Facilities</td>
<td>522,566</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>918,566</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Applications</th>
<th>Amount (S$’000)</th>
<th>As a dollar amount for each S$ of the Total Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redemption</td>
<td>396,000</td>
<td>0.43</td>
</tr>
<tr>
<td>Repayment of existing onshore debt</td>
<td>397,566</td>
<td>0.43</td>
</tr>
<tr>
<td>Issue expenses and other transaction costs</td>
<td>54,314</td>
<td>0.06</td>
</tr>
<tr>
<td>General corporate and working capital purposes</td>
<td>70,686</td>
<td>0.08</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>918,566</strong></td>
<td><strong>1.00</strong></td>
</tr>
</tbody>
</table>

Pending the deployment of the Total Proceeds, the funds will be placed in deposits with banks and institutions, or used for investment in short-term money market instruments or debt instruments, as the Manager may deem fit.
The Manager will make periodic announcements on the utilisation of the net proceeds from the Offering and the issuance of the Cornerstone Units as and when such funds are materially utilised. The Manager will disclose the actual use of such proceeds in Sasseur REIT’s annual report.

LIQUIDITY

As at the Listing Date, Sasseur REIT will have working capital of approximately S$25.0 million. Taking into account the expected cash to be generated from the operations of Sasseur REIT, together with cash and cash equivalents, and Facilities available to Sasseur REIT, the Manager is of the opinion that the working capital available to Sasseur REIT as at the Listing Date is sufficient for Sasseur REIT’s present requirements and anticipated requirements for capital expenditures and other cash requirements for 12 months following the Listing Date.
OWNERSHIP OF THE UNITS

EXISTING UNITS

On 30 October 2017, Sasseur REIT was constituted as a private trust and the Sponsor Initial Unit was issued to the Cayman Holdco at an issue price of S$1.00 per Unit. Subsequently, pursuant to the Restructuring Exercise, 1,062,289 Consideration Units were issued to the Cayman Holdco as purchase consideration for the acquisition of the Initial Portfolio from the Sponsor. Therefore, the total number of Units in issue prior to the Sub-division is 1,062,290 Units, comprising the Sponsor Initial Unit and the Consideration Units.

Pursuant to the completion of the Sub-division on 19 March 2018, the Sponsor Initial Unit and the Consideration Units were sub-divided such that the total number of Units in issue and held by the Cayman Holdco as at the date of this Prospectus prior to the Offering and the Redemption is 1,180,280,000 Units. The Cayman Holdco has not been granted any special rights under the Trust Deed that are distinct from the rights enjoyed by any other Unitholder under the Trust Deed, save for the Redemption which is expected to be completed on the Listing Date following the listing and trading of the Units on the SGX-ST.

The total number of outstanding Units immediately after completion of the Sub-division and the Offering and prior to the Redemption is 1,675,280,000 Units.

Pursuant to the Redemption, after completion of the Sub-division and the Offering, a portion of the Units held by the Cayman Holdco will be redeemed by the Manager at the Offering Price following the listing and trading of the Units on the SGX-ST. (See “Overview of the Acquisition of the Initial Portfolio” for further details.) The redemption price per Unit will be the Offering Price per Unit of S$0.80, which on the Listing Date will represent a premium of approximately 2.4% to the NAV per Unit\(^1\). The Cayman Holdco will then distribute the redemption proceeds upstream to the Sponsor. (See “Use of Proceeds” for further details.)

\(^1\) Based on the pro forma net assets as at 30 September 2017.
PRINCIPAL UNITHOLDERS OF SASSEUR REIT AND THEIR UNITHOLDINGS

The total number of Units in issue immediately after completion of the Sub-division and the Offering and prior to the Redemption is 1,675,280,000 Units. The total number of Units in issue immediately after completion of the Offering and the Redemption will be 1,180,280,000 Units.

The following table sets out the principal Unitholders of Sasseur REIT and their unitholdings immediately prior to the Offering, immediately upon completion of the Offering and before the Redemption, and after the Offering and the Redemption:

<table>
<thead>
<tr>
<th>Unitholder</th>
<th>Units in issue immediately after the Sub-division and before the Offering</th>
<th>Units in issue immediately after the Offering and before the Redemption (assuming that the Over-Allotment Option is not exercised)</th>
<th>Units in issue after the Offering and the Redemption (assuming that the Over-Allotment Option is not exercised)</th>
<th>Units in issue after the Offering and the Redemption (assuming that the Over-Allotment Option is exercised in full)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct ('000)</td>
<td>Deemed (%)</td>
<td>Direct ('000)</td>
<td>Deemed (%)</td>
</tr>
<tr>
<td>Cayman Holdco(^1)</td>
<td>–</td>
<td>–</td>
<td>1,180,280</td>
<td>100.0</td>
</tr>
<tr>
<td>L Catterton Asia Advisors(^2,3)</td>
<td>–</td>
<td>–</td>
<td>1,180,280</td>
<td>100.0</td>
</tr>
<tr>
<td>DBS Nominees (Private) Limited(^4)</td>
<td>1,180,280</td>
<td>100.0</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

\(^1\) Denotes a Deemed Direct Unitholder

\(^2\) Denotes a Deemed Deemed Direct Unitholder

\(^3\) Denotes a Deemed Deemed Deemed Direct Unitholder

\(^4\) Denotes a Deemed Deemed Deemed Deemed Direct Unitholder
<table>
<thead>
<tr>
<th></th>
<th>Units in issue immediately after the Sub-division and before the Offering</th>
<th>Units in issue immediately after the Offering and before the Redemption (assuming that the Over-Allotment Option is not exercised)</th>
<th>Units in issue after the Offering and the Redemption (assuming that the Over-Allotment Option is not exercised)</th>
<th>Units in issue after the Offering and the Redemption (assuming that the Over-Allotment Option is exercised in full)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cornerstone Investors</td>
<td>Direct (’000)</td>
<td>Deemed (%)</td>
<td>Direct (’000)</td>
<td>Deemed (%)</td>
</tr>
<tr>
<td>Adroit Ideology Limited</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Bangkok Life Assurance Pcl.</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>CKK Holdings Pte. Ltd.</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Credit Suisse AG, Singapore Branch</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Credit Suisse AG, Hong Kong Branch</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>DBS Bank Ltd.</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>DBS Vickers Securities (Singapore) Pte. Ltd. (on behalf of its private banking clients)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Entrepolis Limited</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Great Achievement and Success Pte. Ltd.</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Haitong International Financial Products (Singapore) Pte. Ltd.</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Sparkling Gateway Pte. Ltd. (2)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Secoo Holding Limited</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>TMB Asset Management Company Limited</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Public and institutional investors</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>1,180,280</td>
<td>100.0</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
Notes:

(1) The Cayman Holdco is deemed to be interested in the Units held through DBS Nominees (Private) Limited.

The Cayman Holdco is a wholly-owned subsidiary of the Sponsor. 62.2% of the shareholding interest of the Sponsor is held by Sasseur (BVI) Holding II Limited, 22.8% of the shareholding interest of the Sponsor is held by Great World Shanghai Outlet Pte. Ltd. ("Great World Shanghai") and the remaining 15.0% of the shareholding interest of the Sponsor is held by Fuze Investment Management Limited.

Sasseur (BVI) Holding II Limited is a wholly-owned subsidiary of Shimmer Fair Holdings Limited, which is in turn wholly-owned by Mr Xu Rongcan, the Chairman and Non-Executive Director of the Manager. Ms Yang Xue, a Non-Executive Director of the Manager, is the spouse of Mr Xu Rongcan and is deemed to be interested in the Units held by him.

Great World Shanghai is a private limited company incorporated in Singapore. Great World Shanghai is majority owned by L Capital Asia 2 Pte. Ltd. L Capital Asia 2 Pte. Ltd. is the legal entity of L Catterton Asia Fund 2 which is a private equity fund managed and controlled by L Catterton Singapore Pte. Ltd. (formerly known as L Capital Singapore Pte Ltd.), which is an investment company incorporated in Singapore and a wholly-owned subsidiary of L Catterton Asia Advisors. Each of Great World Shanghai and L Capital Asia 2 Pte. Ltd. is managed by L Catterton Singapore Pte. Ltd. Each of L Catterton Asia Advisors, L Catterton Singapore Pte. Ltd., L Capital Asia 2 Pte. Ltd. and Great World Shanghai are deemed interested in the Units held by Sasseur Cayman Holding II Ltd. by virtue of Section 4 of the SFA.

Fuze Investment Management Limited is a wholly-owned subsidiary of Ping An Real Estate Capital Limited, which is a wholly-owned subsidiary of Ping An Real Estate and Ping An Real Estate is in turn a 99.59% indirect subsidiary of Ping An Insurance (Group) Company of China, Ltd. ("Ping An Insurance") through Ping An Insurance’s various subsidiaries. Ping An Insurance is listed on the main board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

(2) Sparkling Gateway Pte. Ltd. is a private limited company incorporated in Singapore. Sparkling Gateway Pte. Ltd. is wholly-owned by L Capital Asia 2 Pte. Ltd. L Capital Asia 2 Pte. Ltd. is the legal entity of L Catterton Asia Fund 2 which is a private equity fund managed and controlled by L Catterton Singapore Pte. Ltd. (formerly known as L Capital Singapore Pte Ltd.), which is an investment company incorporated in Singapore and a wholly-owned subsidiary of L Catterton Asia Advisors. Each of Sparkling Gateway Pte. Ltd. and L Capital Asia 2 Pte. Ltd. is managed by L Catterton Singapore Pte. Ltd. Each of L Catterton Asia Advisors, L Catterton Singapore Pte. Ltd. and L Capital Asia 2 Pte. Ltd. are deemed interested in the Units held by Sparkling Gateway Pte. Ltd. by virtue of Section 4 of the SFA.
LOCK-UPS

Each of the Cayman Holdco, the Sponsor, Sasseur (BVI) Holding II Limited, Shimmer Fair Holdings Limited and Mr Xu Rongcan has agreed with the Joint Bookrunners and Underwriters to (i) a lock-up arrangement during the First Lock-up Period in respect of any or all of its/his effective interest in the Lock-up Units, and (ii) a lock-up arrangement during the Second Lock-up Period in respect of any or all of its/his effective interest in 50.0% of the relevant Lock-up Units, subject to certain exceptions.

In addition, each of Great World Shanghai Outlet Pte. Ltd. and L Capital Asia 2 Pte. Ltd. has voluntarily agreed with the Joint Bookrunners and Underwriters to (i) a lock-up arrangement during the First Lock-up Period in respect of any or all of its effective interest in the Lock-up Units, and (ii) a lock-up arrangement during the Second Lock-up Period in respect of any or all of its effective interest in 50.0% of the relevant Lock-up Units, subject to certain exceptions.

L Catterton Singapore Pte. Ltd. has also voluntarily agreed with the Joint Bookrunners and Underwriters to (i) a lock-up arrangement during the First Lock-up Period in respect of any or all of L Capital Asia 2 Pte. Ltd. or Great World Shanghai Outlet Pte. Ltd.’s effective interest in the Lock-up Units, and (ii) a lock-up arrangement during the Second Lock-up Period in respect of any or all of L Capital Asia 2 Pte. Ltd. or Great World Shanghai Outlet Pte. Ltd.’s effective interest in 50.0% of the relevant Lock-up Units, subject to certain exceptions.

Save for DBS Bank Ltd. in respect of its own investment and Sparkling Gateway Pte. Ltd., the Cornerstone Investors are not subject to any lock-up restrictions in respect of their Unitholdings. DBS Bank Ltd. has agreed to a lock-up arrangement during the First Lock-Up Period in respect of its interest in the DBS Cornerstone Units (as defined herein) held by it, subject to certain exceptions. For the avoidance of doubt, the Units held by investors whom DBS Vickers (Securities) Pte. Ltd. had entered into a cornerstone subscription agreement on behalf of will not be subject to any lock-up restrictions. Sparkling Gateway Pte. Ltd. has agreed to (i) a lock-up arrangement during the First Lock-up Period in respect of all of its Lock-up Units and (ii) a lock-up arrangement during the Second Lock-up Period in respect of its effective interest in 50.0% of the Lock-up Units, subject to certain exceptions.

The Manager has also undertaken, amongst other things, not to allot, offer, issue or contract to issue any Units, or make any announcements in connection with any of the foregoing transactions during the First Lock-up Period, subject to certain exceptions.

(See “Plan of Distribution – Lock-up Arrangements” for further details.)

SUBSCRIPTION BY THE CORNERSTONE INVESTORS

Concurrently with, but separate from the Offering, each of the Cornerstone Investors has entered into separate Cornerstone Subscription Agreements with the Manager to subscribe for an aggregate of 228,437,500 Units at the Offering Price, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to Settlement Date.
Information on the Cornerstone Investors

**Adroit Ideology Limited**

Adroit Ideology Limited was incorporated in the British Virgin Islands on 9 November 2017 and is a subsidiary of JD.com, Inc. ("JD.com"). JD.com is both the largest e-commerce company in terms of revenue in the PRC and is the country’s largest retailer in terms of revenue. JD.com has the largest fulfillment infrastructure of any e-commerce company in the PRC. JD.com is a member of the NASDAQ100 and a Fortune Global 500 company.

**Bangkok Life Assurance Pcl.**

Bangkok Life Assurance Pcl. ("Bangkok Life Assurance") is a leading life insurance company in Thailand. It was founded over 66 years ago when the company was established in 1951. In 2007, Bangkok Life Assurance became a public limited company and was subsequently listed on the Stock Exchange of Thailand in 2009 under the ticker symbol ‘BLA’.

Bangkok Life Assurance currently provides a full suite of life insurance services to individuals and corporates in Thailand, including tax planning, income protection, savings and investments, education, retirement, health care and accident plans as well as risk protection plans. Its extensive network includes 69 branches countrywide. In 2016, Bangkok Life Assurance was selected by the Office of Insurance Commission to receive the Prime Minister’s award as the first-ranking best managed life insurance company in Thailand.

As of 30 September 2017, Bangkok Life Assurance has total assets of Baht 304,517.8 million (approximately US$9.2 billion). Its major shareholders include Nippon Life and Bangkok Bank.

**CKK Holdings Pte. Ltd.**

CKK Holdings Pte. Ltd. ("CKKH") is a private limited company incorporated in Singapore. CKKH is the ultimate beneficial owner of the Charles & Keith group of companies, which owns and operates two brands, CHARLES & KEITH and PEDRO.

CHARLES & KEITH is a lifestyle brand that transforms the latest trends into accessible fashion, CHARLES & KEITH’s product offerings have diversified to include bags, accessories and costume jewellery that inspire with experimental designs. From a single store in Singapore, CHARLES & KEITH has grown to more than 500 stores globally, with approximately 180 of the stores in the PRC.

PEDRO offers contemporary footwear, bags, belts, wallets and an array of small leather goods in stylish designs for both men and women. PEDRO operates 105 stores in the Asia Pacific, Middle East and the PRC.

**Credit Suisse AG**

Credit Suisse AG is domiciled in Switzerland and is a wholly owned subsidiary of Credit Suisse Group AG which is listed on the SIX Swiss Exchange (ISIN: CH0012138530). Credit Suisse AG’s business consists of the two divisions of Private Banking & Wealth Management and Investment Banking. Credit Suisse AG’s business builds on its core strengths: its position as a leading global wealth manager, its specialist investment banking capabilities and its strong presence in its home market of Switzerland. Credit Suisse AG seeks to follow a balanced approach to wealth management, aiming to capitalise on both the large pool of wealth within mature markets as well as the significant growth in wealth in Asia Pacific and other emerging markets, while also serving
key developed markets with an emphasis on Switzerland. Credit Suisse AG has entered into the cornerstone subscription agreement to subscribe for Units, on behalf of certain clients of its Asia Pacific division.

**DBS Bank Ltd.**

DBS Bank Ltd. ("DBS") is a leading financial services group in Asia, with over 280 branches across 18 markets. Headquartered and listed in Singapore, DBS has a growing presence in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's “AA-” and “Aa1” credit ratings are among the highest in the world. DBS is at the forefront of leveraging digital technology to shape the future of banking, and has been named “World’s Best Digital Bank” by Euromoney. The bank has also been recognised for its leadership in the region, having been named “Asia’s Best Bank” by several publications including The Banker, Global Finance, IFR Asia and Euromoney since 2012. In addition, the bank has been named “Safest Bank in Asia” by Global Finance for nine consecutive years from 2009 to 2017.

**DBS Vickers Securities (Singapore) Pte. Ltd. (on behalf of certain of its customers)**

DBS Vickers Securities (Singapore) Pte. Ltd. ("DBS Vickers"), a wholly owned subsidiary of DBS Bank Ltd., is a securities and derivatives brokerage firm headquartered in Singapore with offices in Hong Kong, Indonesia, Thailand, Malaysia, the United States and the United Kingdom. DBS Vickers provides retail, institutional and online broking services and solutions.

**Entrepolis Limited**

Entrepolis Limited ("Entrepolis") is a private investment holding company of Dr Robert Yap. Dr Yap is the Executive Chairman of YCH Group Pte. Ltd. ("YCH"), one of Asia Pacific’s leading integrated end-to-end supply chain management and logistics providers. YCH was founded in 1955 and has a presence in over 100 locations in 16 countries. YCH is recognised for its 7PL™ approach in seamlessly integrating supply chain strategy with execution. YCH’s launch of Supply Chain City® on 22 September 2017 creates new benchmarks in the logistics and supply chain industry and supports Singapore’s key growth areas, namely in urban solutions, smart logistics and robotics.

In addition, YCH provides omnichannel solutions for a re-imagined retail industry driven by the integration of O2O logistics and data across a single integrated value chain. YCH also harnesses technology to build a “smart” logistics network and establish closer ties between traditional bricks-and-mortar retailers and logistics providers.

**Great Achievement and Success Pte. Ltd.**

Great Achievement and Success Pte. Ltd. (“GAS”) is a private investment holding company of Mr Yan Wei. GAS is a company incorporated in Singapore.

**Haitong International Financial Products (Singapore) Pte. Ltd.**

Haitong International Financial Products (Singapore) Pte. Ltd. is a wholly-owned subsidiary of Haitong International Securities Group (Singapore) Pte. Ltd. It was founded in 2015 and is an investment holding company. It adopts an investment thesis of steady economic growth leading to growing middle class with rising consumption power in countries in the Asia Pacific. It focuses on sectors including aspirational products and affordable luxury, infrastructure, natural resources, energy, healthcare, e-commerce, technology, media and telecommunications and real estate. While focusing on Asia, it targets the Singapore market and Chinese firms with a Singapore connection.
**Secoo Holding Limited**

Secoo Holding Limited (“Secoo”) is Asia’s largest online integrated upscale products and services platform as measured by gross merchandise volume in 2016. Secoo provides customers with a wide selection of authentic upscale products and lifestyle services on its integrated online and offline shopping platform which consists of the Secoo.com website, mobile applications and offline experience centres, offering over 300,000 stock keeping units, covering over 3,000 global and domestic brands. Supported by its proprietary database of upscale products, authentication procedures and brand cooperation, Secoo is able to ensure the authenticity and quality of every product offered on its platform. Secoo was incorporated in the Cayman Islands in 2011 and successfully listed on NASDAQ on 22 September 2017, under the symbol of ‘SECO’.

**Sparkling Gateway Pte. Ltd.**

Sparkling Gateway Pte. Ltd. was incorporated in Singapore on 19 February 2018 and is a subsidiary of L Capital Asia 2 Pte. Ltd., a fund managed by L Catterton Asia (previously known as L Capital Asia). Launched in 2009, L Catterton Asia is the Asian franchise of L Catterton, the world’s leading consumer growth investor. It has offices in Singapore and Mauritius, with further regional advisory presence in Hong Kong, Mumbai, Shanghai and Sydney. L Catterton Asia invests in select consumer lifestyle businesses that will benefit from growing discretionary consumption in Asian markets. L Catterton Asia leverages its strategic relationship with LVMH and Groupe Arnault across the entire investment process, from proprietary deal origination and industry-specific due diligence to post-investment operational value-add to its portfolio companies.

**TMB Asset Management Company Limited.**

TMB Asset Management Company Limited. (“TMBAM”) was established in Thailand on 16 October 1996 by a consortium of shareholders led by TMB Bank Public Company Limited (“TMB Bank”), with an objective of providing quality financial investment products to the public. TMBAM’s business is based on the principles of innovation, transparency, and independence.

On 24 April 2002, TMBAM’s Thai name was amended to reflect its enlarged scope of business beyond mutual funds. In 2017, TMBAM became a wholly owned subsidiary of TMB Bank. TMBAM’s core business is to provide fund management services under the supervision of the Securities and Exchange Commission of Thailand. TMBAM provides services within four main business segments, namely, mutual funds, private funds, provident funds, and property fund management. As of 30 November 2017, TMBAM has more than Baht 440 billion of assets under management.

**SUBSCRIPTION BY THE DIRECTORS**

The Directors of the Manager may subscribe for Units under the Public Offer and/or the Placement Tranche. Save for the Manager’s internal policy which prohibits the Directors of the Manager from dealing in the Units at certain times (see “The Manager and Corporate Governance” for further details), there is no restriction on the Directors of the Manager disposing of or transferring all or any part of their unitholdings (other than Mr Xu Rongcan who is subject to the lock-up arrangement).

(See “The Manager and Corporate Governance – Corporate Governance of the Manager – Dealings in Units” and “Plan of Distribution – Lock-up Arrangements” for further details.)
SUBSCRIPTION FOR MORE THAN 5.0% OF THE UNITS

To the Manager’s knowledge, as at the Latest Practicable Date, no person intends to subscribe for more than 5.0% of the Units in the Offering. If any person were to make an application for Units amounting to more than 5.0% of the Units in the Offering and were subsequently allotted or allocated such number of Units, the Manager will make the necessary announcements at an appropriate time. The final allocation of Units will be in accordance with the unitholding spread and distribution guidelines as set out in Rule 210 of the Listing Manual.
The distribution of Sasseur REIT is substantially based on the cash flow generated from the underlying operations undertaken by the PRC Property Companies, being the letting of completed properties and the provision of property-related services. The cash flow will be received by Sasseur REIT (to the extent possible) in the form of dividend income from the Singapore Holdco.

The dividend income from the Singapore Holdco will in turn, be paid out of dividend income received or receivable from the BVI Holding Companies, which will be paid out of dividend income received from the HK Holding Companies, which will be paid out of dividend income received from the PRC Property Companies and the PRC Holding Companies.

For these purposes, the “Distributable Income” for a financial year is the amount calculated by the Manager (based on the audited financial statements of Sasseur REIT for that financial year) as representing the consolidated audited net profit after tax of Sasseur REIT and its subsidiaries for the financial year, as adjusted to eliminate the effects of Adjustments (as defined herein). After eliminating the effects of these Adjustments, the Distributable Income may be different from the net profit recorded for the relevant financial year.

“Adjustments” means adjustments as deemed appropriate by the Manager which are charged or credited to the consolidated statement of total return of Sasseur REIT for the relevant financial year or the relevant distribution period (as the case may be), including (i) unrealised income, including property revaluation gains, and reversals of impairment provisions, (ii) deferred tax charges/credits in respect of building capital allowance, fair value changes recognised on investment properties, accelerated tax depreciation and other items as deemed appropriate by the Manager, (iii) negative goodwill, (iv) differences between cash and accounting finance costs, (v) realised gains on the disposal of properties and disposal/settlement of financial instruments, (vi) the portion of the Management Fee, Acquisition Fee, Divestment Fee and Development Management Fee (where applicable) that is paid or payable, directly or indirectly, in the form of Units, (vii) costs of any public or other offering of Units or convertible instruments that are expensed but are funded by proceeds from the issuance of such Units or convertible instruments, (viii) depreciation and amortisation in respect of the properties and their ancillary machines, equipment and other fixed assets, (ix) allocation to statutory common reserve as required by applicable laws, and (x) other non-cash gains and losses (as deemed appropriate by the Manager).

The Manager also has the discretion to distribute any additional amounts (including capital). In determining whether to distribute any additional amounts (including capital), the Manager will consider a range of factors including but not limited to Sasseur REIT’s funding requirements, its financial position, its growth strategy, compliance with relevant laws, regulations and covenants, other capital management considerations, the overall suitability of distributions and prevailing industry practice.

**DISTRIBUTION POLICY**

Sasseur REIT has adopted the following policy in respect of distributions to be made to Unitholders out of Distributable Income:

(i) for the period from the Listing Date to 31 December 2019, the Manager shall make distributions of 100.0% of the Distributable Income to Unitholders; and

(ii) in respect of FY2020 and onwards, the Manager shall make distributions of at least 90.0% of the Distributable Income to Unitholders.
As at the Listing Date, the Manager seeks to distribute 100.0% of the Distributable Income in order to provide investors with a reasonable distribution return. In the longer term, as more assets stabilise and mature, it is the intention of the Manager to adopt a lower percentage payment and distribute at least 90.0% of the Distributable Income to retain the flexibility of retaining cash flows for acquisition opportunities whilst allowing Unitholders to benefit from distribution payments.

The actual level of distribution will be determined at the Manager’s discretion. The actual proportion of Distributable Income distributed to Unitholders beyond 31 December 2019 may be greater than 90.0% to the extent that the Manager believes it to be appropriate, having regard to Sasseur REIT’s funding requirements, other capital management considerations and the overall stability of distributions. Distributions, when made, will be in Singapore dollars.

FREQUENCY OF DISTRIBUTIONS

After Sasseur REIT is admitted to the Main Board of the SGX-ST, it will make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Post-listing, Sasseur REIT’s first distribution will be for the period from the Listing Date to 30 June 2018 and will be paid by the Manager on or before 30 September 2018. Subsequent distributions will take place on a semi-annual basis. The Manager will endeavour to pay distributions no later than 90 days after the end of each distribution period.

Sasseur REIT’s primary sources of liquidity for the funding of distributions, servicing of debt, payment of non-property expenses and other recurring capital expenditure will be the receipts of rental income and borrowings (see “Distributions – Factors Affecting Distributions” for further details).

Under the Property Funds Appendix, if the Manager declares a distribution that is in excess of profits, the Manager should certify, in consultation with the Trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, Sasseur REIT will be able to fulfil, from the Deposited Property, the liabilities of Sasseur REIT as they fall due. The certification by the Manager should include a description of the distribution policy and the measures and assumptions for deriving the amount available to be distributed from the Deposited Property. The certification should be made at the time the distribution is declared.

In the event the amount of Distributable Income exceeds the amount of cash that the Manager is able to repatriate back to Singapore, the Manager may draw down on borrowings to fund distributions.

FACTORS AFFECTING DISTRIBUTIONS

Sasseur REIT’s ability to make distributions is dependent on (among other things) the Trustee having sufficient cash in Sasseur REIT to make the payments required. The amount of profit which is available for distribution by the PRC Property Companies to the Singapore Holdco as determined pursuant to the relevant PRC laws and accounting requirements could be less than the amount of any distribution determined to be paid by Sasseur REIT to Unitholders pursuant to its distribution policy mentioned above.
Based on PRC accounting standards and the PRC Property Companies' accounting policy, depreciation of real estate is an expense recognised by the PRC Property Companies when determining the net profits from operations of the PRC Property Companies that would be available for distribution as dividends. Although this acts to reduce the PRC Property Companies' corporate income tax, it effectively traps cash in the PRC Property Companies as depreciation is not a cash expense. In addition, current profits are required to offset against previous losses under PRC accounting standards and are not available for distribution as dividends. Both of these would effectively affect the amount available for distribution from the PRC Property Companies to the Trustee.

It is the intention of the Manager to utilise offshore loans to support Sasseur REIT's making of distributions in any of the circumstances referred to above. It should be noted that these amounts in the PRC Property Companies remain the funds of the PRC Property Companies and may be utilised for the purposes of the PRC Property Companies in compliance with applicable PRC laws and regulations, and also that it is common for REITs to pay distributions based on cash flow generated by their assets to the extent permitted by applicable laws and regulations.
EXCHANGE RATE INFORMATION

The table below sets forth, for the period from 2014 to the Latest Practicable Date, information concerning the exchange rates between RMB and Singapore dollars (in RMB per Singapore dollar). The exchange rates were based on the average between the bid and offer rates of the currency as obtained from Bloomberg L.P.\(^{(1)}\). No representation is made that the RMB amounts actually represent such Singapore dollar amounts or could have been or could be converted into Singapore dollars at the rates indicated, at any other rate, or at all. The exchange rates set out below are historical rates for illustrative purposes only and no representation is made regarding any trends in exchange rates.

<table>
<thead>
<tr>
<th>Period ended</th>
<th>RMB/Singapore dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average</td>
</tr>
<tr>
<td>2014</td>
<td>4.8638</td>
</tr>
<tr>
<td>2015</td>
<td>4.5731</td>
</tr>
<tr>
<td>2016</td>
<td>4.8136</td>
</tr>
<tr>
<td>1 January 2017 to 30 September 2017</td>
<td>4.8980</td>
</tr>
<tr>
<td>August 2017</td>
<td>4.9006</td>
</tr>
<tr>
<td>September 2017</td>
<td>4.8673</td>
</tr>
<tr>
<td>October 2017</td>
<td>4.8739</td>
</tr>
<tr>
<td>November 2017</td>
<td>4.8855</td>
</tr>
<tr>
<td>December 2017</td>
<td>4.8958</td>
</tr>
<tr>
<td>January 2018</td>
<td>4.8637</td>
</tr>
<tr>
<td>1 February 2018 to the Latest Practicable Date</td>
<td>4.7921</td>
</tr>
</tbody>
</table>

Source: Bloomberg L.P.

Note:

\(^{(1)}\) Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have taken reasonable actions to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of Sasseur REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

EXCHANGE CONTROLS

Restrictions on Conversion of RMB into Foreign Currency

The principal regulation governing foreign currency exchange in the PRC is the “Foreign Exchange Administration Rules” 《外汇管理条例》 which was issued by the State Council in January 1996, became effective in April 1996 and was amended in January 1997 and August 2008. Under these rules, RMB is freely convertible for payments of current account items, including trade and service related foreign exchange transactions and dividend payments, but not for capital account expenses, including direct investment, loan or investment in securities outside the PRC. RMB may only be converted for capital account expenses once the prior approval of the SAFE has been obtained. Under the Foreign Exchange Administration Rules, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of the SAFE for trade
and service-related foreign exchange transactions by providing commercial documents evidencing such transactions to commercial banks which are allowed to engage in foreign exchange business.

Rentals fall into the category of current account items where RMB is freely convertible for payments. Therefore, a foreign company (including a Hong Kong-based legal entity), as the owner of a property located in the PRC, may convert RMB denominated rentals into foreign exchange and remit the same offshore by presenting prerequisite documents to commercial banks which are allowed to engage in foreign exchange business, without prior approval of, or registration with, the SAFE. The said prerequisite documents may include (i) a written application; (ii) underlying lease agreements; (iii) invoices or payment notices; (iv) documents evidencing the underlying lease agreements have been filed with competent authorities; and (v) tax certificates evidencing the related taxes have been paid off or waived by competent tax authorities, according to the “Guidelines for the Foreign Exchange Administration of Trade in Services” 《服务贸易外汇管理指引》 and the “Detailed Rules for the Implementation of the Guidelines for the Foreign Exchange Administration of Trade in Services” 《服务贸易外汇管理指引实施细则》 promulgated by the SAFE which came into effect on 1 September 2013 and the “Announcement of the State Administration of Taxation and the State Administration of Foreign Exchange” 《关于服务贸易等项目对外支付税务备案有关问题的公告》 jointly promulgated by the SAFE and the SAT, which came into effect on 1 September 2013. Failure to file the lease with the relevant authorities could result in restrictions on the conversion of the RMB-denominated rental income into foreign currency by the PRC commercial banks.

According to the Notice of State Administration of Foreign Exchange on Amendment and Abolishment of Relevant Normative Documents Concerning with Innovation of Registration System of Registered Capital《国家外汇管理局关于废止和修改涉及注册资本登记制度改革相关规范性文件的通知》 and the Notice of State Administration of Foreign Exchange on Promulgation of the Foreign Exchange Control Regulations on Trade in Services《国家外汇管理局关于印发服务贸易外汇管理法规的通知》 promulgated by the SAFE on 4 May 2015 and 18 July 2013 respectively, and the Guidelines for the Foreign Exchange Administration of Trade in Services 《服务贸易外汇管理指引》 and the Detailed Rules for the Implementation of the Guidelines for the Foreign Exchange Administration of Trade in Services 《服务贸易外汇管理指引实施细则》 promulgated by the SAFE which came into effect on 1 September 2013, a foreign-invested company incorporated in the PRC may remit dividends to its offshore shareholders by duly providing its board resolution authorising the distribution of dividends to a bank authorised to engage in foreign exchange business.

However, the relevant PRC government authorities (especially the SAFE), which have significant administrative discretion in implementing the laws, may restrict or eliminate the ability of foreign-invested enterprises to purchase and remit foreign currencies in the future.
CAPITALISATION AND INDEBTEDNESS

CAPITALISATION

The following table sets forth the pro forma capitalisation of Sasseur REIT as at the Listing Date and after application of the total proceeds from the Offering and the issuance of the Cornerstone Units towards, inter alia, the Redemption, based on the Offering Price. The information in the table below should be read in conjunction with “Use of Proceeds”.

<table>
<thead>
<tr>
<th></th>
<th>As at the Listing Date (S$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt</td>
<td>522.6</td>
</tr>
<tr>
<td>Units in issue</td>
<td>944.2</td>
</tr>
<tr>
<td><strong>Total Capitalisation and Indebtedness</strong></td>
<td><strong>1,466.8</strong></td>
</tr>
</tbody>
</table>

INDEBTEDNESS

The Onshore Facilities

As at the Listing Date, Sasseur REIT will have in place a syndicated term loan of up to RMB 1,960.0 million, which includes:

(a) RMB 1,118.68 million term loan facility to the Chongqing PRC Property Company;
(b) RMB 240.00 million term loan facility to the Bishan PRC Property Company;
(c) RMB 369.00 million term loan facility to the Hefei PRC Property Company; and
(d) RMB 232.32 million term loan facility to the Kunming PRC Property Company,

(together, the “Onshore Facilities”) provided by DBS Bank (China) Limited, Chongqing Branch, Malayan Banking Berhad, Kunming Branch, Bank of China, Chongqing Jiangbei Branch, Ping An Bank Co., Ltd., Chongqing Branch, China CITIC Bank Corporation Limited, Chongqing Branch and Bank of Chongqing Co., Ltd., Bishan Branch (collectively, the “Onshore Lenders”), with a floating interest rate based on the People’s Bank of China’s (“PBOC”) benchmark one to five years lending rate per annum (estimated to be 4.75% per annum as at the Listing Date). The repayment schedule for the Onshore Facilities is as follows:

(a) 1.0% of the total outstanding amount 6 months after the date of the first drawdown;
(b) 1.0% of the total outstanding amount 12 months after the date of the first drawdown;
(c) 1.0% of the total outstanding amount 18 months after the date of the first drawdown;
(d) 1.0% of the total outstanding amount 24 months after the date of the first drawdown;
(e) 1.0% of the total outstanding amount 30 months after the date of the first drawdown;
(f) 1.0% of the total outstanding amount 36 months after the date of the first drawdown;

1 After completion of the Offering and prior to the Redemption, the Units in issue will be S$1,340.2 million.
1.0% of the total outstanding amount 42 months after the date of the first drawdown;

1.0% of the total outstanding amount 48 months after the date of the first drawdown;

1.0% of the total outstanding amount 54 months after the date of the first drawdown; and

the remainder of the outstanding amount 60 months after the date of the first drawdown (the "Onshore Facilities Final Repayment Date").

The Onshore Facilities are secured by:

(a) an unconditional and irrevocable guarantee from (i) Sasseur (Hefei) Investment Consultancy Co. Ltd. (a WFOE established in the PRC and wholly owned by the Sasseur Hefei HK Limited) and (ii) Sasseur (Kunming) Investment Consultancy Co., Ltd. (a WFOE established in the PRC and wholly owned by Sasseur Jinan HK Limited) (together, the "Onshore Guarantors") 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 DBS Bank (China) Limited, Chongqing Branch (as the onshore security agent) named as the first beneficiary;

(f) an 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.

Notwithstanding that security in relation to the Performance Reserve has been granted to the Offshore Lenders, both the Onshore Facilities and Offshore Facility do not contain any term which restricts Sasseur REIT from utilising the Performance Reserve for so long as an event of default or enforcement event has not occurred.

The Onshore Facilities contain mandatory prepayment provisions, which include, but are not limited to:

(a) Mr Xu Rong can ceases to be, in aggregate, at least 51.0% beneficial owner of the Sponsor;

(b) the Sponsor ceases to be the beneficial owner of, in aggregate, at least 35.0% of the units of Sasseur REIT;

(c) the Trustee ceases to directly or indirectly own 100% of the share capital of the Offshore Holding Companies;
(d) the relevant Offshore Holding Companies ceases to directly or indirectly own 100% of the equity interest and/or capital contribution of the PRC Property Companies (other than the Chongqing PRC Property Company);

(e) the Bishan PRC Property Company cease to directly or indirectly own 85.0% of the equity interest and/or capital contribution of the Chongqing PRC Property Company;

(f) Hong Sun Development Group Limited ceases to directly or indirectly own 15.0% of the equity interest and/or capital contribution of the Chongqing PRC Property Company;

(g) the relevant Onshore Guarantor ceases to directly own 100.0% shareholdings in the Hefei PRC Property Company and the Kunming PRC Property Company;

(h) any sale, transfer or disposal of the Properties or its beneficial interest (in part or in whole) or the interest in any of the PRC Property Companies and the Onshore Guarantors without the prior consent of the Onshore Lenders;

(i) any sale, transfer or disposal of any of the Entrusted Management Agreements by Sasseur REIT and any PRC Property Company;

(j) the Manager ceases to be the manager of Sasseur REIT;

(k) the Sponsor ceases to be the 100.0% beneficial owner of the Manager.

(l) the Sponsor ceases to be the 100.0% beneficial owner of the Entrusted Manager;

(m) Mr Xu Rongcan, Ping An Real Estate and L Catterton Asia cease to hold in aggregate at least 60.0% of the equity interest and capital contribution in the issued share capital of Sponsor without the Onshore Lenders’ prior written consent (such consent not to be unreasonably withheld);

(n) illegality; and

(o) the Units cease to be traded or listed on the Official List of the SGX or the Units are suspended from trading for a period of 3 consecutive trading days.

For as long as any amount under the Onshore Facilities remains outstanding, the PRC Property Companies and the Onshore Guarantors shall undertake to maintain the following financial covenants:

• Property Interest Coverage Ratio\(^1\) of 3.5 times;

• loan to value ratio\(^2\) of less than 35.0%; and

\(^1\) "Property Interest Coverage Ratio" for the purposes of the Onshore Facilities is defined as Net Cash from Properties Available for Debt Servicing divided by the aggregate amount of interest accrued, paid and payable under the Onshore Facilities.

\(^2\) "loan to value ratio" for the purposes of the Onshore Facilities is computed as the aggregate outstanding and committed but undrawn amount under the Onshore Facilities divided by the open market value of the Properties.

For avoidance of doubt, "Net Cash from Properties Available for Debt Servicing" for the purposes of the Onshore Facilities means any cash derived from the Properties that can be received by the PRC Property Companies after deducting all taxes, reserves and other amounts required to be paid/set aside and all expenses of the PRC Property Companies and may be used towards interest and debt servicing on the Onshore Facilities.

For avoidance of doubt, "Net Cash from Properties Available for Debt Servicing" excludes amount standing to the credit of the Onshore Interest Reserve Account.
• each of the Properties shall maintain a minimum occupancy rate and an annual EMA Rental Income as follows:

<table>
<thead>
<tr>
<th>Properties</th>
<th>Occupancy Rate</th>
<th>EMA Rental Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chongqing Outlets</td>
<td>80.0%</td>
<td>RMB 225.0 million</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>75.0%</td>
<td>RMB 43.0 million</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>80.0%</td>
<td>RMB 132.0 million</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>80.0%</td>
<td>RMB 84.0 million</td>
</tr>
</tbody>
</table>

The table below sets out the Property Interest Coverage Ratio as at 31 January 2018 in relation to the financial covenants under the Onshore Facilities:

| Property Interest Coverage Ratio | 5.02 times |

**The Offshore Facility**

As at Listing Date, Sasseur REIT will have in place a syndicated term loan facility of up to S$125.0 million (the "Offshore Facility") obtained from DBS Bank Ltd., Malayan Banking Berhad, Singapore Branch, Agricultural Bank of China Limited, Singapore Branch, China Merchants Bank Co., Ltd, Singapore Branch and Bank of China Limited, Singapore Branch (the "Offshore Lenders"), with the interest rate of 1.55% above the Singapore swap offer rate per annum and bullet repayment on the earlier of (i) the Onshore Facilities Final Repayment Date and (ii) three years from the date of the drawdown of the Offshore Facility.

The Offshore Facility is secured / guaranteed 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.

The Offshore Facility contains mandatory prepayment provisions, which include, but are not limited to:

(a) Mr Xu Rongcan ceases to hold (directly or indirectly) at least 51.0% of the equity interest or capital contribution in the issued share capital of the Sponsor;

(b) the Sponsor ceases to hold (directly or indirectly) at least 35.0% of the Units;
(c) the Manager ceases to be the manager of Sasseur REIT;

(d) the Sponsor ceases to hold (directly or indirectly) 100% of the issued share capital of the Manager;

(e) the Sponsor ceases to be (directly or indirectly) the 100% beneficial owner of the Entrusted Manager;

(f) Mr Xu Rongcan, Ping An Real Estate and L Catterton Asia cease to hold in aggregate at least 60.0% of the equity interest and capital contribution in the issued share capital of the Sponsor without the prior written consent of all the Offshore Lenders (such consent not to be unreasonably withheld);

(g) the Trustee ceases to directly hold 100% of the issued and paid-up share capital in the Singapore Holdco;

(h) the Singapore Holdco ceases to directly hold 100% of the issued and paid-up share capital in any of the BVI Holding Companies;

(i) Sasseur Bishan (BVI) Limited ceases to directly hold 100% of the issued and paid-up share capital in Sasseur Bishan HK Limited or Hong Sun Development Group Limited;

(j) Sasseur Hefei Limited ceases to directly hold 100% of the issued and paid-up share capital in Sasseur Hefei HK Limited;

(k) Sasseur Jinan Limited ceases to directly hold 100% of the issued and paid-up share capital in Sasseur Jinan HK Limited;

(l) Sasseur Bishan HK Limited ceases to directly hold 100% of the equity interest or capital contribution in the issued share capital of the Bishan PRC Property Company;

(m) the Bishan PRC Property Company ceases to directly hold 85.0% of the equity interest or capital contribution in the issued share capital of the Chongqing PRC Property Company;

(n) Hong Sun Development Group Limited ceases to directly hold 15.0% of the equity interest or capital contribution in the issued share capital of the Chongqing PRC Property Company after the date of utilisation of the Offshore Facility;

(o) Sasseur Hefei HK Limited ceases to directly hold 100.0% of the equity interest or capital contribution in the issued share capital of Sasseur (Hefei) Investment Consultancy Co., Ltd;

(p) Sasseur (Hefei) Investment Consultancy Co., Ltd ceases to directly hold 100% of the equity interest or capital contribution in the issued share capital of the Hefei PRC Property Company;

(q) Sasseur Jinan HK Limited ceases to directly hold 100% of the equity interest or capital contribution in the issued share capital of Sasseur (Kunming) Investment Consultancy Co., Ltd.;

(r) Sasseur (Kunming) Investment Consultancy Co., Ltd. ceases to directly hold 100% of the equity interest or capital contribution in the issued share capital of the Kunming PRC Property Company;

(s) illegality; and
(t) the Units cease to be traded or listed on the Official List of the SGX-ST or the Units are suspended from trading for more than three consecutive days on which normal trading of securities is carried out on the SGX-ST.

For as long as any amount under the Offshore Facility remains outstanding, the Trustee shall undertake to maintain the following financial covenants:

- Unitholders’ funds not be less than the higher of (i) 75.0% of the net assets attributable to the Unitholders as of the Listing Date and (ii) S$675.0 million;
- Property Interest Coverage Ratio\(^1\) of 2 times;
- Interest Coverage Ratio\(^2\) of 2 times;
- Gearing Ratio\(^3\) shall not at any time exceed 45.0%;
- on a portfolio basis, annual rent not be less than RMB 567.5 million for FY2018 (to be pro-rated, if applicable, for the period from the Listing Date to 31 December 2018) and RMB 611.4 million for FY2019 and each financial year thereafter;
- loan to value ratio\(^4\) of not more than 45.0%; and

\(^1\) “Property Interest Coverage Ratio” for the purposes of the Offshore Facility means in relation to any relevant period, the ratio of (a) Net Cash from Properties Available for Debt Servicing to (b) Interest Expenses under the Offshore Facility, in each case, for that relevant period.

\(^2\) “Interest Coverage Ratio” for the purposes of the Offshore Facility means, in relation to any relevant period, the ratio of (a) Net Cash Available for Debt Servicing to (b) Interest Expenses for all financial indebtedness of Sasseur REIT and its subsidiaries, in each case, for that relevant period.

\(^3\) “Gearing Ratio” for the purposes of the Offshore Facility means, at any particular time, the ratio, expressed as a percentage (rounded down to two decimal points) of (a) the aggregate of total financial indebtedness (including borrowings and deferred payments for assets to be settled in cash or in Units) of Sasseur REIT and its subsidiaries to (b) the value of the total assets of Sasseur REIT based on the latest valuation in accordance with the Trust Deed at that time.

\(^4\) “loan to value ratio” for the purposes of the Offshore Facility means, at any particular time, the ratio, expressed as a percentage of (a) the aggregate amount of the outstanding loan under the Offshore Facility and the outstanding loans under the Onshore Facilities to (b) the aggregate of (i) the open market value of the Properties (as determined by the facility agent for the Offshore Facility) and (ii) the value of any additional security (in the form of cash or bank guarantee or otherwise) (as attributed to it by the facility agent for the Offshore Facility).
each of the Properties shall maintain a minimum occupancy rate and an annual EMA Rental Income (after deducting performance sharing, if any) as follows:

<table>
<thead>
<tr>
<th>Properties</th>
<th>Occupancy Rate</th>
<th>EMA Rental Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chongqing Outlets</td>
<td>80.0%</td>
<td>RMB 225.0 million</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>75.0%</td>
<td>RMB 43.0 million</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>80.0%</td>
<td>RMB 132.0 million</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>80.0%</td>
<td>RMB 84.0 million</td>
</tr>
</tbody>
</table>

As at 31 January 2018, Unitholders’ funds are not less than the higher of (i) 75.0% of the net assets attributable to the Unitholders as of the Listing Date and (ii) S$675.0 million, and the table below sets out certain ratios in relation to the financial covenants under the Offshore Facility:

<table>
<thead>
<tr>
<th>Ratios</th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Interest Coverage Ratio</td>
<td>4.11 times</td>
</tr>
<tr>
<td>Interest Coverage Ratio</td>
<td>4.33 times</td>
</tr>
<tr>
<td>Gearing Ratio</td>
<td>30.3%</td>
</tr>
</tbody>
</table>

As at the Latest Practicable Date, the occupancy rate for the Properties is as follows:

<table>
<thead>
<tr>
<th>Properties</th>
<th>Occupancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chongqing Outlets</td>
<td>96.4%</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>91.5%</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>95.8%</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>96.1%</td>
</tr>
</tbody>
</table>

For the purposes of Rule 728 of the Listing Manual, (a) Mr Xu Rongcan has provided an undertaking that for so long as he owns no less than 51.0% of the shares in the Sponsor (whether held directly or otherwise), he will notify the Manager as soon as he becomes aware of (i) any share pledging arrangement relating to all or any of his shareholding in the Sponsor; and (ii) any event which may result in a breach of the terms of such ownership covenant in the Onshore Facilities and Offshore Facility; and (b) the Sponsor has provided an undertaking that for so long as the Sponsor owns no less than 15.0% of the Units (whether held directly or otherwise), the Sponsor will notify the Manager as soon as the Sponsor becomes aware of (i) any share pledging arrangement relating to all or any of the Sponsor’s unitholding in Sasseur REIT; and (ii) any event which may result in a breach of the terms of such ownership covenant in the Onshore Facilities and Offshore Facility.
Existing Debt of the PRC Property Companies prior to Listing Date

As at the Latest Practicable Date, the PRC Property Companies have in place a total of approximately RMB 2,101.32 million equivalent of loans due to Ping An Bank Co., Ltd., Chongqing Branch, Bank of Chongqing Co., Ltd., Bishan Branch, China Minsheng Bank Co., Ltd., Chongqing Branch and Industrial and Commercial Bank of China Limited, Anning Branch for which the Properties have been mortgaged and certain HK Holding Companies have provided guarantees under these existing loans. On the Listing Date, Sasseur REIT will have in place the Onshore Facilities which will be used to repay the existing loans, and the mortgages over the Properties and the guarantees provided by the HK Holding Companies in respect of the existing loans will be released and replaced by the first ranking mortgage and the guarantee from the Onshore Guarantors to the Onshore Lenders under the Onshore Facilities (see “Use of Proceeds” and “Capitalisation and Indebtedness” for further details).
UNAUDITED PRO FORMA FINANCIAL INFORMATION OF SASSEUR REIT

Sasseur REIT was constituted as a private trust on 30 October 2017 and it does not have any annual accounts for each of the last three financial years. Therefore, pursuant to Rule 409(3) of the Listing Manual, the Manager shall prepare a profit forecast for Forecast Period 2018 and profit projection for Projection Year 2019.

The Manager will not be preparing pro forma statements of total return for the latest three financial years of Sasseur REIT to show the pro forma historical financial performance of Sasseur REIT as:

(a) The soft launch of approximately 11.5% of the total GFA of Bishan Outlets occurred in January 2014 while Zones A and B of Bishan Outlets (comprising approximately 73.0% of the total GFA of Bishan Outlets) commenced operations in October 2014, and parts of Zone C of Bishan Outlets (comprising approximately 7.0% of the total GFA of Bishan Outlets) commencing operations only in February 2016. The remaining parts of Zone C of Bishan Outlets (comprising approximately 8.5% of the total GFA of Bishan Outlets) are expected to commence operations in April 2018. Hefei Outlets commenced operations in May 2016 and Kunming Outlets commenced operations in December 2016. As full year financials for the financial year ended 31 December 2014 and 31 December 2015 are not available for three of the four Properties in the Initial Portfolio, it would not be meaningful to prepare pro forma financials for the financial year ended 31 December 2014 and 31 December 2015 without full year financials for these Properties as such historical pro forma financial information would not be representative of Sasseur REIT’s portfolio going forward; and

(b) One of the main assumptions made in the preparation of the pro forma financial information of Sasseur REIT is that the Entrusted Management Agreements should be in place throughout the period covered by the pro forma financial information. However, as the Properties in the Initial Portfolio had commenced operations on different dates, the Entrusted Management Agreements can only commence from FY2014 (in respect of Chongqing Outlets), FY2015 (in respect of Bishan Outlets) and FY2016 (in respect of Hefei Outlets and Kunming Outlets). Therefore, while the FY2016 pro forma financial information of Sasseur REIT as well as the Forecast Period 2018 and Projection Year 2019 assume that the Entrusted Management Agreements for all the Properties commence in the same year, and thus providing the same basis for comparison by the investors, the pro forma financial information of Sasseur REIT for FY2014 to FY2015 will assume different commencement years of the Entrusted Management Agreements for each of the Properties due to the fact that certain Properties were completed after FY2014 and FY2015. Therefore, the presentation of pro forma financial information for FY2014 and FY2015 of Sasseur REIT is not meaningful for investors.

For the reasons stated above, the SGX-ST has waived Sasseur REIT from compliance with Rule 609(b) of the Listing Manual which requires the historical pro forma statements of total return to be presented for the latest three financial years of Sasseur REIT, subject to inclusion of the following in this Prospectus:

(a) unaudited pro forma statements of total return for Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 and Bishan Outlets for the financial years ended 31 December 2015 and 31 December 2016;
(b) unaudited pro forma financial information of Sasseur REIT comprising:

- unaudited pro forma statements of total return for the financial year ended 31 December 2016 and for the interim periods ended 30 September 2016 and 30 September 2017;
- unaudited pro forma statements of cash flows for the financial year ended 31 December 2016 and for the interim period ended 30 September 2017; and
- unaudited pro forma statements of financial positions as at 31 December 2016 and 30 September 2017;

(c) a profit forecast for the financial period from 1 March 2018 to 31 December 2018 and profit projection for the full financial year from 1 January 2019 to 31 December 2019; and

(d) full disclosure of the reasons for not providing the pro forma financial information of Sasseur REIT for the financial years ended 31 December 2014 and 31 December 2015.

The Independent Reporting Accountant, Ernst & Young LLP, have reported on the Unaudited Pro Forma Financial Information and their report is included in “Appendix B – Reporting Accountant’s Report On The Unaudited Pro Forma Financial Information”. The Unaudited Pro Forma Financial Information has been prepared on the basis of the assumptions and accounting policies set out in “Appendix C – Unaudited Pro Forma Financial Information”, and should be read together with these assumptions and accounting policies.

The Unaudited Pro Forma Statements of Total Return of Sasseur REIT for the year ended 31 December 2016 and each of the nine-month periods ended 30 September 2016 and 30 September 2017 reflect the total return of Sasseur REIT assuming that the following events or agreements had occurred, were entered into or were effective on 1 January 2016, or date of acquisition, if later, under the same terms as set out in this Prospectus:

1. the Offering;
2. the acquisition of the Properties;
3. the Entrusted Management Agreements; and
4. the fee arrangements of the Manager, the Trustee and the Entrusted Manager (the “Fee Arrangements”), as set out in “Overview – Certain Fees and Charges”.

The Unaudited Pro Forma Statements of Financial Position of Sasseur REIT as at 31 December 2016 and 30 September 2017 present the financial positions of Sasseur REIT assuming that the following events or agreements had occurred, were entered into or were effective on 31 December 2016 and 30 September 2017 respectively, under the same terms as set out in this Prospectus:

1. the Offering;
2. the acquisition of the Properties;
3. the Entrusted Management Agreements; and
4. the Fee Arrangements, as set out in “Overview – Certain Fees and Charges”.

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The Unaudited Pro Forma Statements of Cash Flows of Sasseur REIT for the year ended 31 December 2016 and the nine-month period ended 30 September 2017 shows the cash flows of Sasseur REIT assuming the following events or agreements had occurred, were entered into or were effective on 1 January 2016, under the same terms as set out in this Prospectus:

(1) the Offering;

(2) the acquisition of the Properties;

(3) the Entrusted Management Agreements; and

(4) the Fee Arrangements, as set out in “Overview – Certain Fees and Charges”.

The objective of the Unaudited Pro Forma Financial Information is to show what the total returns, cash flows and financial positions might have been had Sasseur REIT existed at an earlier date. However, the Unaudited Pro Forma Financial Information of Sasseur REIT is not necessarily indicative of the total returns and cash flow of the operations or financial position that would have been attained had Sasseur REIT actually existed earlier. The Unaudited Pro Forma Financial Information has been compiled for illustrative purposes only and, because of its nature, may not give a true picture of the actual total return, cash flows or financial position of Sasseur REIT.
UNAUDITED PRO FORMA STATEMENTS OF FINANCIAL POSITION OF PRO FORMA GROUP\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2016 S$'000</th>
<th>As at 30 September 2017 S$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>1,386,080</td>
<td>1,386,080</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>2,454</td>
<td>5,762</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,388,534</td>
<td>1,391,842</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>1,729</td>
<td>950</td>
</tr>
<tr>
<td>Prepayments, deposits and other receivables</td>
<td>4,150</td>
<td>7,442</td>
</tr>
<tr>
<td>Pledged deposits</td>
<td>43,951</td>
<td>42,356</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>68,513</td>
<td>109,412</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>118,343</td>
<td>160,160</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,506,877</td>
<td>1,552,002</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>501,601</td>
<td>501,601</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>501,601</td>
<td>501,601</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>15,918</td>
<td>26,923</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>39,388</td>
<td>66,668</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>25,646</td>
<td>32,590</td>
</tr>
<tr>
<td>Tax payable</td>
<td>2,477</td>
<td>2,373</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>83,429</td>
<td>128,554</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>921,847</td>
<td>921,847</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitholders</td>
<td>921,847</td>
<td>921,847</td>
</tr>
</tbody>
</table>

**Note:**

\(^{(1)}\) Based on the Offering Price of S$0.80 per Unit.
## UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN OF PRO FORMA GROUP<sup>(1)</sup>

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Nine-month period ended 30 September</th>
<th>Nine-month period ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 S$'000</td>
<td>2016 S$'000</td>
<td>2017 S$'000</td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>89,401</td>
<td>61,334</td>
<td>91,230</td>
</tr>
<tr>
<td>Manager’s management fee</td>
<td>(4,810)</td>
<td>(3,234)</td>
<td>(5,518)</td>
</tr>
<tr>
<td>Trustee’s fee</td>
<td>(290)</td>
<td>(179)</td>
<td>(217)</td>
</tr>
<tr>
<td>Other trust expenses</td>
<td>(13,491)</td>
<td>(12,909)</td>
<td>(1,151)</td>
</tr>
<tr>
<td>Finance income</td>
<td>636</td>
<td>56</td>
<td>1,418</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(24,825)</td>
<td>(17,513)</td>
<td>(23,037)</td>
</tr>
<tr>
<td>Net change in fair value of investment properties</td>
<td>(2,523)</td>
<td>(1,585)</td>
<td>3,395</td>
</tr>
<tr>
<td><strong>Total return for the year/period before tax</strong></td>
<td>44,098</td>
<td>25,970</td>
<td>66,120</td>
</tr>
<tr>
<td>Tax expense</td>
<td>(16,833)</td>
<td>(11,321)</td>
<td>(19,101)</td>
</tr>
<tr>
<td><strong>Total return for the year/period</strong></td>
<td>27,265</td>
<td>14,649</td>
<td>47,019</td>
</tr>
</tbody>
</table>

Total return attributable to:

| Unitholders                 | 27,265 | 14,649 | 47,019 |

**Note:**

<sup>(1)</sup> Based on the Offering Price of S$0.80 per Unit.
### UNAUDITED PRO FORMA STATEMENTS OF CASH FLOWS OF PRO FORMA GROUP\(^{(1)}\)

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>Nine-month period ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016</strong></td>
<td><strong>2017</strong></td>
</tr>
<tr>
<td>S$’000</td>
<td>S$’000</td>
</tr>
</tbody>
</table>

#### Cash flows from operating activities

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Nine-month period ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total return for the year/period before tax</strong></td>
<td>44,098</td>
<td>66,120</td>
</tr>
<tr>
<td><strong>Adjustments for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Straight-lining rent adjustment</td>
<td>(2,523)</td>
<td>3,395</td>
</tr>
<tr>
<td>Manager’s management fee paid in units</td>
<td>4,810</td>
<td>5,518</td>
</tr>
<tr>
<td>Change in fair value of investment properties</td>
<td>2,523</td>
<td>(3,395)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>24,825</td>
<td>23,037</td>
</tr>
<tr>
<td>Interest income</td>
<td>(636)</td>
<td>(1,148)</td>
</tr>
<tr>
<td><strong>Cash flows before changes in working capital</strong></td>
<td>73,097</td>
<td>93,257</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>(4,374)</td>
<td>660</td>
</tr>
<tr>
<td>Prepayments, deposits and other receivables</td>
<td>(19,514)</td>
<td>(5,150)</td>
</tr>
<tr>
<td>Trade payables</td>
<td>13,428</td>
<td>10,583</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>7,943</td>
<td>(29)</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td>70,580</td>
<td>99,321</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(12,054)</td>
<td>(14,158)</td>
</tr>
<tr>
<td>Interest received</td>
<td>636</td>
<td>1,418</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td>59,162</td>
<td>86,581</td>
</tr>
</tbody>
</table>

#### Cash flows from financing activities

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Nine-month period ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proceeds from bank loans</strong></td>
<td>548,897</td>
<td>–</td>
</tr>
<tr>
<td>Repayments of bank loans</td>
<td>(425,909)</td>
<td>(3,964)</td>
</tr>
<tr>
<td>Proceeds from issuance of units</td>
<td>416,557</td>
<td>–</td>
</tr>
<tr>
<td>Redemption of sponsor units</td>
<td>(416,557)</td>
<td>–</td>
</tr>
<tr>
<td>Payment of transaction costs relating to issuance of units</td>
<td>(19,365)</td>
<td>–</td>
</tr>
<tr>
<td>Payment of transaction costs relating to borrowings</td>
<td>(26,084)</td>
<td>–</td>
</tr>
<tr>
<td>Distribution to unitholders</td>
<td>(18,855)</td>
<td>(65,098)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(21,980)</td>
<td>(18,043)</td>
</tr>
<tr>
<td>Increase in pledged deposit</td>
<td>(8,417)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net cash generated from/(used in) financing activities</strong></td>
<td>28,287</td>
<td>(87,105)</td>
</tr>
</tbody>
</table>

#### Net increase/(decrease) in cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Nine-month period ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>87,449</td>
<td>(524)</td>
</tr>
</tbody>
</table>

| Cash and cash equivalents at beginning of the year/period | 5,580 | 93,029 |
| Effect of exchange rate changes on cash and cash equivalents | – | (2,926) |
| **Cash and cash equivalents at end of the year/period** | 93,029 | 89,579 |

---

\(^{(1)}\) Based on the Offering Price of S$0.80 per Unit.

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### UNAUDITED PRO FORMA STATEMENT OF TOTAL RETURN OF CHONGQING OUTLETS

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014 S$’000</td>
<td>2015 S$’000</td>
<td>2016 S$’000</td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>55,405</td>
<td>56,859</td>
<td>55,890</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(15,980)</td>
<td>(16,278)</td>
<td>(15,896)</td>
</tr>
<tr>
<td>Net change in fair value of investment property</td>
<td>(1,087)</td>
<td>558</td>
<td>548</td>
</tr>
<tr>
<td><strong>Total return for the year before tax</strong></td>
<td><strong>38,338</strong></td>
<td><strong>41,139</strong></td>
<td><strong>40,542</strong></td>
</tr>
<tr>
<td>Tax expense</td>
<td>(9,236)</td>
<td>(9,912)</td>
<td>(9,736)</td>
</tr>
<tr>
<td><strong>Total return for the year</strong></td>
<td><strong>29,102</strong></td>
<td><strong>31,227</strong></td>
<td><strong>30,806</strong></td>
</tr>
</tbody>
</table>

### UNAUDITED PRO FORMA STATEMENT OF TOTAL RETURN OF BISHAN OUTLETS

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015 S$’000</td>
<td>2016 S$’000</td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>11,530</td>
<td>11,332</td>
</tr>
<tr>
<td>Finance income</td>
<td>45</td>
<td>367</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(3,821)</td>
<td>(5,049)</td>
</tr>
<tr>
<td>Net change in fair value of investment property</td>
<td>(461)</td>
<td>454</td>
</tr>
<tr>
<td><strong>Total return for the year before tax</strong></td>
<td><strong>7,293</strong></td>
<td><strong>7,104</strong></td>
</tr>
<tr>
<td>Tax credit</td>
<td>1,013</td>
<td>711</td>
</tr>
<tr>
<td><strong>Total return for the year</strong></td>
<td><strong>8,306</strong></td>
<td><strong>7,815</strong></td>
</tr>
</tbody>
</table>
The following discussion should be read in conjunction with the Unaudited Pro Forma Financial Information and notes thereto included elsewhere in this Prospectus. Statements contained in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager or any other person, nor that these results will be achieved or are likely to be achieved (see “Forward-looking Statements” and “Risk Factors” for further details). Recipients of this Prospectus and all prospective investors in the Units are cautioned not to place undue reliance on these forward-looking statements.

The Unaudited Pro Forma Financial Information of the Sasseur Real Estate Investment Trust has been prepared for illustrative purposes only, and is based on certain assumptions after making certain adjustments to show what:

- the Unaudited Pro Forma Statements of Financial Position as at 31 December 2016 and 30 September 2017 would have been if the Offering, the acquisition of the Properties and the Fee Arrangements had occurred on or were effective on 31 December 2016 and 30 September 2017, under the same terms as set out in this Prospectus;

- the Unaudited Pro Forma Statements of Total Return for the year ended 31 December 2016, nine-month period ended 30 September 2016 and nine-month period ended 30 September 2017 would have been if the Offering, the acquisition of the Properties and the Fee Arrangements had occurred on or were effective on 1 January 2016, under the same terms as set out in this Prospectus; and

- the Unaudited Pro Forma Statements of Cash Flows for the year ended 31 December 2016 and the nine-month period ended 30 September 2017 would have been if the Offering, the acquisition of the Properties and the Fee Arrangements had occurred on or were effective on 1 January 2016, under the same terms as set out in this Prospectus.

The Unaudited Pro Forma Financial Information is not necessarily indicative of the results of the operations or the financial position that would have been attained had the Offering, the acquisition of the Properties and the Fee Arrangements actually occurred in the year ended 31 December 2016, nine-month period ended 30 September 2017, and/or the nine-month period ended 30 September 2016. The Unaudited Pro Forma Financial Information, because of its nature, may not give a true or accurate picture of Sasseur REIT’s actual total returns or financial position.

The following discussion and analysis of the financial condition and results of operations are based on and should be read in conjunction with the Unaudited Pro Forma Financial Information and related notes thereto, which are included elsewhere in this Prospectus.

(See “Appendix B – Reporting Accountant’s Report on the Unaudited Pro Forma Financial Information” and “Appendix C – Unaudited Pro Forma Financial Information” for further details)
OVERVIEW

General Background

Sasseur REIT is a Singapore REIT established pursuant to the Trust Deed and to be listed on the Main Board of the SGX-ST. It is the first Outlet REIT to be listed in Asia with an Initial Portfolio located in the PRC.

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

All the Properties in the initial portfolio are located in the PRC. As such, Sasseur REIT’s business and results of operations are affected by, among other things, the consumer spending of the local middle class residents, which is in turn affected by economic stability and growth of the PRC, the general economic conditions in international markets, the financial conditions of tenants, the availability of debt or equity financing, interest rates, other operating expenses; environmental laws and regulations, zoning laws and other governmental rules and fiscal policies; and competition from other retail and outlet property owners for tenants. The principal competitive factors for outlet malls comprise, among other things, the quality and location of the outlet malls, in particular, easy access and transportation connectivity for the properties, the quality and diversity of brands and product mix as well other entertainment and life-style amenities, with a special focus on life-style experiences that appeal to the middle class population of the PRC. These are also the major factors in attracting shoppers and tenants.

The Manager’s key objectives are to provide Unitholders with a stable and attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in DPU and NAV per Unit, while maintaining an appropriate capital structure for Sasseur REIT.

THE INITIAL PORTFOLIO

As at the Listing Date, the Initial Portfolio will comprise four properties strategically located in cities of significant economic potential in the PRC, namely:

(i) a 100% interest in Chongqing Outlets;
(ii) a 100% interest in Bishan Outlets;
(iii) a 100% interest in Hefei Outlets; and
(iv) a 100% interest in Kunming Outlets.
The details of the properties are set out in the table below:

<table>
<thead>
<tr>
<th>Property</th>
<th>Size of Property (GFA – sq m)</th>
<th>Commencement of Operations</th>
<th>Lease Tenure Balance (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Chongqing Outlets</td>
<td>73,373.4</td>
<td>2008</td>
<td>29</td>
</tr>
<tr>
<td>2. Bishan Outlets</td>
<td>68,791.4</td>
<td>2014</td>
<td>33</td>
</tr>
<tr>
<td>3. Hefei Outlets</td>
<td>141,181.7</td>
<td>2016</td>
<td>35</td>
</tr>
<tr>
<td>4. Kunming Outlets</td>
<td>88,256.8</td>
<td>2016</td>
<td>36</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>371,603.3</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FACTORS AFFECTING RESULTS OF OPERATIONS OF SASSEUR REIT

EMA Rental Income

The EMA Rental Income of Sasseur REIT consists of EMA Resultant Rent, which is the sum of fixed component and variable component, plus performance sharing if any.

The EMA Rental Income of Sasseur REIT for the year ended 31 December 2016, nine-month period ended 30 September 2016 and nine-month period ended 30 September 2017 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December 2016</th>
<th>Nine-month period ended 30 September 2016</th>
<th>Nine-month period ended 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$’000</td>
<td>S$’000</td>
<td>S$’000</td>
</tr>
<tr>
<td>Chongqing Outlets(1)(5)</td>
<td>55,616</td>
<td>41,316</td>
<td>40,402</td>
</tr>
<tr>
<td>Bishan Outlets(2)(5)</td>
<td>11,332</td>
<td>8,418</td>
<td>8,232</td>
</tr>
<tr>
<td>Hefei Outlets(3)(5)</td>
<td>20,494</td>
<td>11,600</td>
<td>25,521</td>
</tr>
<tr>
<td>Kunming Outlets(4)(5)</td>
<td>1,959</td>
<td>–</td>
<td>17,075</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>89,401</strong></td>
<td><strong>61,334</strong></td>
<td><strong>91,230</strong></td>
</tr>
</tbody>
</table>

Notes:

1. Comprises the accounting impact relating to the straight line effect of EMA Rental Income. Without the accounting impact, the EMA Rental Income will be S$54.8 million, S$40.7 million and S$41.0 million for the financial year ended 31 December 2016 and the nine-month periods ended 30 September 2016 and 30 September 2017, respectively.

2. Comprises the accounting impact relating to the straight line effect of EMA Rental Income. Without the accounting impact, the EMA Rental Income will be S$10.9 million, S$8.1 million and S$8.6 million for the financial year ended 31 December 2016 and the nine-month periods ended 30 September 2016 and 30 September 2017, respectively.

3. Comprises the accounting impact relating to the straight line effect of EMA Rental Income. Without the accounting impact, the EMA Rental Income will be S$19.4 million, S$11.0 million and S$26.9 million for the financial year ended 31 December 2016 and the nine-month periods ended 30 September 2016 and 30 September 2017, respectively.

4. Comprises the accounting impact relating to the straight line effect of EMA Rental Income. Without the accounting impact, the EMA Rental Income will be S$1.8 million, S$nil million and S$18.1 million for the financial year ended 31 December 2016 and the nine-month periods ended 30 September 2016 and 30 September 2017, respectively.

5. In accordance with Singapore Financial Reporting Standards, the fixed and/or guaranteed total lease income under an operating lease shall be recognised as rental income on a straight-line basis. This means that the rental income is evenly spread over the lease period, such that the rental income recognised is constant from month to month over the period of the lease.
Factors Affecting EMA Rental Income

Sasseur REIT’s EMA Rental Income is affected by a number of factors including:

- total tenant sales and rental rates achieved for the Properties;
- occupancy and renewal rates;
- brand quality and product mix; and
- general macro-economic and supply/demand of the retail sector in Chongqing, Bishan, Hefei and Kunming as well as the wider PRC market.

Tenant sales, rental rates, occupancy and lease renewal rates are in turn affected by, among other things, consumer spending capacity and the performance and supply of competing outlets or retail malls.

TRUST EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December 2016</th>
<th>Nine-month period ended 30 September 2016</th>
<th>Nine-month period ended 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$’000</td>
<td>S$’000</td>
<td>S$’000</td>
</tr>
<tr>
<td>Manager’s management fees</td>
<td>(4,810)</td>
<td>(3,234)</td>
<td>(5,518)</td>
</tr>
<tr>
<td>Trustee’s fees</td>
<td>(290)</td>
<td>(179)</td>
<td>(217)</td>
</tr>
<tr>
<td>Other trust expenses</td>
<td>(13,491)</td>
<td>(12,909)</td>
<td>(1,151)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(24,825)</td>
<td>(17,513)</td>
<td>(23,037)</td>
</tr>
<tr>
<td></td>
<td>(43,416)</td>
<td>(33,835)</td>
<td>(29,923)</td>
</tr>
</tbody>
</table>

Sasseur REIT’s trust expenses comprise mainly:

- the Manager’s management fees;
- the Trustee’s fees;
- other trust expenses; and
- finance costs.

Manager’s management fee

Under the Trust Deed, the Manager is entitled to:

- a base fee not exceeding the rate of 10.0% per annum of the Distributable Income; and
- a performance fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding full financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU
in any financial year exceeds the DPU in the preceding full financial year, notwithstanding that the DPU in such financial year in which the performance fee is payable may be less than the DPU in the financial year prior to any preceding full financial year.

Any increase in the rate or any change in the structure of the Manager’s management fee must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders’ meeting duly convened and held in accordance with the provisions of the Trust Deed.

For the purposes of the Unaudited Pro Forma Financial Information, it is assumed that 100.0% of the Manager’s management fees were paid in the form of Units.

(See “The Manager and Corporate Governance – The Manager of Sasseur REIT – Fees Payable to the Manager” for further details.)

**Trustee’s fee**

The Trustee’s fees shall not exceed 0.1% per annum of the value of the Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The Trustee’s fee is accrued daily and paid monthly in arrears in accordance with the Trust Deed.

The actual fee payable within the permitted limit will be determined between the Manager and the Trustee from time to time. The Trustee will also be paid a one-time inception fee as may be agreed between the Trustee and the Manager, subject to a maximum of S$60,000.

(See “The Formation and Structure of Sasseur REIT – The Trustee” for further details.)

**Other trust expenses**

Other trust expenses comprise annual listing fee, registry fee, audit, legal and tax advisory fees, valuation fees, transaction costs of listing units, costs associated with the preparation and distribution of reports to Unitholders and miscellaneous expenses.

**Finance costs**

Finance costs consist of interest expense, legal fees, upfront fee and arrangement fees incurred in relation to the Facilities. Debt-related transaction costs are amortised over the term of the Facilities.

**Tax expenses**

Tax expenses comprise:

- Singapore income tax;
- PRC withholding tax; and
- PRC income tax.

(See “Taxation” for further details regarding taxes.)
EMA Rental Income

The EMA Rental Income of Chongqing Outlets and Bishan Outlets consists of EMA Resultant Rent, which is the sum of fixed component and rent component, plus performance sharing if any.

The EMA Rental Income of Chongqing Outlets and Bishan Outlets for the Relevant Year is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>Chongqing Outlets</td>
<td>55,405</td>
<td>56,859</td>
<td>55,890</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>–</td>
<td>11,530</td>
<td>11,332</td>
</tr>
</tbody>
</table>

Notes:

1. Comprises the accounting impact relating to the straight line effect of EMA rental income. Without the accounting impact, the EMA Rental Income will be S$54.3 million, S$57.4 million and S$56.4 million for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016, respectively.

2. Comprises the accounting impact relating to the straight line effect of EMA rental income. Without the accounting impact, the EMA Rental Income will be S$11.1 million and S$11.8 million for the financial years ended 31 December 2015 and 31 December 2016, respectively.

3. In accordance with Singapore Financial Reporting Standards, the fixed and/or guaranteed total lease income under an operating lease shall be recognised as rental income on a straight-line basis. This means that the rental income is evenly spread over the lease period, such that the rental income recognised is constant from month to month over the period of the lease.

Factors Affecting EMA Rental Income

The EMA Rental Income is affected by a number of factors including:

• total tenant sales and rental rates achieved for the Properties;
• occupancy and renewal rates;
• brand quality and product mix; and
• general macro-economic and supply/demand of the retail sector in Chongqing, Bishan, Hefei and Kunming as well as the wider PRC market.

Tenant sales, rental rates, occupancy and lease renewal rates are in turn affected by, among other things, consumer spending capacity and the performance and supply of competing outlets or retail malls.

Finance costs

Finance costs consist of interest expense, legal fees, upfront fee and arrangement fees incurred in relation to the Facilities. Debt-related transaction costs are amortised over the term of the Facilities.
Tax expenses

Tax expenses comprise:

- Singapore income tax;
- PRC withholding tax; and
- PRC income tax.

(See “Taxation” for further details regarding taxes.)

ANALYSIS OF THE PERFORMANCE OF THE PROPERTIES

SASSEUR REIT

Occupancy Trends

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2016</th>
<th>As at 30 September 2016</th>
<th>As at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Chongqing Outlets</td>
<td>97.8</td>
<td>97.7</td>
<td>96.0</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>81.4</td>
<td>77.9</td>
<td>85.6</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>82.1</td>
<td>81.4</td>
<td>93.3</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>82.0</td>
<td>–</td>
<td>90.7</td>
</tr>
</tbody>
</table>

CHONGQING OUTLETS AND BISHAN OUTLETS

Occupancy Trends

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2014</th>
<th>As at 31 December 2015</th>
<th>As at 31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Chongqing Outlets</td>
<td>99.6</td>
<td>99.9</td>
<td>97.8</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>74.3</td>
<td>79.2</td>
<td>81.4</td>
</tr>
</tbody>
</table>

COMPARISON OF SASSEUR REIT’S PERFORMANCE

Nine-month period ended 30 September 2017 over the nine-month period ended 30 September 2016

EMA Rental Income

The EMA Rental Income of the Properties increased by approximately 48.8% or S$29.9 million to S$91.2 million for the nine-month period ended 30 September 2017 compared to S$61.3 million for the same period in 2016. This is mainly due to the rent contribution from Hefei Outlets which opened in May 2016 and Kunming Outlets which opened in December 2016.
Manager's Management Fee

The Management Fee of the Manager increased by 71.9% to S$5.5 million in the nine-month period ended 30 September 2017 from the same period in 2016. This is primarily due to the higher DPU of the portfolio for the nine-month period ended 30 September 2017.

Trustee's fee

The Trustee's fee remained relatively stable from the nine-month period ended 30 September 2016 to the nine-month period ended 30 September 2017 at S$0.2 million.

Other trust expenses

Other trust expenses decreased by 90.7% or S$11.7 million in the nine-month period ended 30 September 2017 from S$12.9 million to S$1.2 million compared to the nine-month period ended 30 September 2016, mainly due to one-time IPO costs incurred in 2016.

Finance costs

Finance costs increased by 31.4% or S$5.5 million to S$23.0 million in the nine-month period ended 30 September 2017 compared to the nine-month period ended 30 September 2016. This is mainly due to the additional finance costs relating to Hefei and Kunming properties completed in 2016.

Net change in fair value of investment properties

Net change in fair value of investment properties, which is to adjust for the straight-lined accounting of rent income, decreased by 312.5% or S$5.0 million to a net gain of S$3.4 million in the nine-month period ended 30 September 2017 compared to a net loss of S$1.6 million in the nine-month period ended 30 September 2016.

Tax expense

Tax expense increased from S$11.3 million in the nine-month period ended 30 September 2016 to S$19.1 million for the same period ended 30 September 2017, due mainly to higher profits.

Total return for the period

Total return for the period increased from S$14.6 million for the nine-month period ended 30 September 2016 to S$47.0 million for the same period in 2017.

COMPARISON OF CHONGQING OUTLETS' PERFORMANCE

FY2015 over FY2014

EMA Rental Income

The EMA Rental Income of the Property increased marginally by 2.7% or S$1.5 million to S$56.9 million in FY2015 compared to S$55.4 million in FY2014. This is mainly due to the exchange rate differences year-on-year. The EMA Rental Income of the Properties in FY2014 and FY2015 were relatively consistent due to the accounting impact of the straight-lining of the EMA Rental Income. Without the straight-lined accounting effect, the EMA Rental Income would have increased by 5.7% or S$3.1 million from S$54.3 million for FY2014 to S$57.4 million for FY2015.
Finance costs

Finance costs remained relatively stable at S$16.3 million in FY2015.

Net change in fair value of investment property

Net change in fair value of investment property decreased by S$1.6 million in FY2015 compared to FY2014. This is the adjustment for the straight-lined accounting of EMA Rental Income for the year.

Tax expense

Tax expense increased from S$9.2 million in FY2014 to S$9.9 million in FY2015, due to the increase in profits for FY2015.

Total return for the year

Total return for FY2015 increased by 7.2% or S$2.1 million to S$31.2 million from S$29.1 million in FY2014 primarily due to higher return for FY2015.

FY2016 over FY2015

The EMA Rental Income of the Property in FY2016 compared to FY2015 remained flat due mainly to the straight-lining of the EMA Rental Income. Without the straight-lined accounting effect, the EMA Rental Income would have decreased by 1.7% or S$1.0 million from S$57.4 million for FY2015 to S$56.4 million for FY2016.

Finance costs

Finance costs remained relatively stable at S$15.9 million in FY2016.

Net change in fair value of investment property

Net change in fair value of investment property remained relatively stable at S$0.5 million in FY2016.

Tax expense

Tax expense remained relatively stable at S$9.7 million in FY2016.

Total return for the year

Total return for the year decreased by 1.3% or S$0.4 million to S$30.8 million for FY2016 compared to S$31.2 million for FY2015.

COMPARISON OF BISHAN OUTLETS’ PERFORMANCE

FY2016 over FY2015

EMA Rental Income

The EMA Rental Income of the Property for FY2015 of S$11.5 million decreased marginally by S$0.2 million to S$11.3 million in FY2016. The EMA Rental Income of the Property in FY2015 and FY2016 remained flat due to the straight-lining of the EMA Rental Income. Without the straight-lined accounting effect, the EMA Rental Income would have increased by 6.3% or S$0.7 million from S$11.1 million for FY2015 to S$11.8 million for FY2016.
**Finance costs**

Finance costs increased by 31.6% or S$1.2 million to S$5.0 million in FY2016 compared to FY2015, due mainly to only one month of finance charge recorded in FY2015, in relation to the working capital loans of Bishan Outlets, as compared to a full year of finance charge recorded in FY2016.

**Net change in fair value of investment property**

Net change in fair value of investment property decreased by S$0.9 million in FY2016 compared to FY2015. This is to adjust for the straight-lined accounting for the EMA Rental Income.

**Tax credit**

Tax credit decreased from S$1.0 million in FY2015 to S$0.7 million in FY2016, due to lower profits resulting from higher finance costs.

**Total return for the year**

Total return for the year of S$8.3 million in FY2015 decreased by 6.0% or S$0.5 million to S$7.8 million for FY2016.
PROFIT FORECAST AND PROFIT PROJECTION

Statements contained in the Profit Forecast and Profit Projections section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in “Profit Forecast and Profit Projections” and are subject to certain risks and uncertainties which could cause actual results to differ materially from the forecast or projected results of Sasseur REIT. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of Sasseur REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser and the Issue Manager, the Joint Global Coordinators or the Joint Bookrunners and Underwriters or any other person, or that these results will be achieved or are likely to be achieved (see “Forward-looking Statements” and “Risk Factors” for further details). Prospective investors in the Units are cautioned not to place undue reliance on these forward-looking statements that are valid only as at the date of this Prospectus.

None of Sasseur REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser and the Issue Manager, the Joint Global Coordinators or the Joint Bookrunners and Underwriters guarantees the performance of Sasseur REIT, the repayment of capital or the payment of any distributions, or any particular return on theUnits. The forecast and projected yields stated in the following table are calculated based on:

- the Offering Price; and
- the assumption that the Listing Date is 1 March 2018.

Such yields will vary accordingly if the Listing Date is not 1 March 2018, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price.

The following table shows Sasseur REIT’s Statements of Total Return for the Forecast Period 2018 and the Projection Year 2019. The financial year end of Sasseur REIT is 31 December. The Profit Forecast and Profit Projection may be different to the extent that the actual date of issuance of Units is other than on 1 March 2018, being the assumed date of the issuance of Units for the Offering. The Profit Forecast and Profit Projection are based on the assumptions set out below and have been examined by the Reporting Accountant, being Ernst & Young LLP, and should be read together with the “Reporting Accountant’s Report on the Profit Forecast and Profit Projection” set out in Appendix A, as well as the assumptions and the sensitivity analysis set out in this section of this Prospectus.
## Forecast and Projected Statements of Total Return for Sasseur REIT

The forecast and projected statements of total return for Sasseur REIT are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2018</th>
<th>Projection Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1 March 2018 to 31 December 2018)</td>
<td>(1 January 2019 to 31 December 2019)</td>
</tr>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>99,971</td>
<td>119,966</td>
</tr>
<tr>
<td>Manager’s management fees</td>
<td>(5,920)</td>
<td>(8,181)</td>
</tr>
<tr>
<td>Trustee’s fee</td>
<td>(252)</td>
<td>(302)</td>
</tr>
<tr>
<td>Other trust expenses</td>
<td>(13,009)</td>
<td>(1,410)</td>
</tr>
<tr>
<td>Finance income</td>
<td>284</td>
<td>1,441</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(22,879)</td>
<td>(28,106)</td>
</tr>
<tr>
<td>Fair value adjustments to investment properties</td>
<td>(4,045)</td>
<td>4,045</td>
</tr>
<tr>
<td><strong>Total return for the period/year before tax</strong></td>
<td>54,150</td>
<td>87,453</td>
</tr>
<tr>
<td>Tax expenses</td>
<td>(16,923)</td>
<td>(22,365)</td>
</tr>
<tr>
<td><strong>Total return for the period/year after tax</strong></td>
<td><strong>37,227</strong></td>
<td><strong>65,088</strong></td>
</tr>
<tr>
<td>Total return after tax attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unitholders</strong></td>
<td><strong>37,227</strong></td>
<td><strong>65,088</strong></td>
</tr>
</tbody>
</table>

The reconciliation of the total return for the period/year after tax to the total return available for distribution to Unitholders is shown in the table below:

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2018</th>
<th>Projection Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1 March 2018 to 31 December 2018)</td>
<td>(1 January 2019 to 31 December 2019)</td>
</tr>
<tr>
<td></td>
<td>S$’000</td>
<td>S$’000</td>
</tr>
<tr>
<td>Total return attributable to Unitholders but before distribution adjustments</td>
<td>37,227</td>
<td>65,088</td>
</tr>
<tr>
<td>Distribution adjustments(^{(1)})</td>
<td>21,976</td>
<td>9,372</td>
</tr>
<tr>
<td><strong>Total return available for distribution to Unitholders</strong></td>
<td><strong>59,203</strong></td>
<td><strong>74,460</strong></td>
</tr>
<tr>
<td>Total return available for distribution to Unitholders (without the Entrusted Management Agreements)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>48,339</td>
<td>74,424</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2018</th>
<th>Projection Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1 March 2018 to 31 December 2018)</td>
<td>(1 January 2019 to 31 December 2019)</td>
</tr>
<tr>
<td>Weighted average number of Units in issue ('000)(^{(2)})</td>
<td>1,183,980</td>
<td>1,192,333</td>
</tr>
<tr>
<td>Distribution per Unit (S$)</td>
<td>0.05</td>
<td>0.06</td>
</tr>
<tr>
<td>Offering Price (S$/Unit)</td>
<td>0.80</td>
<td>0.80</td>
</tr>
<tr>
<td>Distribution yield (%)</td>
<td>7.5(^{(3)})</td>
<td>7.8</td>
</tr>
<tr>
<td>Distribution yield (without the Entrusted Management Agreements) (%)</td>
<td>6.1(^{(3)})</td>
<td>7.8</td>
</tr>
</tbody>
</table>

In the absence of the Entrusted Management Agreements (see “Certain Agreements Relating to Sasseur REIT and the Properties – Master Entrusted Management” and “Certain Agreements Relating to Sasseur REIT and the Properties – Individual Entrusted Management Agreements” for further details), the DPU and the distribution yield would be S$0.04 and 6.1%\(^{(3)}\) for the Forecast Period 2018, respectively, and S$0.06 and 7.8% for the Projection Year 2019, respectively.
Notes:

(1) Comprises 100.0% of the Manager’s management fees payable or to be paid in Units for the Forecast Period 2018 and Projection Year 2019, amortisation of upfront debt-related transaction costs, straight lining rental adjustment, fair value adjustments to investment properties, statutory reserves, transaction costs attributable to the Units held by the Sponsor Group that are expensed in Forecast Period 2018 and deferred taxes. It is assumed that there will be a time lag in the repatriation of dividend from the PRC Property Companies following the end of each financial year, due to the time that may be required for tax and regulatory clearance in the PRC. However, the actual time required may vary on a case-by-case basis. Notwithstanding this, any such time lag would not impact Sasseur REIT’s ability to make distributions to Unitholders as Sasseur REIT would be able to draw down on additional secured facilities as an interim measure to cover any difference as a result of the time lag, where required.

(2) Includes the increase in number of Units in issue as a result of the assumed payment of 100% of the Manager’s management fees for the relevant period in the form of Units, which are assumed to be issued at the Offering Price.

(3) Presented on an annualised basis, and based on the Offering Price and the accompanying assumptions in the Prospectus.

ASSUMPTIONS

The Manager has prepared the Profit Forecast and Profit Projection on the following assumptions. The Manager considers these assumptions to be appropriate and reasonable as at the date of this Prospectus. However, investors should consider these assumptions as well as the Profit Forecast and Profit Projection and make their own assessment of the future performance of Sasseur REIT.

EMA Rental Income of Each Property

The forecast and projected contributions of the four Properties to EMA Rental Income are as follows:

<table>
<thead>
<tr>
<th>Contribution to EMA Rental Income</th>
<th>Forecast Period 2018</th>
<th>Projection Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$’000</td>
<td>%</td>
</tr>
<tr>
<td>Chongqing Outlets(1)(5)</td>
<td>44,183</td>
<td>44</td>
</tr>
<tr>
<td>Bishan Outlets(2)(5)</td>
<td>9,023</td>
<td>9</td>
</tr>
<tr>
<td>Hefei Outlets(3)(5)</td>
<td>28,011</td>
<td>28</td>
</tr>
<tr>
<td>Kunming Outlets(4)(5)</td>
<td>18,754</td>
<td>19</td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>99,971</td>
<td>100</td>
</tr>
</tbody>
</table>

Notes:

(1) Comprises the accounting impact relating to the straight line effect of EMA Rental Income. Without the accounting impact, the EMA Rental Income will be S$43.5 million for Forecast Period 2018 and S$53.7 million for Projection Year 2019.

(2) Comprises the accounting impact relating to the straight line effect of EMA Rental Income. Without the accounting impact, the EMA Rental Income will be S$8.6 million for Forecast Period 2018 and S$11.2 million for Projection Year 2019.

(3) Comprises the accounting impact relating to the straight line effect of EMA Rental Income. Without the accounting impact, the EMA Rental Income will be S$26.3 million for Forecast Period 2018 and S$35.3 million for Projection Year 2019.

(4) Comprises the accounting impact relating to the straight line effect of EMA Rental Income. Without the accounting impact, the EMA Rental Income will be S$17.5 million for Forecast Period 2018 and S$23.8 million for Projection Year 2019.

(5) In accordance with Singapore Financial Reporting Standards, the fixed and/or guaranteed total lease income under an operating lease shall be recognised as rental income on a straight-line basis. This means that the rental income is evenly spread over the lease period, such that the rental income recognised is constant from month to month over the period of the lease.

EMA Rental Income

The EMA Rental Income received or receivable from the Entrusted Manager is stipulated under the Entrusted Management Agreements and is derived from the rental income from tenants (see “Certain Agreements Relating to Sasseur REIT and the Properties – Master Entrusted
Management” and “Certain Agreements Relating to Sasseur REIT and the Properties – Individual Entrusted Management Agreements” for further details). The EMA Rental Income consists of (i) EMA Resultant Rent, which is the sum of fixed component and variable component, subject to a Minimum Rent arrangement on the portfolio level, and (ii) performance sharing as described below. The Minimum Rents for Forecast Period 2018 and Projection Year 2019 amount to RMB 472.9 million (S$95.9 million equivalent) and RMB 611.4 million (S$124.0 million equivalent), respectively, which is equivalent to the EMA Rental Income (without the accounting impact relating to the straight line effect of the EMA Rental Income). Pursuant to the terms of the Entrusted Management Agreements, in the event that the Properties’ EMA Resultant Rent falls below the Minimum Rent, Sasseur REIT shall be entitled to receive the shortfall. The Minimum Rent condition will fall away if the Initial Portfolio achieves the Minimum Rent for two consecutive years commencing from Forecast Period 2018. The Minimum Rent from FY2020 onwards (if applicable) shall be equivalent to the Projection Year 2019 Minimum Rent.

**EMA Rental Income comprises:**

**EMA Resultant Rent**

- **Fixed Component**

  The Fixed Component is expected to contribute not more than 70% of the EMA Resultant Rent for Forecast Period 2018 with an annual step-up of 3% over the term of the Entrusted Management Agreements.

- **Variable Component**

  The Variable Component for each property will be pegged to a percentage of their respective total sales in accordance with the following percentages:

<table>
<thead>
<tr>
<th>Property</th>
<th>Variable Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chongqing Outlets</td>
<td>4.0% of total sales</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>4.5% of total sales</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>5.5% of total sales</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>5.0% of total sales</td>
</tr>
</tbody>
</table>

**Performance Sharing**

The performance sharing is based on the differential between the Gross Revenue and EMA Resultant Rent and after deducting the EM Base Fee, and shall be derived in the following manner:

\[
\text{Performance sharing} = 40.0\% \times ((\text{Gross Revenue} - \text{EMA Resultant Rent}) - \text{EM Base Fee})
\]

For the avoidance of doubt, where the EM Base Fee is less than 30.0% of Gross Revenue and/or where the performance sharing is equal to or less than zero, Sasseur REIT shall not be entitled to receive any performance sharing, as the case may be.

For the avoidance of doubt, the performance sharing is equal to the residual amount from the Gross Revenue, after deducting the EMA Resultant Rent, EM Base Fee and EM Performance Fee.

**Sales**

Forecast sales for the Forecast Period 2018 and the Projection Year 2019 are based on the Sponsor’s experience in more mature and stabilised outlets, the historical total sales growth rate and growth trajectories of Chongqing Outlets (from 2008 to 2016) and Bishan Outlets (from 2014 to 2016), the projected occupancy rates for the Properties, as well as the Manager’s analysis of
market supply and demand conditions, competitive landscape and other factors such as expected changes in demographics in the catchment area and planned public transportation development works that would impact and support the outlets’ business. The Manager has also considered the sales growth rate forecast in the Independent Market Research Report on the PRC outlet industry, the sales growth rate assumptions used by the Independent Valuers in their valuation of the Properties, the estimated rate of inflation in each city where the Properties are located, the outlook for the general economy, including projected GDP growth rates, urbanisation rates and the outlook for retail market.

In general, newer outlet malls are expected to enjoy higher sales growth rates as they start from lower sales recorded. As an outlet mall matures, its sales is expected to stabilise and consequently, its sales growth rate is expected to be relatively lower.

According to the Independent Market Research Consultant, the life cycle of China’s outlets can be divided into three stages: a ramp-up stage, a pre-mature stage, and a mature stage. The first three years since the establishment of a new outlet usually marks the ramp-up stage. During this stage, the outlets usually experience fast growth in terms of sales revenue. After that, from year 4 to year 7, the outlets enter into a pre-mature stage when the growth of sales revenue gradually slows down but remains at a relatively high growth rate. From year 8 and thereafter, the outlets become mature and sales revenue should stabilise and grow at approximately 5% to 15% annually.

### Life Cycle of China’s Outlets

<table>
<thead>
<tr>
<th>Life cycle</th>
<th>Ramp-up stage</th>
<th>Pre-mature stage</th>
<th>Mature stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation years</td>
<td>Year 1</td>
<td>Year 2</td>
<td>Year 3</td>
</tr>
<tr>
<td>Sales growth</td>
<td>NA</td>
<td>Above 30%</td>
<td>Above 30%</td>
</tr>
</tbody>
</table>


The assumed total sales growth rate for each of the Properties is based on the following considerations:

(A) Chongqing Outlets

According to the Independent Market Research Consultant, Chongqing Outlets has delivered strong and continued growth in sales, with historical sales growth rates ranging from 33% in 2012 (Year 5) to 6% in 2016 (Year 9). Chongqing Outlets is in a position to select brands to set up shops on its premise and retain or replace tenants based on their sales performance. As Chongqing Outlets matures, it is expected that sales growth will remain at a steady and sustainable rate for the foreseeable future, which the Manager estimates to be around 3% to 5%.

(B) Bishan Outlets

According to the Independent Market Research Consultant, Bishan Outlets achieved an increase in sales for three consecutive years, with historical sales growth rates ranging from 35% in 2015 (Year 2) to 18% in 2016 (Year 3). As the first mover in the Bishan outlet market, Bishan Outlets stays at the forefront of the outlets scene in Bishan. It is expected that the increase in sales will accelerate in the next few years after the strategic marketing
adjustment and construction of new spaces and the Manager has estimated the sales growth rate to be approximately 20%, which is within the range of Bishan Outlets’ historical growth rate of 18% to 35%.

(C) Hefei Outlets

According to the Independent Market Research Consultant, as a first mover, Hefei Outlets is able to enjoy a large catchment market and attracts consumers not only from Hefei, but also from surrounding cities. The Manager has assumed for Hefei Outlets a similar growth trajectory to Chongqing Outlets and Bishan Outlets, both of which had historical sales growth rates ranging from 33% to 35% in the ramp-up stage. As Hefei Outlets commenced operations in May 2016 and the initial ramp-up period usually takes three years or maybe up to five years, the sales growth rate is expected to be high in 2018 (Year 3) to 2019 (Year 4), which the Manager estimates to be around 30% to 35%.

(D) Kunming Outlets

According to the Independent Market Research Consultant, as the first mover in Taiping New City, Kunming Outlets remains competitive in the market, with a high initial occupancy rate, and with its commission rate at a competitive and reasonable level within the market. The Manager has assumed for Kunming Outlets a similar growth trajectory to Chongqing Outlets and Bishan Outlets, both of which had historical sales growth rates ranging from 33% to 35% in the ramp-up stage. As Kunming Outlets commenced operations in December 2016 and the initial ramp-up period usually takes three years or maybe up to five years, the sales growth rate is expected to be high in 2018 (Year 2) to 2019 (Year 3), which the Manager has estimated to be around 35% to 40%.

The total sales growth rate by Property for the Forecast Period 2018 and Projection Year 2019 are set out below:

<table>
<thead>
<tr>
<th>Total Sales Growth Rate</th>
<th>Forecast Period</th>
<th>Projection Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>2019</td>
</tr>
<tr>
<td>Chongqing Outlets</td>
<td>7.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>16.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>50.0</td>
<td>30.0</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>55.5</td>
<td>35.0</td>
</tr>
<tr>
<td><strong>Initial Portfolio</strong></td>
<td><strong>21.9</strong></td>
<td><strong>15.7</strong></td>
</tr>
</tbody>
</table>

Note:

<sup>(1)</sup> Sales growth rate is computed based on projected annual sales for 2018.
The total sales by Property for the Forecast Period 2018 and Projection Year 2019 are set out below:

<table>
<thead>
<tr>
<th>Property</th>
<th>Total Sales Forecast Period 2018</th>
<th>Projected Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$’000</td>
<td>%</td>
</tr>
<tr>
<td>Chongqing Outlets</td>
<td>362,069</td>
<td>52.6</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>60,243</td>
<td>8.8</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>152,891</td>
<td>22.2</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>112,880</td>
<td>16.4</td>
</tr>
<tr>
<td><strong>Initial Portfolio</strong></td>
<td><strong>688,083</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Comparison of Total Sales, Gross Revenue, EMA Rental Income and EM Fees**

<table>
<thead>
<tr>
<th>Property</th>
<th>Forecast Period 2018</th>
<th>Projection Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$’000</td>
<td>S$’000</td>
</tr>
<tr>
<td>Initial Portfolio</td>
<td>688,083</td>
<td>955,643</td>
</tr>
<tr>
<td>Total Sales</td>
<td>688,083</td>
<td>955,643</td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>110,577</td>
<td>161,163</td>
</tr>
<tr>
<td>EMA Rental Income(^{(1)})</td>
<td>95,926</td>
<td>124,011</td>
</tr>
<tr>
<td>EM Fees</td>
<td>14,651</td>
<td>37,153</td>
</tr>
</tbody>
</table>

**Note:**

\(^{(1)}\) The EMA Rental Income is without the accounting impact relating to the straight line. With the straight lining effect, the EMA Rental Income will be S$100.0 million for Forecast Period 2018 and S$120.0 million for Projection Year 2019.

**Lease Renewals and Vacancy Allowance**

(A) **Chongqing Outlets**

For Chongqing Outlets’ leases which are expiring in the Forecast Period 2018 and Projection Year 2019 (comprising 41.1% and 5.8% of NLA as at 30 September 2017, respectively), 100% of these leases will either be renewed or replaced with minimal vacancy allowance of approximately 4 weeks.

(B) **Bishan Outlets**

For Bishan Outlets’ leases which are expiring in the Forecast Period 2018 and the Projection Year 2019 (comprising 42.4% and 14.5% of NLA as at 30 September 2017, respectively), 100% of these leases will be either be renewed or replaced with minimal vacancy allowance of approximately 4 weeks.

(C) **Hefei Outlets**

For Hefei Outlets' leases which are expiring in the Forecast Period 2018 and Projection Year 2019 (comprising 22.0% and 38.8% of NLA as at 30 September 2017, respectively), 100% of these leases are expected to be either be renewed or replaced with minimal vacancy allowance of approximately 4 weeks.
(D) Kunming Outlets

For Kunming Outlets’ leases which are expiring in the Forecast Period 2018 and Projection Year 2019 (comprising 10.9% and 51.0% of NLA as at 30 September 2017, respectively), 100% of these leases are expected to be either be renewed or replaced with minimal vacancy allowance of approximately 4 weeks.

**Occupancy Rate**

The occupancy rate as at 30 September 2017 and the estimates of the average occupancy rates for the Forecast Period 2018 and the Projection Year 2019 for the Properties are as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Occupancy Rate as at 30 September 2017</th>
<th>Average Occupancy Rate for Forecast Period 2018</th>
<th>Average Occupancy Rate for Projection Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chongqing Outlets</td>
<td>96.0%</td>
<td>99.0%</td>
<td>99.0%</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>85.6%</td>
<td>86.0%</td>
<td>95.0%</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>93.3%</td>
<td>95.0%</td>
<td>97.0%</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>90.7%</td>
<td>93.0%</td>
<td>95.0%</td>
</tr>
<tr>
<td><strong>Initial Portfolio</strong></td>
<td><strong>91.8%</strong></td>
<td><strong>93.3%</strong></td>
<td><strong>96.5%</strong></td>
</tr>
</tbody>
</table>

**Capital Expenditure**

Capital expenditure is expected to be capitalised as part of the Deposited Property. The Manager has forecast minimal capital expenditure for the Forecast Period 2018 and Projection Year 2019, given that three out of four of the Properties are relatively new.

**Manager’s management fees**

The Manager is entitled under the Trust Deed to management fees comprising the base fee and performance fee as follows:

(a) A base fee not exceeding the rate of 10.0% per annum of the Distributable Income; and

(b) A performance fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding full financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding full financial year, notwithstanding that the DPU in such financial year in which the performance fee is payable may be less than the DPU in the financial year prior to any preceding full financial year.

No Performance Fee is payable for the Forecast Period 2018. The Performance Fee for Projection Year 2019 is assumed to be based on the difference between the projected DPU in Projection Year 2019 and the forecasted DPU in Forecast Period 2018.

The Manager has elected to receive 100.0% of the Base Fee for the period from the Listing Date to 31 December 2018 and Projection Year 2019 and 100.0% of the Performance Fee in the form of Units for Projection Year 2019. For the avoidance of doubt, there will be no Performance Fee payable for the period from the Listing Date to 31 December 2018. Management fees payable in the form of Units shall be payable quarterly (in relation to the Base Fee) and every Financial Year (in relation to the Performance Fee) in arrears and the Manager has assumed that such Units are issued at the Offering Price.
Trustee’s Fee

The Trustee’s fees shall not exceed 0.1% per annum of the value of the Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The Trustee’s fee is accrued daily and paid monthly in arrears in accordance with the Trust Deed.

The actual fee payable within the permitted limit will be determined between the Manager and the Trustee from time to time. The Trustee will also be paid a one-time inception fee as may be agreed between the Trustee and the Manager, subject to a maximum of S$60,000.

Any increase in the rate of remuneration of the Trustee above the permitted limit or any change in the structure of the remuneration of the Trustee shall be approved by an Extraordinary Resolution at a Unitholders’ meeting duly convened and held in accordance with the provisions of the Trust Deed.

Other Trust Expenses

Other trust expenses consist of audit, legal and tax advisory fees, valuation fees, annual listing fees, registry and depository charges, printing and stationery costs, transaction costs of listing units, costs associated with the preparation of annual reports, investor relations costs and other miscellaneous expenses.

Finance Costs

Finance costs consist of interest expense incurred on amounts drawn down on the Facilities and amortisation of debt issuance costs relating to the Facilities obtained from the Lenders. Sasseur REIT has put in place the Onshore Facilities and Offshore Facility of RMB 1,960 million (S$395 million equivalent) and S$125 million respectively, with loan tenures of three to five years’ term.

Tax Expenses

This relates to PRC income tax, deferred tax and PRC withholding tax.

PRC Withholding Tax

This relates to PRC dividend withholding tax. For Forecast Period 2018, the withholding tax rate on dividend received from the PRC Property Companies is assumed to be 10.0%. Dividend received from the PRC Property Companies in Projection Year 2019 is assumed to be subject to the reduced withholding tax rate of 5.0% under the PRC-Singapore DTA (as defined herein) / Mainland–Hong Kong Arrangement (as defined herein) on the basis that exceptions under Public Notice 9 could potentially apply (see “Taxation – PRC Taxation – Withholding Tax” and “Risk Factors – Risks Relating to PRC – The HK Holding Companies may not be able to benefit from the reduced dividend withholding tax (“WHT”) rate provided under the tax treaty between the PRC and Singapore or the tax treaty between the PRC and Hong Kong.”).
For the purpose of the Profit Forecast and Profit Projection, the PRC dividend withholding tax has not been provided for the PRC Property Companies of Chongqing Outlets and Hefei Outlets for the Forecast Period 2018 and Projection Year 2019, as the PRC Property Companies of Chongqing Outlets and Hefei Outlets are assumed to be declaring zero dividend, in view of the following limitations:

- Restrictions on the remittance of RMB into and out of the PRC (see “Risk Factors – Risks Relating to PRC – RMB is not freely convertible and there are significant restrictions on the remittance of RMB into and out of the PRC, and the ability of the PRC Property Companies to make distributions to the Singapore Holdco may be subject to future limitations imposed by the PRC government.” for further details);

- Certain PRC regulatory requirements such as the statutory surplus reserves, which reduce the amount of dividends that could be declared by the PRC Property Companies; and

- Accumulated losses in some of the PRC Property Companies and their respective holding companies. These have to be made good before dividends can be distributed.

To ensure a steady stream of stable distributions and to maximise unitholders’ return, the Manager expects to draw down on additional secured facilities to facilitate distributions at the Sasseur REIT level and overcome the above limitations for the initial years.

**Statutory Surplus Reserve**

According to Article 166 of the Company Law of PRC, a 10% appropriation to the statutory surplus reserve (the “Statutory Surplus Reserve”) based on the annual profits of the company after paying income tax, is required until the balance reaches 50% of the registered capital of the company, above which further appropriations are not required by the regulations. As at the Latest Practicable Date, the balance for the statutory surplus reserve for each of the PRC Property Companies has not reached 50% of the registered capital of the respective PRC Property Companies. As such, this would affect the amount of cash available for distribution by the PRC Property Companies as a PRC company can distribute dividends only to the extent of the amount of its retained earnings/accounting profits, after setting aside cash to ensure that the statutory surplus reserves meet 50% of the registered capital of the respective PRC Property Companies. (See “Risk Factors – Risks Relating to an Investment in Real Estate – Sasseur REIT’s ability to make distributions to Unitholders is dependent on many factors, including the financial position of Sasseur REIT as a whole and the application of and interpretation of PRC laws and regulations.” for further details.)

Article 217 of the Company Law of PRC also provides that this law shall apply to foreign-invested limited companies or foreign-invested companies limited by shares. However, where PRC laws relating to foreign investments have other stipulations, such PRC laws relating to foreign investments shall prevail.

According to Article 168 of the Company Law of PRC, the Statutory Surplus Reserve is restricted in use and can be used to make good previous years' losses, expand the company's production and operation, increase the capital of the company, if any, or may be converted into share capital by the issuance of new shares to stockholders in proportion to their existing shareholdings, or by increasing the par value of the shares currently held by them, provided that the reserve balance after such issue is not less than 25% of the authorised share capital of the company. The Statutory Surplus Reserve is not distributable in the form of cash dividends.
Foreign Exchange Rates

The Manager has assumed the following exchange rates for the Profit Forecast and Profit Projection.

<table>
<thead>
<tr>
<th>Forecast Exchange Rate</th>
<th>Forecast Period 2018</th>
<th>Projection Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB/SGD</td>
<td>4.930</td>
<td>4.930</td>
</tr>
</tbody>
</table>

Properties

The implied acquisition price of the Properties is approximately RMB 6,780.7 million. For the purposes of the Profit Forecast and Profit Projection, the Manager has assumed that there is no change in the carrying amount of the Properties.

Accounting Standards

Significant accounting policies adopted by the Manager in the preparation of the Profit Forecast and Profit Projection are set out in “Appendix C – Unaudited Pro Forma Financial Information”. The Manager assumed that there is no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the Profit Forecast and Profit Projection.

Other Assumptions

The Manager has made the following additional assumptions in preparing the Profit Forecast and Profit Projection:

- the initial property portfolio of Sasseur REIT remains unchanged for Forecast Period 2018 and Projection Year 2019;
- no further capital will be raised during Forecast Period 2018 and Projection Year 2019;
- the loan facilities are available for Forecast Period 2018 and Projection Year 2019;
- there will be no change in the tax legislation or other applicable legislation for Forecast Period 2018 and Projection Year 2019;
- all lease agreements in relation to the Properties will be performed in accordance with their terms during Forecast Period 2018 and Projection Year 2019;
- there will be no significant pre-termination of existing or expected leases; and
- 100.0% of Sasseur REIT’s available income for distribution to Unitholders is distributed for Forecast Period 2018 and Projection Year 2019.
SENSITIVITY ANALYSIS

The forecast and projected distributions included in this Prospectus are based on a number of assumptions that have been outlined above. The forecast and projected distributions are also subject to a number of risks as set out in “Risk Factors”.

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast or projected in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the Forecast Period 2018 and Projection Year 2019, a series of tables demonstrating the sensitivity of the distribution yield to changes in the principal assumptions are set out below.

The sensitivity analyses are intended only as a guide. Variations in actual performance could exceed the ranges shown. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

EMA Rental Income

Changes in the EMA Rental Income will impact the total return of Sasseur REIT and consequently, the distribution income of Sasseur REIT. The assumptions for EMA Rental Income have been set out earlier in this section. The effect of variations in the EMA Rental Income on the distribution yield of Sasseur REIT are set out below:

<table>
<thead>
<tr>
<th>Distribution yield pursuant to changes in EMA Rental Income (%)</th>
<th>Based on the Offering Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Forecast Period 2018</td>
</tr>
<tr>
<td>5.0% above base case</td>
<td>7.9</td>
</tr>
<tr>
<td><strong>Base case</strong></td>
<td>7.5</td>
</tr>
<tr>
<td>5.0% below base case</td>
<td>7.5</td>
</tr>
</tbody>
</table>

Finance Costs

Changes in finance costs affect the total return of Sasseur REIT and consequently, the distribution income of Sasseur REIT. The Manager has assumed the effective weighted average finance costs to be approximately 5.9% per annum and 4.0% per annum for onshore and offshore loans respectively. The effect of variations in the finance costs on the distribution yield of Sasseur REIT are set out below:

<table>
<thead>
<tr>
<th>Distribution yield pursuant to changes in Finance Costs (%)</th>
<th>Based on the Offering Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Forecast Period 2018</td>
</tr>
<tr>
<td>25 basis points increase in the applicable interest rate above base case</td>
<td>7.4</td>
</tr>
<tr>
<td><strong>Base case</strong></td>
<td>7.5</td>
</tr>
<tr>
<td>25 basis points decrease in the applicable interest rate below base case</td>
<td>7.6</td>
</tr>
</tbody>
</table>

1 The distribution yield is the same as that in the base case as a result of the Minimum Rent.
2 Presented on an annualised basis, and based on the Offering Price and the accompanying assumptions in the Prospectus.
Finance Income

Changes in finance income affect the total return of Sasseur REIT and consequently, the distribution income of Sasseur REIT. The assumptions for finance income have been set out earlier in this section. The effect of variations in the finance income on the distribution yield of Sasseur REIT are set out below:

<table>
<thead>
<tr>
<th>Distribution yield pursuant to changes in Finance Income (%)</th>
<th>Based on the Offering Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 basis points increase in the applicable interest rate above base case</td>
<td>7.5</td>
</tr>
<tr>
<td><strong>Base case</strong></td>
<td>7.5</td>
</tr>
<tr>
<td>25 basis points decrease in the applicable interest rate below base case</td>
<td>7.5</td>
</tr>
</tbody>
</table>

**PRC Withholding Tax**

This relates to the PRC dividend withholding tax. For Forecast Period 2018, the withholding tax rate on dividend received from the PRC Holding Companies and Bishan PRC Property Company is assumed to be 10.0%. Dividend received from the PRC Holding Companies and Bishan PRC Property Company in Projection Year 2019 is assumed to be subject to the reduced withholding tax rate of 5.0% under the PRC-Singapore DTA (as defined herein) / Mainland–Hong Kong Arrangement (as defined herein) on the basis that exceptions under Public Notice 9 could potentially apply (see “Taxation – PRC Taxation – Taxation of PRC Property Companies – Withholding Tax” and “Risk Factors – Risks Relating to PRC – The HK Holding Companies may not be able to benefit from the reduced dividend withholding tax (“WHT”) rate provided under the tax treaty between the PRC and Singapore or the tax treaty between the PRC and Hong Kong.”).

The effect of the assumptions on PRC withholding tax on the distribution yield of Sasseur REIT are set out below:

<table>
<thead>
<tr>
<th>Distribution yield pursuant to assumptions on PRC withholding tax</th>
<th>Based on the Offering Price</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base case</strong></td>
<td>7.5</td>
</tr>
<tr>
<td>PRC withholding tax of 10.0%</td>
<td>7.5</td>
</tr>
</tbody>
</table>

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1 Presented on an annualised basis, and based on the Offering Price and the accompanying assumptions in the Prospectus.
Exchange Rate

Changes in the exchange rate for Renminbi to Singapore dollars will impact the Distributable Income of Sasseur REIT and consequently, the distribution yield of Sasseur REIT, as the distributions are paid in Singapore dollars. The effect of variations in foreign rates on the distribution yield of Sasseur REIT are set out below:

<table>
<thead>
<tr>
<th>Distribution yield pursuant to changes in Exchange Rate (%)</th>
<th>Based on the Offering Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast Period 2018</td>
<td>Projection Year 2019</td>
</tr>
<tr>
<td>5% S$ appreciation</td>
<td>7.1</td>
</tr>
<tr>
<td>Base case</td>
<td>7.5</td>
</tr>
<tr>
<td>5% S$ depreciation</td>
<td>7.9</td>
</tr>
</tbody>
</table>

1 Presented on an annualised basis, and based on the Offering Price and the accompanying assumptions in the Prospectus.
STRATEGIES

INVESTMENT STRATEGY

Sasseur REIT is the first outlet mall REIT to be listed in Asia with an Initial Portfolio located in the PRC. Sasseur REIT’s investment mandate is to invest, 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 connection with the foregoing purposes, with an initial focus on Asia.

In accordance with the requirements of the Listing Manual, the Manager’s investment mandate for Sasseur REIT will be adhered to for at least three years following the Listing Date. The Manager’s investment mandate for Sasseur REIT may only be changed within three years from the Listing Date if an Extraordinary Resolution is passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

KEY OBJECTIVES

The Manager’s key objectives are to provide Unitholders with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in DPU and NAV per Unit, while maintaining an appropriate capital structure for Sasseur REIT.

KEY STRATEGIES

The Manager plans to achieve its key objectives through the following strategies:

• **Active asset management and asset enhancement strategy** – The Manager intends to, where appropriate, work closely with the Entrusted Manager, to proactively manage Sasseur REIT’s property portfolio and strive to achieve growth in revenue and Property Income and maintain optimal occupancy levels. In respect of properties acquired from third parties in the future, the Manager will also implement pro-active policies to improve the yields and seek suitable property enhancement opportunities to support and enhance organic growth.

• **Acquisition growth strategy** – The Manager will seek to achieve portfolio growth by pursuing selective acquisition opportunities of quality income-producing properties used mainly for retail outlet mall purposes initially in the PRC (including the potential pipeline under the Sponsor ROFR) and subsequently in other countries. Such acquisition opportunities would also be evaluated by the Manager according to the investment strategy of Sasseur REIT, to enhance the return to Unitholders and pursue opportunities for future income and capital growth.

• **Divestment strategy** – Where suitable market opportunities arise and subject to applicable laws and regulations, the Manager may divest properties of Sasseur REIT or part thereof to realise their optimal market potential and value.

• **Capital and risk management strategy** – The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions and asset enhancements, and utilise hedging strategies where appropriate from time to time to manage interest rate volatility and foreign exchange exposure for Sasseur REIT.
ACTIVE ASSET MANAGEMENT AND ASSET ENHANCEMENT STRATEGY

Given that each of the Properties in the Initial Portfolio is subject to the 10-year Entrusted Management Agreement with an option to renew for another 10 years, the Manager intends to meet its objective of increasing the yields and maximising returns from Sasseur REIT’s Initial Portfolio by continually enhancing and improving the Properties’ operational performance and attractiveness through one or more of the following strategies, where applicable:

- pro-actively monitoring the performance of the Entrusted Manager under the terms of the Entrusted Management Agreements;
- working closely with the Entrusted Manager to develop customised effective marketing plans for each Property. Each plan will focus on property-specific needs to maximise tenant interests and enhance the public profile and visibility with a view to increasing the value and appeal of the Properties and to maintain the long-term value of the Properties;
- working closely with the Entrusted Manager to increase the overall marketability and profile of the Properties to increase the prospective tenant base and improve the quality of tenant mix and tenant base; and
- collaborating with the Entrusted Manager in advancing renewal negotiations with the tenants in respect of the leases which are approaching expiry.

Improving rentals through growing sales while maintaining high occupancy rates

While the Properties continue to enjoy high occupancy levels, the Manager will work closely with the Entrusted Manager to actively manage brand relationships, tenancy mix, renewals and new leases to maintain high tenant retention levels for key brands that perform well in sales while bringing in new brands that can refresh offerings, support growth and minimise vacancy periods, through:

- establishing and working towards optimal rental benchmarks for each Property, with specific focus on growing and maximising sales and turnover rent of tenants in the properties;
- identifying tenants with poor sales performance and replacing such tenants with other prospective tenants for which there is better potential upside;
- actively monitoring tenant performance such as sales performance as well as any rental arrears to minimise defaults by tenants;
- constantly keeping abreast with consumer fashion trends and monitoring the brands list maintained by the Sponsor to ensure the tenants mix in the properties are constantly updated to cater to the captive consumer market;
- incorporating contractual periodic rental step-up provisions to enhance turnover rent and provide an additional source of organic growth;
- exploring and facilitating expansion or relocation needs of existing tenants in consultation with the Entrusted Manager; and
- promoting a strong branding for the properties or raising the profile of the Properties through proactive management of brand relationships, retail marketing strategies and mall positioning.
In respect of future properties in Sasseur REIT’s portfolio that are acquired from the Sponsor and its affiliates (including, without limitation, the ROFR Properties) or other properties that are acquired from third parties in the future, the Manager also intends to implement pro-active measures to enhance the returns from such future properties in Sasseur REIT’s portfolio. Such measures include:

- exploiting the economies of scale associated with operating a portfolio of outlet malls, for example, cross implementation of outlet mall leasing and management strategies; and

- leveraging and enhancing the properties’ competitive strengths to optimise Property Income and enhancement projects to maintain the competitive positioning of such properties.

The Manager will also work with the Entrusted Manager to implement appropriate advertising and promotional campaigns to reinforce the brand positioning of the properties in its portfolio and to increase and maintain high shopper traffic and shopper spending. Such marketing activities include, but are not limited to:

- raising the profile and public awareness of the properties through various festive promotions such as National Day, Christmas Day, Anniversary Celebration Carnival (周年庆) and New Year’s Day promotional events at the stores as well as collaborating with e-retailers to organise online promotions;

- organising various loyalty programmes and creating a shoppers’ database and community to stimulate spending and encourage repeat customers, with the intensive use of social media marketing;

- featuring shopping privileges in the retail outlet malls such as exclusive discounts and special deals for tourists; and

- actively implementing thematic promotional activities to improve shopper traffic and shopper expenditure, including the organisation of events such as fashion shows, seasonal food and beverage promotions, musical performances and community events throughout the year.

**Asset enhancement initiatives**

The Manager believes there are opportunities to improve the Properties and that it will be able to achieve increases in rental revenue and occupancy rates via proactive retrofitting and refurbishment works including upgrading of existing facilities and reconfiguring of existing spaces for other income-generating opportunities, thereby achieving better efficiency or higher rental potential. To the extent possible and permitted by law and regulations, the Manager, working with the Entrusted Manager, may:

- undertake addition and alteration works, including work carried out for the purpose of expanding size and capacity and store layout efficiency;

- seek to rationalise the use of space, create more leasable area, identify sub-optimal and ancillary areas that can be converted for higher returns, better marketability and/or improve building efficiency;

- enhance existing attractions or bring in a greater variety of programmes and exhibitions at the Properties to enhance customers’ experience and attract footfall; and

- create new proprietary and unique lifestyle experience to attract the core and rapidly growing middle class customer base that aspire and seek to enjoy new and special lifestyle activities, as well as outlet bargain shopping.
Notwithstanding that the Manager has forecast minimal capital expenditure for the Forecast Period 2018 and Projection Year 2019 due to the fact that three out of four of the Properties are relatively new. Notwithstanding the foregoing, the Manager may, where it deems necessary or desirable, undertake further asset enhancement initiatives on the Properties as well as the properties that Sasseur REIT may acquire in future, subject to the initiatives satisfying projected levels of feasibility and returns on investments, when the Properties become more mature.

ACQUISITION GROWTH STRATEGY

As the first outlet mall REIT to be listed in Asia, the Manager intends to utilise Sasseur REIT’s first mover advantage and acquire suitable properties with good investment characteristics in Asia or other parts of the world.

The Manager’s acquisition growth strategy is to identify and selectively pursue acquisition opportunities in quality income-producing properties used mainly for retail outlet mall purposes initially in the PRC (including the potential pipeline under the Sponsor ROFR) and subsequently in other countries.

The Manager’s acquisition growth strategy will be underpinned by:

*Sasseur REIT’s relationship with the Sponsor*

The Manager also intends to leverage on the Sponsor’s experience, market reach, network of contracts and track record in pursuing opportunities to evaluate and undertake appropriate acquisitions of assets that will provide attractive cash flows and yields relative to Sasseur REIT’s weighted average cost of capital, and opportunities for future income and capital growth. The Manager intends to leverage on existing relationships with tenants and sub-tenants within the Sponsor’s network to create new leasing opportunities and provide real estate solutions for tenants and sub-tenants, to satisfy the objectives of both Sasseur REIT and the prospective tenants as well as to pursue the growth strategy of Sasseur REIT.

In addition, Sasseur REIT will benefit from the Sponsor ROFR granted to Sasseur REIT which, subject to certain conditions, provides Sasseur REIT with access to potential future acquisitions and opportunities of income-producing real estate which are used primarily for retail outlet mall purposes, as well as real estate-related assets in relation to the foregoing. (See “Certain Agreements Relating to Sasseur REIT and the Properties – Sponsor Right of First Refusal” for further details.)

The Sponsor is obligated to sell its interests in the ROFR Properties to Sasseur REIT should it decide to divest its interest in any of the ROFR Properties, subject to any prior overriding obligations which they may have in relation to the ROFR Properties. The acquisition of the ROFR Properties is subject to Chapter 9 of the Listing Manual and may be required to be approved by Unitholders at the relevant time in accordance with Chapter 9 of the Listing Manual. (See “Business and Properties – ROFR Properties and Pipeline Properties” for more information on the ROFR Properties.)

In evaluating future acquisition opportunities whether from the Sponsor or from third parties, the Manager will seek acquisitions that may enhance the diversification of the portfolio by location and tenant profile, and optimise risk-adjusted returns to the Unitholders. The Manager believes it is well qualified to pursue its acquisition strategy as its management has extensive experience and a strong track record in sourcing, acquiring and financing commercial and/or commercial-related real estate assets in different markets. The management’s industry knowledge, relationships and access to market information provide a competitive advantage with respect to identifying, evaluating and acquiring commercial (and/or retail) real estate assets.
Investment criteria: Focused on maintaining portfolio quality and growth

In evaluating acquisition opportunities for Sasseur REIT, the Manager will focus primarily on the following investment criteria in relation to the property under consideration:

- **Impact on income distributions** – The Manager will seek to acquire retail and retail-related real estate assets that has the potential to provide returns above Sasseur REIT’s cost of capital, and are thereby expected to maintain or enhance Sasseur REIT’s DPU as well as provide future long-term growth prospects which are consistent with Sasseur REIT’s Initial Portfolio.

- **Yield requirements** – The Manager will seek to acquire properties with the ability to provide attractive long-term cash flows and yields above Sasseur REIT’s weighted average cost of capital, as well as with the potential for net asset growth.

- **Opportunities for creating value** – The Manager will also seek to acquire outlet malls or other retail and retail-related real estate assets that provide opportunities for creating value such as retail spaces or outlet or retail malls which have been under-managed or under-capitalised, or which offer expansion or enhancement opportunities.

- **Location** – The Manager will assess acquisition opportunities from the perspective of both the broader market and the location-specific aspects. The Manager will evaluate a range of location-related criteria including, but not necessarily limited to, ease of access, connectivity to major transportation hubs such as major expressways and thoroughfares, train stations, international airports and other public transportation networks, visibility of premises from the surrounding catchment markets, existing surrounding amenities and immediate presence and concentration of competitors, currently and in the near future.

- **Financial soundness** – The Manager will consider the property’s historical and forecasted cash flows, its ability to meet operational needs, its capital expenditure requirements, its lease or debt service obligations as well as its ability to provide a competitive return on investment to Sasseur REIT.

- **Asset enhancement potential** – The Manager will seek to acquire properties where there is potential to add value to the properties by increasing occupancy, through selective capital expenditure and/or other asset enhancement initiatives.

- **Building and facilities specification** – The Manager will endeavour to conduct thorough property due diligence and adhere strictly to the relevant quality specifications, with due consideration given to the size and age of the buildings, with respect to potential properties to be acquired by Sasseur REIT. These specifications will depend on the type of property and may change over time due to market developments and tenant demands. It will also ensure that the acquisition properties are in compliance with legal and zoning regulations. The properties will be assessed by independent experts relating to the structural soundness of the building, repairs, maintenance and capital expenditure requirements in the short-to medium-term.

- **Tenant mix and occupancy characteristics** – The Manager will seek to acquire properties with opportunities to increase rental and tenant retention rates relative to competing properties in the relevant markets. The properties should have a healthy occupancy with established tenants of good credit standing to minimise rental delinquency and turnover. A key consideration will be the impact of an acquisition on the entire portfolio's tenant, business sector and lease expiry profiles.
• **Lease profile** – The Manager will, where appropriate, focus on properties with good lease characteristics, including longer leases for more mature markets and shorter leases for markets in an up cycle so as to provide diversification and growth to the lease profile.

• **Land lease maturity** – The Manager will, where appropriate, focus on properties with longer underlying land lease terms in order to extend the underlying land lease maturity profile.

**DIVESTMENT STRATEGY**

The intention of the Manager is to hold the properties in Sasseur REIT’s portfolio on a long-term basis. However, where suitable opportunities arise, and subject to applicable laws and regulations, the Manager may also consider divesting properties of Sasseur REIT or part thereof to realise their optimal market potential and value.

In the long run, the Manager may also consider divesting mature and non-core properties which have reached a stage that affords limited growth for income growth in order to free up capital and reinvest proceeds towards better growth opportunities.

**CAPITAL AND RISK MANAGEMENT STRATEGY**

The Manager plans to optimise Sasseur REIT’s capital structure and cost of capital within the borrowing limits set out in the Property Funds Appendix and intends to employ a combination of debt and equity in financing acquisitions and asset enhancement initiatives.

The Manager will endeavour to:

• maintain a strong and robust balance sheet;
• secure diversified funding sources to access both financial institutions and capital markets;
• optimise its cost of debt financing and capital structure within the borrowing limits;
• adopt appropriate interest rate hedging strategies to manage risks related to interest rate and minimise exposure to market volatility; and
• utilise currency risk management strategies (including hedging) to minimise exposure to foreign exchange currency volatility.

The Manager intends to achieve the above by pursuing the following strategies:

• **Optimal capital structure strategy** – The Manager aims to optimise the capital structure and cost of capital, within the borrowing limits set out in the Property Funds Appendix. The Manager’s strategy of the management of capital involves adopting and maintaining appropriate Aggregate Leverage level to ensure optimal returns to Unitholders, while maintaining flexibility in respect of future capital expenditures or acquisitions. The Manager will endeavour to employ an optimal capital structure, comprising an appropriate mix of debt and equity in financing the acquisition of properties and asset enhancement activities of its properties.

The Manager will, in the event that Sasseur REIT incurs any future borrowings, periodically review Sasseur REIT’s capital management policy with respect to its Aggregate Leverage and modify the policy as its management deems prudent in light of prevailing market conditions. The Manager will endeavour to match the maturity of Sasseur REIT’s
indebtedness with the maturity of Sasseur REIT's investment assets, and to employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time.

As at the Listing Date, Sasseur REIT is expected to have borrowings of RMB 1,960.0 million from the Onshore Facilities and S$125.0 million from the Offshore Facility, with an Aggregate Leverage of approximately 31.2% based on the Offering Price.

- **Debt diversification strategy** – As and when appropriate, the Manager may consider diversifying its sources of debt financing in the future by way of accessing the public debt capital markets through the issuance of investment grade bonds to further enhance the debt maturity profile of Sasseur REIT.

- **Proactive interest rate management strategy** – The Manager may consider adopting a proactive interest rate management strategy to manage the risk associated with changes in interest rates on the loan facilities while also seeking to ensure that Sasseur REIT’s on-going cost of debt capital remains competitive. The Manager will also endeavour to utilise interest rate hedging strategies where appropriate from time to time to optimise risk-adjusted returns to Unitholders.

- **Currency risk management strategy** – The Manager endeavours to utilise currency risk management strategies where appropriate from time to time to minimise the impact of Sasseur REIT’s distributable income due to foreign exchange volatility, including the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge.

- **Other financing strategy** – The Manager will, in the future, consider other opportunities to raise additional equity capital for Sasseur REIT through the issue of new Units, for example, to finance acquisitions of properties. The decision to raise additional equity will also take into account the stated strategy of maintaining an optimal capital structure.
BUSINESS AND PROPERTIES

Unless otherwise specified, all information relating to the Properties in the Prospectus are as at 30 September 2017.

OVERVIEW

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

Sasseur REIT’s Initial Portfolio comprises four retail outlet malls strategically located in cities of economic potential in the PRC, with an aggregate NLA of approximately 304,573.1 sq m and an Appraised Value1 of approximately RMB 7.34 billion (equivalent to approximately S$1.50 billion based on an exchange rate of S$1.00: RMB 4.89) with the Entrusted Management Agreements and RMB 7.25 billion (equivalent to approximately S$1.48 billion based on an exchange rate of S$1.00: RMB 4.89) without the Entrusted Management Agreements, as at 30 September 2017. The Initial Portfolio consists of the following Properties:

- **Chongqing Outlets**

  Chongqing Outlets comprises five zones (namely Zones A, B, C, D and E) and 500 car park lots. Zones A to D consist of six floors above ground and one floor underground while Zone E consists of two floors above ground. Chongqing Outlets was designed and built to reflect an Italian architectural style, with carefully selected decorations such as fountains and floral designs, reflecting the Sponsor’s core value of “art inspired commerce”.

  Chongqing Outlets commenced operations in September 2008 and has since distinguished itself through an experiential shopping concept which targets middle and upper class consumers with higher disposable incomes. In addition to retail tenants whose products include apparel, shoes, bags, and suitcases, Chongqing Outlets houses a cinema, children recreational facilities as well as an array of restaurants. As at 30 September 2017, Chongqing Outlets features 414 stores, carrying approximately 600 brands, including a number of popular international luxury brands, such as Gucci, Ermenegildo Zegna, Salvatore Ferragamo, Hugo Boss, Max Mara, Bally, Armani, Coach and Michael Kors.

- **Bishan Outlets**

  Bishan Outlets is located in the Bishan District (璧山区) of Chongqing (重庆市) in the PRC and comprises three zones (namely Zones A, B and C) with four floors above ground and two floors underground in both Zones A and B, and three floors above ground and one floor underground in Zone C. It commenced operations in October 2014 and has 400 car park lots. The architectural style of Bishan Outlets was inspired by ancient Roman architecture and Italian towns, exuding an artistic influence. 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.

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1 “Appraised Value” refers to the aggregate of the average of the two independent valuations of each Property conducted by the Independent Valuers, and does not include the value of undeveloped land adjacent to Hefei Outlets and Kunming Outlets which are being held under the same Land Use Right Certificates issued to the respective PRC Property Companies of Hefei Outlets and Kunming Outlets, and which are proposed to be used for future expansion of the Properties.
As part of the “Super Outlet” business model adopted by the Sponsor, 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. As at 30 September 2017, Bishan Outlets features 213 stores, carrying approximately 350 brands, including wide selection of popular domestic brands as well as luxury brands such as Calvin Klein.

- **Hefei Outlets**

Hefei Outlets consists of four floors above ground and one floor underground in Zone A, five floors above ground and one floor underground in Zone B, and 1,566 car park lots. It commenced operations in May 2016 and is located in the High-Tech Industrial Development Zone, which is one of the PRC’s national high-tech industrial development zones.

Hefei Outlets caters to middle class consumers by offering a wide range of entertainment choices as well as luxury brand stores. According to the Independent Market Research Consultant, 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. As at 30 September 2017, Hefei Outlets features 283 stores, carrying approximately 450 brands, including Coach, Giorgio Armani and Givenchy.

- **Kunming Outlets**

Kunming Outlets comprises two buildings, namely Building 1 and Building 2A, and has 2,000 car park lots. Building 1 has four floors above ground and three floors underground, and Building 2A has five floors above ground and two floors underground. 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. It commenced operations in December 2016 and according to the Independent Market Research Consultant, it is the largest outlet mall (in terms of GFA) in the Yunnan province.

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. As at 30 September 2017, it features 209 stores, carrying approximately 350 brands.

**Entrusted Management Agreements in relation to the Initial Portfolio**

In respect of the Initial Portfolio, the Manager and the Trustee have entered into the Master Entrusted Management Agreement with the Sponsor on 1 March 2018, pursuant to which the Trustee and the Manager have agreed to appoint and the Sponsor, on behalf of its wholly-owned subsidiary, Sasseur Shanghai, has accepted the appointment of Sasseur Shanghai as the Entrusted Manager of the Properties. Under the terms of the Master Entrusted Management Agreement, each of the PRC Property Companies has entered into an Individual Entrusted Management Agreement on 1 March 2018 with the Entrusted Manager and the respective PRC Property Company, in respect of each of the Properties, whereby the Entrusted Manager will manage the end-to-end operations of the Properties for and on behalf of the PRC Property
Companies. The term of the Entrusted Management Agreements will be for 10 years commencing from the Listing Date, with an option to extend for another 10 years, subject to the terms of the Entrusted Management Agreements.

The Entrusted Manager shall have, among others, the following roles and responsibilities in respect of the Properties:

- take charge of the end-to-end operations of the Properties, including but not limited to (a) managing tenant relationships on behalf of the Manager as well as the tenant mix; (b) creating annual budgets and business plans including leasing plans, business strategies and objectives for the Manager; and (c) facilitating rental negotiations with the tenants of the Properties as well as monitoring the sales performance and records of the tenants and evaluating sales opportunities of prospective tenants;

- provide marketing services to the Properties, including but not limited to (a) conducting viewings of the Properties to market vacant units; (b) organising promotions and/or events at the Properties to attract local residents and tourists; (c) performing analyses of the PRC fashion and outlet mall market; (d) conducting market surveys to understand consumer preferences; (e) managing and maintaining the brands portfolio list to ensure that the list of tenants and prospective tenants is in line with the current fashion trends; (f) implementing pro-active marketing plans such as online-to-offline initiatives and customer loyalty programs to increase shopper traffic to the Properties (g) monitoring tenants’ inventories and where suitable, make recommendations to tenants to conduct sales and promotions to push and promote slow-moving inventory; and (h) stipulating average discount rates that are required to be met by the tenants throughout the year;

- manage and administer, on behalf of the PRC Property Companies, the sales collection of the tenants and other receipts associated with the operations of the Properties, including the collection of sales proceeds of the tenants, monthly payments of the balance sales proceeds (net of rentals and other charges) to the tenants, payments for expenses related to the Properties and relevant taxes. The Entrusted Manager’s responsibility for cash management will be subject to the Manager’s strict oversight and stringent control; and

- brand authentication, such as performing periodic checks on the products sold by the tenants in the Properties to ensure authenticity and prevent any trademark infringements.

Most of the tenants in the Properties enter into short term sales-based leases, whereby the rent is determined solely based on turnover instead of a fixed rent. For FY2016, more than 90.0% of the rental income from the Properties is pegged to tenants’ sales. As a result, in order to maximise rental income, the Properties require active management and close cooperation with the tenants to drive and maximise sales, thus the Entrusted Manager is uniquely qualified and suitable for the role, having managed outlet malls for nearly 10 years. In addition, as the Entrusted Manager has also managed the Properties since their commencement of operations, the Entrusted Manager will also be able to ensure continuity of existing operations in key areas, including tenant relationships and brand management.

Under the Entrusted Management Agreements, the Entrusted Manager is entitled to the Entrusted Management Fee in respect of its management of the Properties, which comprises the EM Base Fee and the EM Performance Fee.
The EM Base Fee shall be derived in the following manner and shall be payable monthly:

**EM Base Fee = Lower of:**

- 30% of Gross Revenue per annum; and
- Gross Revenue per annum – EMA Resultant Rent (as defined below).

The EM Performance Fee shall be based on the differential between the Gross Revenue and EMA Resultant Rent and after deducting the EM Base Fee and shall be payable annually and derived in the following manner:

**EM Performance Fee = 60% X ((Gross Revenue – EMA Resultant Rent) – EM Base Fee)**

Under the Entrusted Management Agreements, the Entrusted Manager will ensure that Sasseur REIT receives for each financial year (the “**EMA Resultant Rent**”), payable monthly, which shall be the sum of a fixed component (the “**Fixed Component**”) and a variable component (the “**Variable Component**”). The Fixed Component for each of the Property for Forecast Period 2018 has been determined as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Fixed Component (RMB million)</th>
<th>EMA Resultant Rent (RMB million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chongqing Outlets</td>
<td>142.9</td>
<td>214.3</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>29.2</td>
<td>42.5</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>88.4</td>
<td>129.9</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>58.4</td>
<td>86.2</td>
</tr>
</tbody>
</table>

For Forecast Period 2018, the Fixed Component is expected to contribute not more than 70% of the EMA Resultant Rent. This Fixed Component has been determined by the Manager and Sponsor taking into account the forecast Gross Revenue and Property Income of each of the Properties for Forecast Period 2018, and their respective contributions to the forecast EMA Resultant Rent for Forecast Period 2018. To ensure that Sasseur REIT receives an EMA Resultant Rent with a certain level of stability, the Fixed Component has been fixed at not more than 70% of the EMA Resultant Rent for Forecast Period 2018. Beyond Forecast Period 2018, the Fixed Component shall increase at an escalation rate of 3.0% per annum, in line with inflationary expectation.

For Forecast Period 2018, the aggregate Variable Component is expected to contribute not less than 30% of the EMA Resultant Rent. The Variable Component has been determined by the Manager and Sponsor, taking into account the maturity as well as the respective forecast sales of each Property. In this respect, the Variable Component for each Property will be pegged to a percentage of their respective total sales in accordance with the following percentages:

- 4.0% of total sales with respect to Chongqing Outlets;
- 4.5% of total sales with respect to Bishan Outlets;
- 5.5% of total sales with respect to Hefei Outlets; and
- 5.0% of total sales with respect to Kunming Outlets.
An illustration of the EM Base Fee, the EM Performance Fee and the EMA Resultant Rent as a proportion of the Gross Revenue is set out below:

- Gross Revenue ("GR") = Total rental receivable + Income from permissible investments
- EMA Resultant Rent ("RR") comprises FC and VC
- EM Base Fee: Up to 30% of GR
- EM Performance Fee: 60% x (GR – RR – EM Base Fee)
- Payment to REIT: 40% x (GR – RR – EM Base Fee)

For the avoidance of doubt, any residual amount from the Gross Revenue, after deducting the EMA Resultant Rent, EM Base Fee and EM Performance Fee, will belong to Sasseur REIT.

Further to the EMA Resultant Rent, the Entrusted Manager shall ensure that Sasseur REIT receives rental income that is not less than the Minimum Rent on a portfolio basis. This Minimum Rent requirement will commence from the Listing Date and payment of which will be made on a semi-annual basis in arrears. Starting from Forecast Period 2018, if the derived annual EMA Resultant Rent on a portfolio basis should exceed the stipulated Minimum Rent for two consecutive years, the Minimum Rent condition will fall away.

The Minimum Rent amount is calculated based on the formula for the EMA Resultant Rent above, using the forecast sales of the Properties. The Minimum Rent for Sasseur REIT for Forecast Period 2018 and Projection Year 2019 are calculated based on the aggregate of the forecast EMA Resultant Rent for each Property in each respective year. In the event that the actual EMA Resultant Rent is less than what has been forecasted for that financial year, Sasseur REIT will receive the Minimum Rent as follows:

- RMB 472.9 million with respect to Forecast Period 2018 (to be pro-rated, if applicable, for the period from the Listing Date to 31 December 2018); and
- RMB 611.4 million with respect to Projection Year 2019.

The Minimum Rent from FY2020 onwards (if applicable) shall be equivalent to the Projection Year 2019 Minimum Rent.

In respect of the Entrusted Management Agreements, KPMG Corporate Finance Pte Ltd has been appointed as the independent financial adviser (the “Independent Financial Adviser”) to provide an opinion to the Independent Directors and the Trustee as to whether the Entrusted Management Agreements are on normal commercial terms and not prejudicial to the interests of Sasseur REIT and its minority Unitholders.
Based on the analysis undertaken and subject to the qualification and assumptions made in the letter from KPMG Corporate Finance Pte Ltd, as set out in “Appendix I – Opinion of the Independent Financial Adviser” of this Prospectus, the Independent Financial Adviser is of the opinion that the Entrusted Management Agreements, in respect of the Initial Portfolio, are on normal commercial terms and not prejudicial to the interests of Sasseur REIT and its minority Unitholders. (See "Appendix I – Opinion of the Independent Financial Adviser" for further details.)

By entering into the Entrusted Management Agreements, in addition to leveraging on the Entrusted Manager’s operational experience and capabilities, Sasseur REIT will be able to transfer the full measure of the risks as well as uncertainty due to fluctuations associated with such sales-based income to the Entrusted Manager. This is because under the Entrusted Management Agreements, the Entrusted Manager will ensure that the aggregate of the Fixed Component and Variable Component that is payable to Sasseur REIT from the rental income collected from the Properties will not be less than the Minimum Rent. If the amount payable to Sasseur REIT falls below the Minimum Rent, Sasseur REIT shall be entitled to receive the shortfall. The Minimum Rent requirement will only fall away if the Initial Portfolio achieves the Minimum Rent for two consecutive years commencing from Forecast Period 2018. The Minimum Rent requirement will help to mitigate the impact of such business and operational risks on Sasseur REIT’s rental income, and ensure that Sasseur REIT receives stable distributable income from the Properties.

The Manager believes that the Entrusted Manager is best placed to assume and manage the associated business and operational risks related to the Properties for the following reasons:

(i) due to the specialised nature of outlet mall operations as well as the fact that the bulk of the revenue generated from the Properties are predominantly sales-driven, the management of outlet malls would be resource-intensive and have significant manpower requirements which Sasseur REIT as a REIT would not be able to undertake on its own. As an experienced outlet mall operator, the Entrusted Manager would be able to commit experienced staff and manpower who have already been managing the Properties since their inception to continue managing the Properties on behalf of Sasseur REIT so as to maintain operational continuity and effectiveness;

(ii) the Entrusted Manager is familiar with the specialised retail outlet mall business model and it has a strong operating track record and distinct management capabilities in operating and managing retail outlet malls (including those owned by third parties); and

(iii) the Entrusted Manager, in its role as the entrusted manager of the Properties, shall be exercising full control over the running, operation and performance of the Properties, subject to the oversight of the Manager.

Unlike conventional lease arrangements, whereby tenants make rental payments to the landlord on a monthly basis, under the Entrusted Management Agreements, a “point-of-sale and cash management system” will be implemented in each shop unit of the tenant which the Entrusted Manager will collect, on behalf of the PRC Property Companies, the total sales proceeds of items sold in the respective Properties from the tenants, and will then deposit such proceeds deposited into the respective bank accounts of each of the PRC Property Companies (collectively, the “Collection Accounts”). To facilitate payment, the Entrusted Manager will prepare instructions to make payments from these Collection Accounts for disbursement upon the Manager’s approval. For example, after the deduction of the rental from the sales proceeds collected by the PRC Property Companies, the Entrusted Manager will process payment instructions for the Manager to return the balance of the sales proceeds to the tenants. Therefore, any payments, withdrawals and transfer of funds from the Collection Accounts by the Entrusted Manager can only be made with the Manager’s approval. In addition, the following additional safeguards will be put in place by the Manager:
• the Manager will conduct checks on all transaction listings before releasing payments/withdrawals through electronic banking;

• the Entrusted Manager will perform a monthly bank reconciliation process, which will be reviewed by the Manager; and

• internal audits will be conducted by the internal auditors on the internal control processes for collection and disbursement twice a year for each of the Properties.

The Entrusted Manager shall also bear all the costs and operating expenses related to the running of the Properties, such as payment for all relevant taxes, as well as the costs of employing the employees in the PRC Property Companies, which will be borne by the respective PRC Property Companies and reimbursed by the Sponsor.

Under the Master Entrusted Management Agreement, the Sponsor will provide a performance reserve of RMB 100.0 million to Sasseur REIT (“Performance Reserve Amount”), which takes into account a portion of the relevant expenses borne by the PRC Property Companies under the Entrusted Management Agreements as well as the difference between the annualised 2018 forecasted Gross Revenue and the expected annualised EMA Resultant Rent for Forecast Period 2018, in the form of bank guarantees (which will be placed with an independent financial institution of good financial standing, that is, at least investment grade) or cash which the Trustee can call or draw upon without requiring the approval of the Sponsor (i) as security for performance by the Sponsor and the Entrusted Manager, as the case may be, of all their respective obligations under the Entrusted Management Agreements; and (ii) to secure or indemnify the Trustee as well as any of the subsidiaries of Sasseur REIT against (a) any losses, damages, liability or expenses incurred or sustained arising out of any default by the Sponsor and the Entrusted Manager, as the case may be, under the Entrusted Management Agreements and (b) any claims, losses, damages, liabilities or other obligations by the Trustee or any of the subsidiaries of Sasseur REIT at any time against the Entrusted Manager in relation to any matter arising out of or in connection with the Properties.

Save as disclosed under “Notice to Investors”, “Forward-Looking Statements”, “Risk Factors”, “Profit Forecast and Profit Projection”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Overview of Relevant Laws and Regulations in the People’s Republic of China” and “Appendix F – Independent Market Research Report” of this Prospectus, and barring any unforeseen circumstances, as at the Latest Practicable Date, both the Sponsor and the Board of Directors of the Manager are not aware of any known events that in their reasonable opinion are likely to have a material adverse effect which would result in the cash flows generated by the Properties to become unsustainable and consequently causing the distribution yields of Sasseur REIT generated from the Initial Portfolio to become unsustainable for so long as of the Entrusted Management Agreements are in place, taking, into account, the following considerations:

(a) the projections of the Sponsor and the Manager on the duration of rental cycles, market rental rates and growth trajectory of the Properties as well as cash flows generated by the Properties during the term of the Entrusted Management Agreements taking into account, projections of the Sponsor and the Manager on the Gross Revenue of the Properties even where the Entrusted Manager does not bear operating expenses of the Properties, which would still be sufficient to cover the EMA Resultant Rent (as well as the Minimum Rent, if applicable) during the term of the Entrusted Management Agreements;
(b) that the Independent Valuer, JLL, is of the view that with regard to the reasonable range of
the net operating income of the property, the difference of the net operating income of the
Properties in the 10 years’ period with and without the Entrusted Management Agreements
is within reasonable range. Whilst the net operating income of the Properties without
Entrusted Management Agreements is at prevailing market level and the Independent Valuer,
Savills, is of the view that the aggregate net operating income of the Properties is within a
reasonable range based on market rates taking into consideration the respective locations
and operations of each Property;

(c) that the Independent Financial Adviser is of the opinion that the Entrusted Management
Agreements are on normal commercial terms and not prejudicial to the interests of Sasseur
REIT and its minority Unitholders (see “Appendix I – Opinion of the Independent Financial
Adviser”); and

(d) an experienced outlet mall operator, the Entrusted Manager possesses a deep
understanding of the Properties and would be able to commit experienced staff and
manpower who have already been managing the Properties since their inception to continue
managing the Properties with the relevant experience in managing the end-to-end operations
of the Properties, as well as in procuring replacement lessees. (See “Structure of Sasseur
REIT – The Entrusted Manager: Sasseur (Shanghai) Holding Company Limited” for further
information on the Entrusted Manager.)

The Manager and the Sponsor believe that the Entrusted Manager will be able to fulfil its
obligations under the Entrusted Management Agreements in view of the following:

(a) The Entrusted Manager’s principal business is the marketing, leasing and management of
outlet malls owned and managed by the Sponsor Group. Since its incorporation in 2012, the
Entrusted Manager and the rest of the Sponsor Group has managed and marketed nine
properties comprising the Properties in the Initial Portfolio, the ROFR Properties and the
Pipeline Properties. Therefore, the Entrusted Manager has gathered considerable
experience in securing and attracting top brands and optimal tenant mixes as well as actively
working with tenants to help promote their sales in the malls by understanding their business
plans and operations, thereby consequently driving sales performance in the outlet malls that
it manages. In respect of the Properties, the Entrusted Manager will have a team of
experienced professionals who are dedicated to providing services solely to Sasseur REIT’s
properties.

(b) As a wholly-owned subsidiary of the Sponsor and part of the Sponsor Group, the Entrusted
Manager’s performance of its obligations under the Entrusted Management Agreements is
secured by the Performance Reserve provided by the Sponsor. As a reflection of the Sponsor
Group’s financial standing, the total net profits, total assets and total shareholders’ equity of
the Sponsor Group, based on its financial statements, as at 31 December 2016, were
approximately RMB 2.0 billion (equivalent to approximately S$0.4 billion), RMB 11.9 billion
(equivalent to approximately S$2.5 billion) and RMB 5.5 billion (equivalent to approximately
S$1.1 billion) respectively.

**Master Lease Arrangement in relation to Chongqing Outlets**

**Lease Arrangement in relation to Chongqing Outlets**

As stated in section titled “Overview of the Acquisition of the Initial Portfolio – Details of the
Acquisition of the Initial Portfolio – Winding up of the Associated Companies”, the Chongqing PRC
Property Company holds 40.0% of the interests in the Chongqing Associated Company and the
Pacific Associated Company.
The Associated Companies are joint venture PRC companies that the Sponsor had set up with Shanghai Pacific since the opening of Chongqing Outlets to jointly manage most of its retail space. Shanghai Pacific holds the remaining 60.0% interests in each of the Associated Companies. When Chongqing Outlets first commenced operations in 2008 and as at 30 September 2017, approximately 63.4% of the GFA of Chongqing Outlets (i.e. the basement one level and levels one to three of Zones A, B and C, as well as the entire Zone E) had been leased to the Chongqing Associated Company under the Pacific Master Lease and subsequently sub-leased to the Pacific Associated Company under the Sub-Lease. Under the Sub-Lease, the Pacific Associated Company managed and collected rental income from the retail sub-tenants in respect of the area under the Pacific Master Lease, and such rental income would then be paid to the Chongqing Associated Company for payment to the Chongqing PRC Property Company. This arrangement has ceased on 11 December 2017 as the operating licences of the Associated Companies have expired on 11 December 2017. The expiry date of each of the Pacific Master Lease as well as the Sub-Lease had been fixed to coincide with the expiry date of the operating licences of the Associated Companies on 11 December 2017. Consequently, the sub-leases between the end-retail tenants and the Pacific Associated Company as well as the Chongqing Associated Company, as the case may be, all expired on 11 December 2017. Other than the Pacific Master Lease and the Sub-Lease, the Associated Companies do not have any other material assets.

Rationale for non-termination of the Pacific Master Lease and Sub-Lease prior to their expiry on 11 December 2017

According to the Associated Companies Joint Venture Agreement, each party had been granted a pre-emptive right in the event that either party wishes to divest or transfer its interest in the Pacific Associated Company to a third party. In addition, as the Chongqing Associated Company and the Pacific Associated Company were mainly responsible for lease management of the retail space in Chongqing Outlets, it would be unduly disruptive to the operations of Chongqing Outlets to terminate the existing lease arrangement with the Chongqing Associated Company prior to their expiry given that the operating licences of both the Associated Companies would expire on 11 December 2017. As the Sponsor had no intention to continue the joint venture with Shanghai Pacific to manage parts of Chongqing Outlets through the Associated Companies after the operating licences and the Pacific Master Lease and Sub-Lease had reached the end of its term, prior to the expiry of the end-retail tenants’ sub-leases with the respective Associated Companies on 11 December 2017, the Chongqing PRC Property Company entered into new leases with the end-retail tenants, which took effect on 12 December 2017 and such leases between the tenants and the Chongqing PRC Property Company will be managed by the Entrusted Manager. As at the Latest Practicable Date, all tenants of the Associated Companies have signed new leases with the Chongqing PRC Property Company, commencing on 12 December 2017 upon expiry of their existing leases with the Associated Companies on 11 December 2017. Based on the foregoing, the Sponsor and the Manager believe that the non-extension of the operating licences of the Associated Companies will not have a material impact on the sub-leases in Chongqing Outlets. Furthermore, the operations of Chongqing Outlets are centrally managed by the Entrusted Manager, allowing the Entrusted Manager to take over from the Associated Companies after the expiry of the operating licences, hence the Sponsor does not foresee any impact on the operations of Chongqing Outlets due to the non-extension of the operating licences of the Associated Companies.

1 The remaining retail space, comprising approximately 36.6% of the GFA of Chongqing Outlets (i.e. levels four to six of Zones A, B and C, as well as the entire Zone D), had been leased directly by the Chongqing PRC Property Company to the end-retail tenants as at 30 September 2017, out of which: (a) 64.8% of such leases (comprising approximately 23.7% of the GFA of Chongqing Outlets) were managed directly by the Chongqing PRC Property Company; and (b) the remaining 35.2% of such leases (comprising approximately 12.9% of the GFA of Chongqing Outlets) were managed by the Chongqing Associated Company. As at the Latest Practicable Date, 100.0% of the retail space of Chongqing Outlets is managed by the Entrusted Manager.
Rationale for non-extension of the operating licences of the Associated Companies beyond 11 December 2017

The Sponsor and Sasseur REIT also do not intend to extend the term of the operating licences of the Associated Companies and commenced winding up of the Associated Companies after their expiry on 11 December 2017. The Sponsor believes that the non-extension of the operating licences of the Associated Companies will not have a material impact on the sub-leases in Chongqing Outlets as prior to the expiry of the end-retail tenants’ sub-leases with the Associated Companies on 11 December 2017, the Chongqing PRC Property Company had entered into new leases with the end-retail tenants, which took effect on 12 December 2017. Furthermore, the operations of Chongqing Outlets are centrally managed by the Entrusted Manager, allowing the Entrusted Manager to take over from the Associated Companies after the expiry of the operation licences. Hence, the Sponsor does not foresee any impact on the operations of Chongqing Outlets due to the non-extension of the operating licences of the Associated Companies.

According to the Associated Companies Joint Venture Agreement, any extension of the operating licences of the Associated Companies requires the unanimous consent of each of their boards of directors, which comprise board members appointed by both the Chongqing PRC Property Company and Shanghai Pacific. According to the Sponsor, Shanghai Pacific is aware of the Sponsor’s intention not to continue with the operations of the Associated Companies and not to extend the operating licences of the Associated Companies. In addition, Shanghai Pacific has also indicated its intention not to continue with the Associated Companies by way of board and shareholder resolutions of the Associated Companies which had been passed authorising the establishment of a winding up team to oversee the winding-up of the Associated Companies upon expiry of the term of the operating licence.

Treatment of the Associated Companies

Even though the Chongqing PRC Property Company and Shanghai Pacific have commenced winding-up proceedings in respect of the Associated Companies from 12 December 2017, Sasseur REIT will retain its 40.0% interest in both the Chongqing Associated Company and the Pacific Associated Company until such winding-up has fully been completed.

In view of the fact that:

• the Cayman Holdco shall be liable for any losses or liabilities incurred by the Sasseur REIT Group in respect of the Associated Companies; and

• the purchase consideration paid by Sasseur REIT for the acquisition of the Bishan BVI Company does not include the value of the Associated Companies,

the terms of the Bishan BVI Company SPA stipulate that any dividends or distribution that the Chongqing PRC Property Company receives from the Associated Companies (including any distributions, surplus assets or proceeds from the winding up of the Associated Companies) shall be for the account of the Cayman Holdco.

Therefore, the Sasseur REIT Group will not be entitled to any of the retained earnings, profits or distributions from the Associated Companies and the Sasseur REIT Group will pay over any retained earnings, profits or distributions it may receive from the Associated Companies to the Cayman Holdco. Accordingly, the Cayman Holdco shall be liable for any losses or liabilities incurred by the Sasseur REIT Group in respect of the Associated Companies. The Pacific Master Lease and Sub-Lease had not been terminated prematurely as these had expired on 11 December 2017.
Following the expiry of the Pacific Master Lease and Sub-Lease on 11 December 2017, the retail sub-tenants lease directly from the Chongqing PRC Property Company. To facilitate a smooth transition between the retail sub-tenants and the Chongqing PRC Property Company when the Pacific Master Lease and Sub-Lease expired on 11 December 2017 as well as to secure the retail sub-tenants of the Associated Companies for the Chongqing PRC Property Company when it took over on 12 December 2017, the Sponsor had procured such retail sub-tenants of the Associated Companies to sign new leases with the Chongqing PRC Property Company ahead of 11 December 2017, which took effect on 12 December 2017, apart from five tenants which had been leasing temporary structures in the common area of Chongqing Outlets (representing 1.2% of the total NLA that was leased to tenants of the Associated Companies as at 30 September 2017).

**Employees of the Associated Companies**

As the Associated Companies are not subsidiaries of Sasseur REIT, the staff costs and associated expenses arising from the employment of their employees were not consolidated or reflected under the staff costs and associated expenses of the Sasseur REIT Group unlike that of the employees of Sasseur REIT’s subsidiaries, whereby the staff costs and associated expenses of such subsidiaries’ employees are consolidated and reflected under the Sasseur REIT Group.

Following the commencement of winding-up proceedings in respect of the Associated Companies on 12 December 2017, all the employees of the Associated Companies ceased employment, with some of these employees being re-employed by other entities in the Sponsor Group. Under the employment contracts of these employees, the Associated Companies were liable to pay termination compensation and based on the 146 employees that were employed under the Associated Companies as at 11 December 2017, the amount of termination compensation payable by the Associated Companies to such employees is RMB 5.8 million. Both the Sponsor and Shanghai Pacific have agreed that the Associated Companies will bear such termination compensation. Pursuant to the Bishan BVI Company SPA, the Sponsor has undertaken to indemnify the Sasseur REIT Group in respect of claims arising out of the employment and termination of employment of the employees of the Associated Companies (including any termination compensation payable by the Associated Companies to its employees).

To minimise any operational risks of Sasseur REIT in respect of its minority interests in the Associated Companies, under the terms of the Bishan BVI Company SPA, the Sponsor has provided an indemnity to Sasseur REIT against any and all losses which Sasseur REIT may suffer or incur that arises out of or in connection with the Chongqing PRC Property Company's 40.0% interests in the Associated Companies, including but not limited to (a) the operations of the Associated Companies (including any shortfall in rental payments to be collected by the Chongqing PRC Property Company from the Chongqing Associated Company under the Pacific Master Lease); (b) the winding up of such Associated Companies; and (c) the employment and termination of employment of the employees of the Associated Companies (including any termination compensation payable by the Associated Companies to its employees). There are no termination clauses with respect to the indemnity provided by the Sponsor. (See “Certain Agreements Relating to Sasseur REIT and the Properties – BVI Companies Sale and Purchase Agreements – Bishan BVI Company SPA” for further details.)
COMPETITIVE STRENGTHS

The Manager believes that the Properties enjoy the following competitive strengths:

• Chongqing Outlets

Location: Located in the northeast of Chongqing, Chongqing Outlets is approximately 10 km away from the Chongqing Jiangbei International Airport and 20 km away from the Jiefangbei retail hub. Chongqing Outlets is situated in the Chongqing Liang Jiang New Area, which is one of the key development areas in Chongqing. According to the Independent Market Research Consultant, there are currently over 100 Fortune Global 500 Companies operating in the Chongqing Liang Jiang New Area.

Accessibility: Chongqing Outlets is near well developed public transportation facilities. The Jinyu Station, a station on Chongqing Rail Transit Line 3, is approximately 800 m from Chongqing Outlets. Line 3 is the busiest metro line in Chongqing and it runs from Yudong Station to Jiangbei Airport Station, running through several main commercial areas such as Nanping, Lianglukou and Guanyinqiao. In addition, Chongqing Rail Transit Line 10, which commenced operations on 28 December 2017, has a station approximately 500 m from Chongqing Outlets.

Market Positioning: Chongqing Outlets commenced operations in September 2008 and has since distinguished itself through an experiential shopping concept which targets middle and upper class consumers with higher disposable incomes. As at 30 September 2017, Chongqing Outlets features 414 stores, carrying approximately 600 brands, including a number of popular international luxury brands, such as Gucci, Ermenegildo Zegna, Salvatore Ferragamo, Hugo Boss, Max Mara, Bally, Armani, Coach and Michael Kors. Chongqing Outlets houses a cinema, children recreational facilities as well as an array of restaurants.

• Bishan Outlets

Location: Bishan Outlets is situated south of Shuangxing Avenue, north of Baiyang Road, and east of Biqing Road and is within 3 km of downtown Bishan District. Bishan Outlets is also located next to Jinjian Mountain, a tourism and leisure area. According to the Independent Market Research Consultant, the PRC government has recently released a detailed plan to promote the area’s further development in the tourism and leisure industries, thus benefiting Bishan Outlets in terms of an expected increase in footfall in the process.

Accessibility: Bishan Outlets is situated in a convenient location with several main roads located nearby, including S109 Shuangxing Avenue, S108 Biqing Road, Daxuecheng Middle Road, the G319 Xiacheng Expressway, and the G5001 Chongqing Beltway. Bishan Outlets is approximately 50 km away from Chongqing Jiangbei International Airport and is accessible by an hour’s drive. According to the Independent Market Research Consultant, it is anticipated that Chongqing Rail Transit Line 1 will be further expanded into the Bishan District with the opening of a new station within 2 km from Bishan Outlets in 2018.
**Market Positioning:** Having its architecture inspired by the ancient Roman architecture and Italian towns, exuding an artistic influence. 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. As part of the “Super Outlet” business model adopted by the Sponsor, Bishan Outlets features (i) a “Super Children’s Centre” (which features retail stores offering a selection of infant and children’s clothing labels retail stores, 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. As at 30 September 2017, Bishan Outlets features 213 stores, carrying approximately 350 brands, including a wide selection of popular domestic brands as well as luxury brands such as Calvin Klein.

- **Hefei Outlets**

  **Location:** Hefei Outlets is located in the High-Tech Industrial Development Zone, which is one of the PRC’s national high-tech industrial development zones. With the rapid development of the High-Tech Industrial Development Zone, Hefei has been improved and transformed into a “Lake city and an innovation pool”, and has attracted a number of high-tech companies and research institutes.

  **Accessibility:** Hefei Outlets is situated near four main urban roadways, including Changjiang West Road, Wangjiang West Road, Xiyou Road, and Chuangxin Avenue. It is 24 km away from Hefei railway station and 23 km away from the Hefei Xinqiao International Airport. Hefei Outlets is also accessible via the public bus. According to the Independent Market Research Consultant, Metro Line 2 has commenced operations on 26 December 2017. There is a station open on Metro Line 2, which is approximately 1.2 km from Hefei Outlets. There will also be two additional metro lines (namely Metro Line 4 and Metro Line 7) in the future, connecting Hefei Outlets with the city centre, thereby improving the accessibility of Hefei Outlets and broadening its consumer base.

  **Market Positioning:** Hefei Outlets caters to middle class consumers by offering a wide range of entertainment choices as well as luxury brand stores. According to the Independent Market Research Consultant, 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. As at 30 September 2017, Hefei Outlets features 283 stores, carrying approximately 450 brands.

- **Kunming Outlets**

  **Location:** Kunming Outlets is situated outside the centre of Kunming City and Anning City, southwest of downtown Kunming, and approximately 20 km away from the four retail hubs in central Kunming. Specifically, Kunming Outlets is located in Taiping New City, a newly developed living and leisure area which the PRC government has provided strong support through its industrial development plans, including in retail, tourism and modern technology industries, so as to promote regional economic growth.
Accessibility: Kunming Outlets is located in a convenient transportation hub within Taiping New City. It is within a 5-minutes' drive from the highway exit that connects Kun’an Highway, Anjin Highway, Gaohai Highway, and Northwest Highway, as well as Chengkun Railway and China National Highway G320 Shangrui Expressway, which crosses through the city. Furthermore, toll-free access for highway transportation from Kunming to both Taiping New City and Anning has been available since June 2017. The nearest airport from Kunming Outlets is Kunming Changshui International Airport, an hour’s drive away. In addition, Anning Railway connecting Kunming City to Taiping New City has commenced construction and will connect to Metro Line 3 in the future, thereby further enhancing the accessibility to Kunming Outlets.

Market Positioning: 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 carry popular domestic brands to cater to a wide customer base. As at 30 September 2017, it features 209 stores, carrying approximately 350 brands.

Outlook for the Outlet Industry in the PRC

Revenue Growth

After more than a decade of rapid growth, the Chinese economy is now shifting towards a consumption-based model of economic growth. Domestic consumption is expected to play an important role in the PRC’s economy going forward. According to the Independent Market Research Consultant, in terms of overall sales revenues, the market size of the Chinese outlet industry is expected to increase from RMB 49.1 billion (US$7.4 billion) to RMB 144.9 (US$21.8 billion) between 2016 and 2021, representing a CAGR of 24.2%. By 2030, the PRC’s outlet industry is expected to surpass that of the U.S. and become the world largest outlet market in terms of sales revenue. Sales revenue of PRC’s outlet industry is expected to increase to RMB 640.2 billion (US$96.2 billion) by 2030, whereas sales revenue of the U.S. outlet industry is expected to be approximately US$91.5 billion.

Sales revenue of China’s outlet industry, 2012-2030E

In 2016, the PRC’s outlet industry had an addressable market size of RMB 79.7 billion while the sales revenue of the PRC’s outlet industry was RMB 49.1 billion, indicating a supply gap of RMB 30.6 billion.

In the next five years, the supply gap is expected to reduce due to the rapid growth of the PRC’s outlet industry. In 2021, it is forecasted that the sales revenue of the PRC’s outlet industry will reach RMB 144.9 billion compared with an addressable market size of RMB 145.4 billion.

**Supply gap of China’s outlet industry, 2016 VS 2021E**

Supply gap of China’s outlet industry, 2016 VS 2021E

Driven by the rising disposable incomes of Chinese residents and the increasing market penetration by outlets, the addressable market size of the PRC’s outlet industry is expected to grow further, especially in the PRC’s Tier-2 cities, such as Chongqing, Kunming and Hefei. According to the Independent Market Research Consultant, it is projected that the addressable market size of the outlet industry in Chongqing, Kunming, and Hefei will increase from RMB 3.4 billion (US$0.5 billion), RMB 1.5 billion (US$0.2 billion) and RMB 1.4 billion (US$0.2 billion) respectively in 2016 to RMB 7.4 billion (US$1.1 billion), RMB 3.6 billion (US$0.5 billion) and RMB 3.5 billion (US$0.5 billion) respectively by 2021, which represents CAGRs of 17%, 19% and 20% respectively during the period.
CERTAIN INFORMATION ON THE PROPERTIES

Key Information on the Properties

The table below sets out the key details of the Properties as at 30 September 2017 (unless otherwise indicated), with independent valuations by the Independent Valuers as at 30 September 2017. (See “Business and Properties” for further details.)

<table>
<thead>
<tr>
<th>Property</th>
<th>Chongqing Outlets</th>
<th>Bishan Outlets</th>
<th>Hefei Outlets</th>
<th>Kunming Outlets</th>
<th>Total/Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>No. 1 Aotelaisi Road, Beibuxin District, Chongqing, PRC (重庆市北部新区奥特莱斯路1号)</td>
<td>No. 9 Baiyang Road, Bishan District, Chongqing, PRC (重庆市璧山区白羊路9号)</td>
<td>No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province, PRC (安徽省合肥市高新区长宁大道1888号)</td>
<td>No. 181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province, PRC (云南省昆明市安宁市奥特莱斯大道181号)</td>
<td></td>
</tr>
<tr>
<td>Commencement of Operations</td>
<td>September 2008</td>
<td>January 2014 (Soft launch); October 2014 (Zones A and B) and February 2016 (Zone C)</td>
<td>May 2016</td>
<td>December 2016</td>
<td></td>
</tr>
<tr>
<td>Expiry Date of Land Use Rights</td>
<td>11 May 2047</td>
<td>21 September 2051, 24 September 2051</td>
<td>19 July 2053</td>
<td>16 April 2054</td>
<td></td>
</tr>
<tr>
<td>GFA (sq m)</td>
<td>73,373.4</td>
<td>68,791.4</td>
<td>141,181.7</td>
<td>88,256.8</td>
<td>371,603.3</td>
</tr>
<tr>
<td>NLA (sq m)</td>
<td>50,885.0</td>
<td>45,171.5</td>
<td>138,449.4</td>
<td>70,067.2</td>
<td>304,573.1</td>
</tr>
<tr>
<td>Car Park Lots</td>
<td>500</td>
<td>400</td>
<td>1,566</td>
<td>2,000</td>
<td>4,466</td>
</tr>
<tr>
<td>Number of Tenants as at 30 September 2017</td>
<td>414</td>
<td>213</td>
<td>283</td>
<td>209</td>
<td>1,119</td>
</tr>
<tr>
<td>Occupancy Rate as at 30 September 2017 (%)</td>
<td>96.0</td>
<td>85.6</td>
<td>93.3</td>
<td>90.7</td>
<td>91.8</td>
</tr>
<tr>
<td>Occupancy Rate as at the Latest Practicable Date (%)</td>
<td>96.4</td>
<td>91.5</td>
<td>95.8</td>
<td>96.1</td>
<td>95.1</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by Savills (with the Entrusted Management Agreements) (RMB million)</td>
<td>2,688.0</td>
<td>783.0</td>
<td>2,408.0</td>
<td>1,444.0</td>
<td>7,323.0</td>
</tr>
<tr>
<td>Property</td>
<td>Chongqing Outlets</td>
<td>Bishan Outlets</td>
<td>Hefei Outlets</td>
<td>Kunming Outlets</td>
<td>Total/Average</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>------------------</td>
<td>----------------</td>
<td>---------------</td>
<td>----------------</td>
<td>---------------</td>
</tr>
<tr>
<td><strong>Independent Valuation as at 30 September 2017 by Savills</strong></td>
<td>2,614.0</td>
<td>777.0</td>
<td>2,403.0(6)</td>
<td>1,414.0(7)</td>
<td>7,208.0</td>
</tr>
<tr>
<td>(without the Entrusted Management Agreements) (RMB million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Independent Valuation as at 30 September 2017 by JLL</strong></td>
<td>2,620.0</td>
<td>795.0</td>
<td>2,461.0(6)</td>
<td>1,477.0(7)</td>
<td>7,353.0</td>
</tr>
<tr>
<td>(with the Entrusted Management Agreements) (RMB million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Independent Valuation as at 30 September 2017 by JLL</strong></td>
<td>2,619.0</td>
<td>789.0</td>
<td>2,433.0(6)</td>
<td>1,451.0(7)</td>
<td>7,292.0</td>
</tr>
<tr>
<td>(without the Entrusted Management Agreements) (RMB million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average Independent Valuation as at 30 September 2017 (with the</strong></td>
<td>2,654.0</td>
<td>789.0</td>
<td>2,434.5(6)</td>
<td>1,460.5(7)</td>
<td>7,338.0</td>
</tr>
<tr>
<td><strong>Entrusted Management Agreements) (RMB million)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average Independent Valuation as at 30 September 2017 (without the</strong></td>
<td>2,616.5</td>
<td>783.0</td>
<td>2,418.0(6)</td>
<td>1,432.5(7)</td>
<td>7,250.0</td>
</tr>
<tr>
<td><strong>Entrusted Management Agreements) (RMB million)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Implied Acquisition Price</strong></td>
<td>2,452.4</td>
<td>729.1</td>
<td>2,249.6</td>
<td>1,349.6</td>
<td>6,780.7</td>
</tr>
<tr>
<td>(RMB million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EMA Rental Income for Forecast Period 2018 and Projection Year 2019</strong></td>
<td>214.3(9)</td>
<td>42.5(10)</td>
<td>129.9(11)</td>
<td>86.2(12)</td>
<td>472.9</td>
</tr>
<tr>
<td>(RMB million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>WALE by Committed NLA as at 30 September 2017 (years)</strong></td>
<td>2.8</td>
<td>3.5</td>
<td>3.6</td>
<td>2.7</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>WALE by Property Income for the month of September 2017 (years)</strong></td>
<td>0.9</td>
<td>1.6</td>
<td>2.1</td>
<td>2.5</td>
<td>1.2</td>
</tr>
</tbody>
</table>
Notes:

(1) Based on the Building Ownership Certificates of the Properties in the Initial Portfolio (see “Certain Defined Terms and Conventions” for details regarding the computation of GFA).

(2) This is based on the leasable area as stipulated in the respective lease agreements.

(3) “Occupancy Rate” is based on all current leases in respect of each Property, including legally binding letters of offer which have been accepted for vacant units, as a function of NLA.

(4) The soft launch opening of approximately 11.5% of the total GFA of Bishan Outlets occurred in January 2014, while Zones A and B of Bishan Outlets (comprising approximately 73.0% of the total GFA of Bishan Outlets) commenced operations in October 2014, and parts of Zone C of Bishan Outlets (comprising approximately 7.0% of the total GFA of Bishan Outlets) commenced operations in February 2016. The remaining parts of Zone C of Bishan Outlets (comprising approximately 8.5% of the total GFA of Bishan Outlets) are expected to commence operations in April 2018.

(5) In respect of 212 Fangdizheng 2015 Zi No. 18355.

(6) For the avoidance of doubt, the valuations of Hefei Outlets by the Independent Valuers as at 30 September 2017 do not include the valuations of any of the Shop Units and the value of the undeveloped land under the Hefei Phase 2 Development.

(7) For the avoidance of doubt, the valuations of Kunming Outlets by the Independent Valuers as at 30 September 2017 do not include the value of the undeveloped land under the Kunming Phase 2 Development.

(8) The implied acquisition price of each of Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets has been determined on a willing-seller and willing-buyer basis taking into consideration the Offering Price, which includes the Underwriting and Selling Commission (as defined herein), as well as other estimated offering expenses, taking into account the average of the two independent valuations (with the Entrusted Management Agreements) of each of the Properties as at 30 September 2017 and does not include the value of the Associated Companies.

(9) Exclude the accounting impact relating to the straight line effect of rental income. With the straight line effect, the EMA Rental Income will be RMB 217.8 million for Forecast Period 2018 and RMB 261.3 million for Projection Year 2019.

(10) Exclude the accounting impact relating to the straight line effect of rental income. With the straight line effect, the EMA Rental Income will be RMB 44.5 million for Forecast Period 2018 and RMB 53.4 million for Projection Year 2019.

(11) Exclude the accounting impact relating to the straight line effect of rental income. With the straight line effect, the EMA Rental Income will be RMB 138.1 million for Forecast Period 2018 and RMB 165.7 million for Projection Year 2019.

(12) Exclude the accounting impact relating to the straight line effect of rental income. With the straight line effect, the EMA Rental Income will be RMB 92.5 million for Forecast Period 2018 and RMB 111.0 million for Projection Year 2019.
Property Sector Analysis

The charts below provide a breakdown of Property Income of the Initial Portfolio by Property for the month of September 2017 and the average independent valuation of the Initial Portfolio by Property as at 30 September 2017.

Breakdown of Portfolio Property Income by Property

Breakdown of Average Independent Valuation (with the Entrusted Management Agreements) by Property
Breakdown of Average Independent Valuation (without the Entrusted Management Agreements) by Property

<table>
<thead>
<tr>
<th>Property</th>
<th>Valuation Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chongqing Outlets</td>
<td>36.1%</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>19.8%</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>33.4%</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

Initial Portfolio Sales

The chart below provides a breakdown of total sales by Property for the last three years.

**Total Sales by Property (RMB million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Chongqing Outlets</th>
<th>Bishan Outlets</th>
<th>Hefei Outlets</th>
<th>Kunming Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014</td>
<td>1,566.0</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>FY2015</td>
<td>1,751.7</td>
<td>210.9</td>
<td>4.1</td>
<td>–</td>
</tr>
<tr>
<td>FY2016</td>
<td>1,862.2</td>
<td>248.9</td>
<td>242.0</td>
<td>47.4</td>
</tr>
</tbody>
</table>
Initial Portfolio Occupancy

The table below sets out the historical occupancy rates of the Properties as at 31 December for the last three years, as at 30 September 2017 and as at the Latest Practicable Date.

<table>
<thead>
<tr>
<th>Year</th>
<th>Chongqing Outlets</th>
<th>Bishan Outlets</th>
<th>Hefei Outlets</th>
<th>Kunming Outlets</th>
<th>Average Occupancy Rate for the Initial Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>99.6%</td>
<td>74.3%</td>
<td>–(1)</td>
<td>–(1)</td>
<td>88.4%</td>
</tr>
<tr>
<td>2015</td>
<td>99.9%</td>
<td>79.2%</td>
<td>–(1)</td>
<td>–(1)</td>
<td>90.7%</td>
</tr>
<tr>
<td>2016</td>
<td>97.8%</td>
<td>81.4%</td>
<td>82.1%</td>
<td>82.0%</td>
<td>86.1%</td>
</tr>
<tr>
<td>As at 30 September 2017</td>
<td>96.0%</td>
<td>85.6%</td>
<td>93.3%</td>
<td>90.7%</td>
<td>91.8%</td>
</tr>
<tr>
<td>As at the Latest Practicable Date</td>
<td>96.4%</td>
<td>91.5%</td>
<td>95.8%</td>
<td>96.1%</td>
<td>95.1%</td>
</tr>
</tbody>
</table>

Note:

(1) The historical occupancy rates for Hefei Outlets and Kunming Outlets for 2014 and 2015 are not applicable as Hefei Outlets only commenced operations in May 2016 and Kunming Outlets only commenced operations in December 2016.

Trade Sector Analysis

The chart below provides a breakdown of Property Income by the different trade sub-sectors represented in the Initial Portfolio for the month of September 2017.

Initial Portfolio Property Income by Trade Sector
The chart below provides a breakdown of Net Lettable Area of the different trade sub-sectors represented in the Initial Portfolio as at 30 September 2017.

**Initial Portfolio Net Lettable Area by Trade Sector**

- Children's Fashion & Toys, 5.2%
- F&B, 5.7%
- Footwear, 5.2%
- Leisure & Entertainment, 2.3%
- International Brands, 16.0%
- Men's Fashion, 12.3%
- Others, 20.1%
- Outdoor, 2.9%
- Sportswear, 7.3%
- Trendy Brands, 4.8%
- Women's Fashion, 18.3%

**Top 10 Tenants**

The top 10 tenants contributed 13.4% of the Initial Portfolio’s Property Income for the month of September 2017. The top 10 tenants for the Initial Portfolio by Property Income for the month of September 2017 are Chongqing Shun Zhu Trading Co., Ltd (重庆舜筑商贸有限公司), Chongqing Tao Bo Trading Co., Ltd. (重庆市滔博商贸有限公司), Coach Trading (Shanghai) Co., Ltd. (蔻驰贸易(上海)有限公司), Fei Le Apparel Co., Ltd. (斐乐服饰有限公司), Jiang Nan Bu Yi Clothing Co., Ltd (江南布衣服饰有限公司), Mai Sheng Yue He Chongqing Sports Goods Co., Ltd. (迈盛悦合重庆体育用品有限公司), Michael Kors Trading (Shanghai) Co., Ltd. (迈克尔高司商贸(上海)有限公司), Shiji Baozi (Xiamen) Industrial Co., Ltd. (世纪宝姿(厦门)实业有限公司), You Yue Cheng (尤约成) and Zhejiang Daya Home Fashion Co., Ltd. (浙江大雅家时尚生活有限公司). Some of the main brands offered by the top 10 tenants for the month of September 2017 include Adidas, Bally, Coach, Columbia, Elegant Prosper, Fila, Jack Wolfskin, JNBY, Michael Kors, Nike, The North Face, Ports, PUMA and Polo Sports.
The following table sets out selected information on the top 10 tenants for the Initial Portfolio by Property Income for the month of September 2017.

<table>
<thead>
<tr>
<th>No.</th>
<th>Tenant(^{(1)})</th>
<th>Trade Sector(s)</th>
<th>Lease Expiry Date</th>
<th>Percentage of Property Income(^{\text{(2)}}) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tenant A</td>
<td>International Brands</td>
<td>June 2021</td>
<td>1.9</td>
</tr>
<tr>
<td>2</td>
<td>Tenant B</td>
<td>International Brands</td>
<td>July 2019</td>
<td>1.6</td>
</tr>
<tr>
<td>3</td>
<td>Tenant C</td>
<td>Sportswear</td>
<td>July 2019</td>
<td>1.6</td>
</tr>
<tr>
<td>4</td>
<td>Tenant D</td>
<td>Sportswear</td>
<td>July 2019</td>
<td>1.4</td>
</tr>
<tr>
<td>5</td>
<td>Tenant E</td>
<td>Men’s Fashion</td>
<td>July 2018</td>
<td>1.4</td>
</tr>
<tr>
<td>6</td>
<td>Tenant F</td>
<td>Sportswear</td>
<td>July 2018</td>
<td>1.3</td>
</tr>
<tr>
<td>7</td>
<td>Tenant G</td>
<td>International Brands</td>
<td>September 2020</td>
<td>1.2</td>
</tr>
<tr>
<td>8</td>
<td>Tenant H</td>
<td>International Brands</td>
<td>December 2019</td>
<td>1.1</td>
</tr>
<tr>
<td>9</td>
<td>Tenant I</td>
<td>Women’s Fashion</td>
<td>July 2019</td>
<td>1.1</td>
</tr>
<tr>
<td>10</td>
<td>Tenant J</td>
<td>Women’s Fashion</td>
<td>March 2019</td>
<td>1.0</td>
</tr>
</tbody>
</table>

**Top 10 Tenants**

| Percentage of Property Income (%)
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>13.4</td>
</tr>
</tbody>
</table>

**Other Tenants**

| Percentage of Property Income (%)
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>86.6</td>
</tr>
</tbody>
</table>

**Total**

| Percentage of Property Income (%)
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>100.0</td>
</tr>
</tbody>
</table>

**Notes:**

(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

(2) Based on the Property Income of RMB 59.6 million for the month of September 2017.

The tenancy profile of the Initial Portfolio is reasonably diversified, with no single tenant accounting for more than 5.0% of the Property Income.
Lease Structure

The graph below illustrates the breakdown of the Property Income in September 2017 and the Net Lettable Area as at 30 September 2017 by the lease structure of the leases in the Initial Portfolio.

**Breakdown of Property Income by Lease Structure**

- **Turnover rent, 77.2%**
- **Higher of fixed or turnover rent, 21.8%**
- **Fixed rent, 0.9%**

**Breakdown of Net Lettable Area by Lease Structure**

- **Turnover rent, 75.8%**
- **Higher of fixed or turnover rent, 14.1%**
- **Fixed rent, 10.1%**

Lease Expiry Profile

The WALE by committed NLA of the Initial Portfolio as at 30 September 2017 is 3.2 years, and the WALE by Property Income for the month of September 2017 is 1.2 years.

Most of the leases at the Properties are for terms of one to two years and based on turnover rent. Such short terms provide more opportunities for positive rental reversions during renewals as well as replace poor-performing tenants who are unable to generate sufficient sales revenue to meet sales targets. As at 30 September 2017, approximately 22.2% of leases (by Property Income) have expired in FY2017 and this represents the potential for positive rental reversions for the Initial Portfolio.
The graph below illustrates the lease expiry profile of the Properties by Property Income and committed NLA as at 30 September 2017.

The table below sets out the lease expiry profile (by percentage of total Property Income) of the Properties for each of the years from FY2017 to FY2021 and beyond (based on the leases as at 30 September 2017).

<table>
<thead>
<tr>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>200(^{(1)})</td>
<td>511</td>
<td>272</td>
<td>40</td>
<td>96</td>
</tr>
</tbody>
</table>

**Note:**

(1) As at the Latest Practicable Date, out of the 200 leases which have expired in FY2017, 152 leases have been renewed or leased to replacement tenants. For details on the reasons for a high proportion of leases expiring in FY2018, please refer to “Business and Properties – Chongqing Outlets – Lease Expiry Profile” and “Business and Properties – Bishan Outlets – Lease Expiry Profile”.

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CHONGQING OUTLETS

No. 1 Aotelaisi Road, Beibuxin District, Chongqing, PRC (重庆市北部新区奥特莱斯路1号)
Description of Chongqing Outlets

Chongqing Outlets comprises five zones (namely Zones A, B, C, D and E) and 500 car park lots. Zones A to D consist of six floors above ground and one floor underground while Zone E consists of two floors above ground. Chongqing Outlets was designed and built to reflect an Italian architectural style, with carefully selected decorations such as fountains and floral designs, reflecting the Sponsor’s core value of “art inspired commerce”.

Chongqing Outlets commenced operations in September 2008 and has since distinguished itself through an experiential shopping concept which targets middle and upper class consumers with higher disposable incomes. In addition to retail tenants whose products include apparel, shoes, bags, and suitcases, Chongqing Outlets houses a cinema, children recreational facilities as well as an array of restaurants.

Chongqing Outlets is one of the malls in Chongqing with the strongest international brands offering. As at 30 September 2017, Chongqing Outlets features 414 stores, carrying approximately 600 brands, including a number of popular international and luxury brands, such as Gucci, Ermenegildo Zegna, Salvatore Ferragamo, Hugo Boss, Max Mara, Bally, Armani, Coach and Michael Kors.
The table below sets out a summary of selected information on Chongqing Outlets.

<table>
<thead>
<tr>
<th>Address</th>
<th>No. 1 Aotelaisi Road, Beibuxin District, Chongqing, PRC (重庆市北部新区奥特莱斯1号)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate of Land Use Right and Building Ownership Right No.</td>
<td>113 Fangdizheng 2008 Zi No. 01298; No. 02025; No. 02026; No. 02027; No. 02029; No. 03816; 115 Fangdizheng 2012 Zi No. 00069; 115 Fangdizheng 2014 Zi No. 30354; No. 30364; No. 30375; No. 30379; No. 30383; No. 30386; No. 30387; No. 30389; No. 30394; No. 30396; No. 30398; No. 30400; No. 30404; No. 30405; No. 30408</td>
</tr>
<tr>
<td>Commencement of Operations</td>
<td>September 2008</td>
</tr>
<tr>
<td>Expiry Date of Land Use Rights</td>
<td>11 May 2047</td>
</tr>
<tr>
<td>Number of Floors</td>
<td>Zones A to D have six floors above ground and one floor underground while Zone E has two floors above ground.</td>
</tr>
<tr>
<td>GFA(^{(1)}) (sq m)</td>
<td>73,373.4</td>
</tr>
<tr>
<td>NLA(^{(2)}) (sq m)</td>
<td>50,885.0</td>
</tr>
<tr>
<td>Car Park Lots</td>
<td>500(^{(3)})</td>
</tr>
<tr>
<td>Number of Tenants as at 30 September 2017</td>
<td>414</td>
</tr>
<tr>
<td>Occupancy Rate as at 30 September 2017 (^{(4)})</td>
<td>96.0</td>
</tr>
<tr>
<td>Occupancy Rate as at the Latest Practicable Date (^{(4)})</td>
<td>96.4</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by Savills (with the Entrusted Management Agreements) (RMB million)</td>
<td>2,688.0</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by Savills (without the Entrusted Management Agreements) (RMB million)</td>
<td>2,614.0</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by JLL (with the Entrusted Management Agreements) (RMB million)</td>
<td>2,620.0</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by JLL (without the Entrusted Management Agreements) (RMB million)</td>
<td>2,619.0</td>
</tr>
<tr>
<td>Average Independent Valuation as at 30 September 2017 (with the Entrusted Management Agreements) (RMB million)</td>
<td>2,654.0</td>
</tr>
<tr>
<td>Average Independent Valuation as at 30 September 2017 (without the Entrusted Management Agreements) (RMB million)</td>
<td>2,616.5</td>
</tr>
<tr>
<td>Implied Acquisition Price(^{(5)}) (RMB million)</td>
<td>2,452.4</td>
</tr>
</tbody>
</table>
EMA Rental Income for Forecast Period 2018 and Projection Year 2019 (RMB million)

<table>
<thead>
<tr>
<th>Period</th>
<th>Forecast 2018</th>
<th>Projection Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast Period 2018</td>
<td>214.3(6)</td>
<td>264.9(6)</td>
</tr>
<tr>
<td>WALE by Committed NLA as at 30 September 2017 (years)</td>
<td>2.8</td>
<td></td>
</tr>
<tr>
<td>WALE by Property Income for the month of September 2017 (years)</td>
<td>0.9</td>
<td></td>
</tr>
</tbody>
</table>

Notes:

1. Based on the Building Ownership Certificates of the Properties in the Initial Portfolio (see “Certain Defined Terms and Conventions” for details regarding the computation of GFA).

2. This is based on the leasable area as stipulated in the respective lease agreements.

3. In addition to the 500 car park lots located at Chongqing Outlets, customers shopping at Chongqing Outlets may also utilise the 2,500 car park lots located at the Jinshan public car park building (which is approximately a two-minute walk from Chongqing Outlets) that has been built by the local government in support of Chongqing Outlets and its vicinity.

4. “Occupancy Rate” is based on all current leases in respect of each Property, including legally binding letters of offer which have been accepted for vacant units, as a function of NLA.

5. The implied acquisition price of each of Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets has been determined on a willing-seller and willing-buyer basis taking into consideration the Offering Price, which includes the Underwriting and Selling Commission (as defined herein), as well as other estimated offering expenses, taking into account the average of the two independent valuations (with the Entrusted Management Agreements) of each of the Properties as at 30 September 2017 and does not include the value of the Associated Companies.

6. Exclude the accounting impact relating to the straight line effect of rental income. With the straight line effect, the EMA Rental Income will be RMB 217.8 million for Forecast Period 2018 and RMB 261.3 million for Projection Year 2019.

Location and Trade Area

Location

Chongqing Outlets is located in the northeast of Chongqing, and is approximately 10 km away (a 15-minute drive) from the Chongqing Jiangbei International Airport and 20 km away (a 35-minute drive) from the Jiefangbei retail hub. In addition, Chongqing Outlets is situated in the Chongqing Liang Jiang New Area, which according to the Independent Market Research Consultant, is one of the key development areas in Chongqing and will continue to enjoy a considerable amount of preferential policies to boost its growth. According to the Independent Market Research Consultant, there are currently over 100 Fortune Global 500 Companies operating in the Chongqing Liang Jiang New Area, with many other businesses expected to establish their offices there and therefore bringing tremendous business opportunities into the region.

The public transportation facilities near Chongqing Outlets are well developed. The Jinyu Station, a station on Chongqing Rail Transit Line 3, is approximately 800 m from Chongqing Outlets. Line 3 is the busiest metro line in Chongqing and it runs from Yudong Station to Jiangbei Airport Station, running through several main commercial areas such as Nanping, Lianglukou and Guanyinqiao, therefore bringing footfall from the southern and main urban areas of Chongqing to Chongqing Outlets. In addition, Chongqing Rail Transit Line 10, which commenced operations on 28 December 2017, has a station approximately 500 m from Chongqing Outlets.

(See “Appendix F – Independent Market Research Report” for further details on the location of Chongqing Outlets.)

Trade Area

There are several large scale retail offerings and restaurants 3 km from Chongqing Outlets, including IKEA, Meilian International Commerce Centre, Metro, Yangzhangou Global E&B, Wanjiafu Supermarket and the Minxin Jiayuan Farmer’s Market, which has the potential to attract footfall to the region. Chongqing Outlets also benefits from the customers who visit nearby businesses, such as IKEA, which is a two-minute walk from Chongqing Outlets.
There are also a large number of premium residential properties around Chongqing Outlets, including Aoshan Villa which is 3 km away, Sunac Junjuebao which is 2.5 km away and Palm Springs Hillcrest Villas which is 2.5 km away. These residential areas contribute to footfall to Chongqing Outlets, as they comprise middle class residents with potential to have considerable spending power. There are also several tourist attractions near Chongqing Outlets, attracting tourists from all over the country. These tourist attractions include Chongqing Garden Expo which is 5 km away, Chongqing Nanshan Scenic Spot which is 7.7 km away, Ciqikou Town which is 12 km away, and International Taproom Street which is 4.5 km away.

(See “Appendix F – Independent Market Research Report” for further details on the trade area of Chongqing Outlets.)

Trade Sector Analysis

The charts below provide a breakdown of Property Income of Chongqing Outlets by trade sector for the month of September 2017.

Chongqing Outlets Property Income by Trade Sector

The charts below provide a breakdown of Net Lettable Area of Chongqing Outlets by trade sector as at 30 September 2017.

Chongqing Outlets Net Lettable Area by Trade Sector
Top 10 Tenants

Chongqing Outlets' top 10 tenants contributed 15.9% of Chongqing Outlets' Property Income for the month of September 2017 and have a WALE by committed NLA of 1.1 years as at 30 September 2017. The top 10 tenants for Chongqing Outlets by Property Income for the month of September 2017 are Chongqing Qiangbao Trading Development Co., Ltd, Chongqing Tao Bo Trading Co., Ltd, Coach Trading (Shanghai) Co., Ltd, Fei Le Apparel Co., Ltd, Jiang Nan Bu Yi Clothing Co., Ltd, Mai Sheng Yue He Chongqing Sports goods Co., Ltd, Coach Trading (Shanghai) Co., Ltd, Michael Kors Trading (Shanghai) Co., Ltd, Shenzhen City Naersi Fashion Co., Ltd, Shiji Baozi (Xiamen) Industrial Co., Ltd, and You Yue Cheng (Limited). Some of the main brands offered by the top 10 tenants for the month of September 2017 include Basto, Coach, Naersi, Nike, Michael Kors, Polo Sports, PORTS, PUMA, Fila, LANCY, JNBY, Senta, Tata and Teenmix.

The following table sets out selected information on the top 10 tenants for Chongqing Outlets by Property Income for the month of September 2017.

<table>
<thead>
<tr>
<th>No.</th>
<th>Tenant(1)</th>
<th>Trade Sector(s)</th>
<th>Lease Expiry Date</th>
<th>Percentage of Property Income(3) of Chongqing Outlets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tenant A</td>
<td>International Brands</td>
<td>June 2021</td>
<td>2.1</td>
</tr>
<tr>
<td>2</td>
<td>Tenant B</td>
<td>Footwear</td>
<td>July 2018</td>
<td>2.1</td>
</tr>
<tr>
<td>3</td>
<td>Tenant C(2)</td>
<td>Sportswear</td>
<td>July 2018</td>
<td>1.8</td>
</tr>
<tr>
<td>4</td>
<td>Tenant D(2)</td>
<td>International Brands</td>
<td>July 2019</td>
<td>1.7</td>
</tr>
<tr>
<td>5</td>
<td>Tenant E</td>
<td>Men’s Fashion</td>
<td>July 2018</td>
<td>1.6</td>
</tr>
<tr>
<td>6</td>
<td>Tenant F</td>
<td>Sportswear</td>
<td>July 2018</td>
<td>1.5</td>
</tr>
<tr>
<td>7</td>
<td>Tenant G(2)</td>
<td>Women’s Fashion</td>
<td>July 2018</td>
<td>1.4</td>
</tr>
<tr>
<td>8</td>
<td>Tenant H(2)</td>
<td>Women’s Fashion</td>
<td>July 2018</td>
<td>1.3</td>
</tr>
<tr>
<td>9</td>
<td>Tenant I(2)</td>
<td>Women’s Fashion</td>
<td>July 2018</td>
<td>1.3</td>
</tr>
<tr>
<td>10</td>
<td>Tenant J(2)</td>
<td>International Brands</td>
<td>July 2018</td>
<td>1.2</td>
</tr>
<tr>
<td></td>
<td>Top 10 Tenants</td>
<td></td>
<td></td>
<td>15.9</td>
</tr>
<tr>
<td></td>
<td>Other Tenants</td>
<td></td>
<td></td>
<td>84.1</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

Notes:

(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

(2) Tenants C, D, G, H, I and J were tenants of the Chongqing Associated Company and accordingly, sub-tenants of the Chongqing PRC Property Company. As at the Latest Practicable Date, each of Tenants C, D, G, H, I and J has entered into new leases with the Chongqing PRC Property Company and accordingly, are tenants of the Chongqing PRC Property Company.

(3) Based on the Total Property Income for Chongqing Outlets of RMB 42.6 million in the month of September 2017.
Lease Expiry Profile

The graph below illustrates the lease expiry profile of Chongqing Outlets by Property Income and committed NLA as at 30 September 2017 respectively.

Chongqing Outlets Lease Expiry Profile

The WALE by Net Lettable Area as at 30 September 2017 is 2.8 years, and the WALE by Property Income for the month of September 2017 is 0.9 years.

The table below sets out the number of leases expiring in Chongqing Outlets for FY2017 to FY2021 and beyond (based on the leases as at 30 September 2017).

<table>
<thead>
<tr>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of leases expiring as at 30 September 2017</td>
<td>140&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>238</td>
<td>18</td>
<td>3</td>
</tr>
</tbody>
</table>

Note:

(1) As at the Latest Practicable Date, out of the 140 leases which have expired in FY2017, 118 leases have been renewed or leased to replacement tenants. In addition, 129 of these 140 leases are leases with the Associated Companies under the Pacific Master Lease and/or Sub-Lease which have expired. As at the Latest Practicable Date, save for 13 tenants which had been leasing temporary structures in the common areas of Chongqing Outlets (representing approximately 1.2% of the total NLA that was leased to tenants of the Associated Companies as at 30 September 2017), all tenants of these 129 leases have entered into new leases with the Chongqing PRC Property Company.

A high proportion of leases expire in FY2017 and FY2018 as most of the leases in Chongqing Outlets are for terms of one to two years and the majority of these leases were signed in FY2015 and FY2016. As Chongqing Outlets has stabilised and reached maturity, the Chongqing PRC Property Company had entered into leases with shorter lease tenures with the tenants. Such short terms provide more opportunities for positive rental reversions during renewals as well as replacement of poor-performing tenants who are able to generate sufficient sales revenue to meet sales target. As at 30 September 2017, 140 leases have expired in FY2017 and this represents the potential for positive rental reversions for the Initial Portfolio.

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Competition

According to the Independent Market Research Consultant, Chongqing Outlets faces no major direct competition at present. The only potential competing outlet mall is New Century Department Store Outlets (新世纪百货奥特莱斯), located at No. 3 Jianbei 1st Branch Road, Jiangbei District. It has an NLA of approximately 60,000 sq m and commenced operations in 2016. There is very limited overlap in brands between Chongqing Outlets and New Century Department Store Outlets, as the latter only targets lower to middle class families by offering mass brands.

However, Beijing Capital Land has launched plans to open a new outlet in Banan District, Chongqing, and can be considered as Chongqing Outlets’ competitor when the mall is completed, which is expected to be in October 2018.

(See “Appendix F – Independent Market Research Report” for further details on the competition analysis of Chongqing Outlets.)

Information Regarding the Title of Chongqing Outlets

The table below sets out some particulars of the State-owned Land Use Right Certificates for Chongqing Outlets.

<table>
<thead>
<tr>
<th>Certificate of Land Use Right and Building Ownership Right No.</th>
<th>Issuer</th>
<th>Issue Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>113 Fangdizheng 2008 Zi No. 01298, No. 02025; No. 02026, No. 02027; No. 02029; No. 03816; 115 Fangdizheng 2012 Zi No. 00069; 115 Fangdizheng 2014 Zi No. 30354; No. 30364; No. 30375; No. 30379; No. 30383; No. 30386; No. 30387; No. 30389; No. 30394; No. 30396; No. 30398; No. 30400; No. 30404; No. 30405; No. 30408 113 Fangdizheng 2008 Zi No. 01298, No. 02025; No. 02026, No. 02027; No. 02029; No. 03816; 115 Fangdizheng 2012 Zi No. 00069; 115 Fangdizheng 2014 Zi No. 30354; No. 30364; No. 30375; No. 30379; No. 30383; No. 30386; No. 30387; No. 30389; No. 30394; No. 30396; No. 30398; No. 30400; No. 30404; No. 30405; No. 30408</td>
<td>Land and Resource and Real Estate Bureau of Chongqing (重庆市国土资源和房屋管理局)</td>
<td>27 February 2008, 27 March 2008, 19 June 2008, 11 April 2012, 5 November 2014, 6 November 2014, 10 November 2014</td>
</tr>
<tr>
<td>Owner</td>
<td>Type of Land Use Right</td>
<td></td>
</tr>
<tr>
<td>Chongqing PRC Property Company</td>
<td>Grant of Land Use Right</td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>Land Area (sq m)</td>
<td></td>
</tr>
<tr>
<td>No. 1 Aotelaisi Road, Beibuxin District, Chongqing, PRC (重庆市北部新区奥特莱斯路1号)</td>
<td>40,189</td>
<td></td>
</tr>
<tr>
<td>Term of Land Use</td>
<td>Land Use</td>
<td></td>
</tr>
<tr>
<td>40 years expiring on 11 May 2047</td>
<td>Commerce, Wholesale and Retail</td>
<td></td>
</tr>
</tbody>
</table>
BISHAN OUTLETS
No. 9 Baiyang Road, Bishan District, Chongqing, PRC (重庆市壁山区白羊路9号)
Description of Bishan Outlets

Bishan Outlets is located in the Bishan District (璧山区) of Chongqing (重庆市) in the PRC and comprises three zones (namely Zones A, B and C) with four floors above ground and two floors underground in both Zones A and B, and three floors above ground and one floor underground in Zone C. It commenced operations in October 2014 and has 400 car park lots. The architectural style of Bishan Outlets was inspired by ancient Roman architecture and Italian towns, exuding an artistic influence. 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. As part of the “Super Outlet” business model, Bishan Outlets features (i) a “Super Children’s Centre” (which includes a selection of infant and children’s clothing labels, an early 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 targets consumers aged 18 to 60 through its wide selection of popular domestic brands offered in Bishan Outlets which are intended to attract young professionals and students, as well as luxury brands such as Calvin Klein, that are intended to satisfy the retail needs of the middle class households. As at 30 September 2017, Bishan Outlets features 213 stores, carrying approximately 350 brands.

The table below sets out a summary of selected information on Bishan Outlets.

<table>
<thead>
<tr>
<th>Address</th>
<th>No. 9 Baiyang Road, Bishan District, Chongqing, PRC (重庆市璧山区白羊路9号)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State-owned Land Use Right Certificate No.</td>
<td>Yu (2018) Bishanqu Budongchanquan No.00154910; No.00155554; No.00154990; No.00155080; No.00155120; No.00155477; No.00155512; No.00155646; No.00154633; No.00155614; No.00155588; No.00154826; 212 Fangdizheng 2014 Zi No. 14673; No. 15730; No. 14126; No. 14100; No. 15724; No. 14091; No. 14070; No. 15721; No. 14119; 212 Fangdizheng 2015 Zi No. 18355</td>
</tr>
<tr>
<td>Commencement of Operations</td>
<td>January 2014 (Soft launch); October 2014 (Zones A and B) and February 2016 (Zone C)</td>
</tr>
<tr>
<td>Expiry Date of Land Use Rights</td>
<td>21 September 2051, 24 September 2051</td>
</tr>
<tr>
<td>Number of Floors</td>
<td>Zones A, B and C with four floors above ground and two floors underground in both Zones A and B, and three floors above ground and one floor underground in Zone C.</td>
</tr>
<tr>
<td>GFA¹ (sq m)</td>
<td>68,791.4</td>
</tr>
<tr>
<td>NLA² (sq m)</td>
<td>45,171.5</td>
</tr>
<tr>
<td>Car Park Lots</td>
<td>400</td>
</tr>
<tr>
<td>Number of Tenants as at 30 September 2017</td>
<td>213</td>
</tr>
<tr>
<td>Occupancy Rate as at 30 September 2017 (%)³</td>
<td>85.6</td>
</tr>
<tr>
<td>Occupancy Rate as at Latest Practicable Date (%)³</td>
<td>91.5</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by Savills (with the Entrusted Management Agreements) (RMB million)</td>
<td>783.0</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by Savills (without the Entrusted Management Agreements) (RMB million)</td>
<td>777.0</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by JLL (with the Entrusted Management Agreements) (RMB million)</td>
<td>795.0</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by JLL (without the Entrusted Management Agreements) (RMB million)</td>
<td>789.0</td>
</tr>
<tr>
<td>Average Independent Valuation as at 30 September 2017 (with the Entrusted Management Agreements) (RMB million)</td>
<td>789.0</td>
</tr>
<tr>
<td>Average Independent Valuation as at 30 September 2017 (without the Entrusted Management Agreements) (RMB million)</td>
<td>783.0</td>
</tr>
<tr>
<td>Implied Acquisition Price⁶ (RMB million)</td>
<td>729.1</td>
</tr>
<tr>
<td>EMA Rental Income for Forecast Period 2018 and Projection Year 2019 (RMB million)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### WALE by Committed NLA as at 30 September 2017 (years)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>WALE by Committed NLA as at 30 September 2017</td>
<td>3.5</td>
</tr>
</tbody>
</table>

### WALE by Property Income for the month of September 2017 (years)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>WALE by Property Income for the month of September 2017</td>
<td>1.6</td>
</tr>
</tbody>
</table>

**Notes:**

1. Based on the Building Ownership Certificates of the Properties in the Initial Portfolio (see “Certain Defined Terms and Conventions” for details regarding the computation of GFA).
2. This is based on the leasable area as stipulated in the respective lease agreements.
3. “Occupancy Rate” is based on all current leases in respect of each Property, including legally binding letters of offer which have been accepted for vacant units, as a function of NLA.
4. The soft launch opening of approximately 11.5% of the total GFA of Bishan Outlets occurred in January 2014, while Zones A and B of Bishan Outlets (comprising approximately 73.0% of the total GFA of Bishan Outlets) commenced operations in October 2014, and parts of Zone C of Bishan Outlets (comprising approximately 7.0% of the total GFA of Bishan Outlets) commenced operations in February 2016. The remaining parts of Zone C of Bishan Outlets (comprising approximately 8.5% of the total GFA of Bishan Outlets) are expected to commence operations in April 2018.
5. In respect of 212 Fangdizheng 2015 Zi No. 18355.
6. The implied acquisition price of each of Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets has been determined on a willing-seller and willing-buyer basis taking into consideration the Offering Price, which includes the Underwriting and Selling Commission (as defined herein), as well as other estimated offering expenses, taking into account the average of the two independent valuations (with the Entrusted Management Agreements) of each of the Properties as at 30 September 2017 and does not include the value of the Associated Companies.
7. Exclude the accounting impact relating to the straight line effect of rental income. With the straight line effect, the EMA Rental Income will be RMB 44.5 million for Forecast Period 2018 and RMB 53.4 million for Projection Year 2019.

### Location and Trade Area

#### Location

Bishan Outlets is situated south of Shuangxing Avenue, north of Baiyang Road, and east of Biqing Road and is within 3 km of downtown Bishan District. Bishan Outlets is also located next to Jinjian Mountain, which is a tourist attraction. According to the Independent Market Research Consultant, the PRC government has recently released a detailed plan to promote the area’s further development in the tourism and leisure industries, and these tourism spots have the potential to bring tremendous number of visitors to Bishan each year, thereby providing a large customer pool for Bishan Outlets. Bishan Outlets is also close to the central area of Xiyong Town which is approximately 7 km away, and Xiyong High-tech Industrial Park which is approximately 8 km away, attracting consumer traffic from 19 colleges and universities and over 100 firms.

Bishan Outlets is situated in a convenient location with several main roads located nearby, including S109 Shuangxing Avenue, S108 Biqing Road, Daxuecheng Middle Road, the G319 Xiache Expressway, and the G5001 Chongqing Beltway. Bishan Outlets is approximately 50 km away from Chongqing Jiangbei International Airport and is accessible by an hour’s drive. With regards to public transportation, Bishan Outlets offers a free shuttle bus service between Bishan Outlets and the terminus of the Chongqing Rail Transit Line 1, every two hours from Monday to Friday, and every hour on the weekends. In addition, according to the Independent Market Research Consultant, it is anticipated that Chongqing Rail Transit Line 1 will be further expanded into the Bishan District with the opening of a new station within 2 km from Bishan Outlets in 2018.

(See “Appendix F – Independent Market Research Report” for further details on the location of Bishan Outlets.)

#### Trade Area

Bishan Outlets targets consumers not only from the Bishan District, but also from the Yuzhong District, Jiulongpo District, Jiangbei District, Shapingba District and the College Town. The target market consists of a population of approximately 3 million people. With an increased focus on the development of Bishan’s tourism industry, Bishan Outlets is expected to benefit from increasing
visitor traffic. Bishan Outlets is located near the future Six Flags theme park, Tianci Spa Resort and eight parks including Guanyintang Wetland Park and Xiuhu Park. Additionally, Bishan District is approximately 37 km away from the downtown area of Chongqing which is accessible within an hour’s drive.

Bishan Outlets is also surrounded by well-developed facilities such as the Bishan Sports Center, Bank of China, Postal Savings Bank of China, Bank of Communication, and People’s Hospital of Bishan District. With regards to dining options, a variety of franchised fast food restaurants and Chongqing-style restaurants, such as hotpot restaurants, can be found nearby.

(See “Appendix F – Independent Market Research Report” for further details on the trade area of Bishan Outlets.)

Trade Sector Analysis

The charts below provide a breakdown of Property Income of Bishan Outlets by trade sector for the month of September 2017.

**Bishan Outlets Property Income by Trade Sector**

*The charts below provide a breakdown of Net Lettable Area of Bishan Outlets by trade sector as at 30 September 2017.*
Top 10 Tenants

Bishan Outlets’ top 10 tenants contributed 21.0% of Bishan Outlets’ Property Income for the month of September 2017 and have a WALE by committed NLA of 5.4 years as at 30 September 2017. The top 10 tenants for Bishan Outlets by Property Income for the month of September 2017 are Bishan County Da Jiang Long Catering Culture Co. LTD (璧山县大江龙餐饮文化有限公司), Chongqing Jia Yuan Film Industry Management Co., Ltd. (重庆嘉源影业管理有限公司), Chongqing Shun Zhu Trading Co., Ltd (重庆舜筑商贸有限公司), Guo Jian Feng (郭剑锋), New Balance Trading (China) Co., Ltd. (新百伦贸易(中国)有限公司), Nike Business (China) Co., Ltd. (耐克商业(中国)有限公司), Shanghai Lu Tai Industrial Co., Ltd. Chongqing Bishan Branch (上海禄泰实业有限公司重庆璧山分公司), Ye Jian Zhi (叶建治), You Yue Cheng (尤约成) and Zhejiang Daya Home Fashion Co., Ltd. (浙江大雅家时尚生活有限公司). Some of the main brands offered by the top 10 tenants for the month of September 2017 include Adidas, Elegant Prosper, New Balance, Nike, OBEG, Polo Sports, PSALTER, YINER (音儿) and Zoreya.

The following table sets out selected information on the top 10 tenants for Bishan Outlets by Property Income for the month of September 2017.

<table>
<thead>
<tr>
<th>No.</th>
<th>Tenant(1)</th>
<th>Trade Sector(s)</th>
<th>Lease Expiry Date</th>
<th>Percentage of Property Income(2) of Bishan Outlets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tenant A</td>
<td>International Brands</td>
<td>July 2019</td>
<td>3.8</td>
</tr>
<tr>
<td>2</td>
<td>Tenant B</td>
<td>Women’s Fashion</td>
<td>July 2018</td>
<td>3.0</td>
</tr>
<tr>
<td>3</td>
<td>Tenant C</td>
<td>Sportswear</td>
<td>December 2019</td>
<td>2.3</td>
</tr>
<tr>
<td>4</td>
<td>Tenant D</td>
<td>Men’s Fashion</td>
<td>July 2018</td>
<td>2.3</td>
</tr>
<tr>
<td>5</td>
<td>Tenant E</td>
<td>Others</td>
<td>January 2031</td>
<td>1.8</td>
</tr>
<tr>
<td>6</td>
<td>Tenant F</td>
<td>Women’s Fashion</td>
<td>July 2019</td>
<td>1.7</td>
</tr>
<tr>
<td>7</td>
<td>Tenant G</td>
<td>Women’s Fashion</td>
<td>December 2018</td>
<td>1.6</td>
</tr>
<tr>
<td>8</td>
<td>Tenant H</td>
<td>Sportswear</td>
<td>May 2023</td>
<td>1.5</td>
</tr>
<tr>
<td>9</td>
<td>Tenant I</td>
<td>Sportswear</td>
<td>July 2018</td>
<td>1.5</td>
</tr>
<tr>
<td>10</td>
<td>Tenant J</td>
<td>F&amp;B</td>
<td>December 2023</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Top 10 Tenants 21.0
Other Tenants 79.0
Total 100.0

Notes:
(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.
(2) Based on the Total Property Income for Bishan Outlets of RMB 5.3 million in the month of September 2017.
Lease Expiry Profile

The graph below illustrates the lease expiry profile of Bishan Outlets by Property Income and committed NLA as at 30 September 2017 respectively.

Bishan Outlets Lease Expiry Profile

The WALE by Net Lettable Area as at 30 September 2017 is 3.5 years, and the WALE by Property Income for the month of September 2017 is 1.6 years.

The table below sets out the number of leases expiring in Bishan Outlets for FY2017 to FY2021 and beyond (based on the leases as at 30 September 2017).

<table>
<thead>
<tr>
<th>No. of leases expiring as at 30 September 2017</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9(1)</td>
<td>156</td>
<td>17</td>
<td>14</td>
<td>17</td>
</tr>
</tbody>
</table>

Note:
(1) As at the Latest Practicable Date, out of the nine leases which have expired in FY2017, five leases have been renewed or leased to replacement tenants.

A high proportion of the leases expire in FY2018. This is because a majority of the space in Bishan Outlets opened in October 2014, and to provide for stability of rental income during its first few years of operations, the majority of these lease agreements signed by the Bishan PRC Property Company with the tenants were for a longer lease period of at least three years. As such, a high proportion of the leases expire in FY2018, which is approximately three to four years after the commencement of operations of Bishan Outlets in 2014. It is envisaged that as Bishan Outlets stabilises and approaches maturity, the Bishan PRC Property Company will enter into leases with shorter lease tenures with the tenants. Such short terms provide more opportunities for positive rental reversions as well as replacement of poor-performing tenants who are unable to generate sufficient sales revenue to meet sales target.
Competition

According to the Independent Market Research Consultant, there is no other outlet mall in the Bishan District. As at the Latest Practicable Date, the closest competing shopping mall is a department store named Chongqing Department Store – Bishan Shopping Centre (重百 – 璧山购物), which commenced operations in 2012. It has an NLA of approximately 15,048 sq m and its address is No. 30 Yanhe West Road North Section, Bishan County, Chongqing. Located in the downtown area of the Bishan District, Bishan Shopping Centre targets lower-middle to middle class families in Bishan by offering domestic brands.

Furthermore, according to the Independent Market Research Consultant, there will not be any new entrants to the outlet mall industry in the Bishan District in the near future. Bishan Outlets will remain the only premium shopping outlet in the Bishan region in the next few years.

(See “Appendix F – Independent Market Research Report” for further details on the competition analysis of Bishan Outlets.)

Information Regarding the Title of Bishan Outlets

The table below sets out some particulars of the State-owned Land Use Right Certificates for Bishan Outlets.

No.00154910; No.00155554; No.00154990;
No.00155080; No.00155120; No.00155477;
No.00155512; No.00155646; No.00154633;
No.00155614; No.00155588; No.00154826;
212 Fangdizheng 2014 Zi No. 14673; No. 15730;
No. 14126; No. 14100; No. 15724; No. 14091; No.
14070; No. 15721; No. 14119; 212 Fangdizheng
2015 Zi No. 18355 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer</td>
<td>Land and Housing Administrative Bureau of Bishan County</td>
<td></td>
</tr>
<tr>
<td>Issue Date</td>
<td>30 July 2014, 8 August 2014, 27 August 2014, 29 September 2015, 13 February 2018</td>
<td></td>
</tr>
<tr>
<td>Owner</td>
<td>Bishan PRC Property Company</td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>No. 9 Baiyang Road, Bishan District, Chongqing, PRC (重庆市璧山区白羊路9号)</td>
<td></td>
</tr>
<tr>
<td>Type of Land Use Right</td>
<td>Grant of Land Use Right</td>
<td></td>
</tr>
<tr>
<td>Land Area (sq m)</td>
<td>78,793</td>
<td></td>
</tr>
<tr>
<td>Land Use</td>
<td>Commercial</td>
<td></td>
</tr>
<tr>
<td>Term of Land Use</td>
<td>40 years expiring on 21 September 2051(1)</td>
<td></td>
</tr>
</tbody>
</table>

Note:
(1) In respect of 212 Fangdizheng 2015 Zi No. 18355, 40 years expiring on 24 September 2051.

Other Information relating to Bishan Outlets

Non-compliance with the designated use of carpark spaces in Bishan Outlets

Approximately 4,010 sq m of Bishan Outlets (comprising approximately 8.2% of Bishan Outlets’ total NLA) on the underground second floor, which was designated for carpark usage under the Fire Control Acceptance Certificate of Bishan Outlets (建设工程消防验收意见书) issued by the fire safety department of Bishan (璧山县公安消防大队) (“Bishan Fire Safety Department”), have been utilised for retail store purposes and leased out to tenants.
As advised by Jingtian & Gongcheng, according to Article 14 of the Chongqing Measures for the Administration of Parking Spaces ("Measures for the Administration of Parking Spaces"), the owner of carpark spaces should register the usage of the carpark spaces with the municipal department of Chongqing ("Chongqing Municipal Department") within 30 days of commencement of the operations of the carpark. Any change in the usage of carpark spaces will have to be authorised by and filed with the Chongqing Municipal Department. Furthermore, according to Article 23 of the Measures for the Administration of Parking Spaces, any violation of Article 14 relating to unauthorised change in usage of carpark spaces will be investigated by the Chongqing Municipal Department. The Measures for the Administration of Parking Spaces does not stipulate the penalties arising from a violation of Article 14.

In this regard, the Sponsor has obtained a written confirmation dated 5 May 2017 from the Chongqing District Bishan Municipal Landscape Management Bureau (the “Bishan Municipal Landscape Management Bureau”), which acts as the municipal department in the Bishan District, stating that (i) the Bishan PRC Property Company is in compliance with the Measures for the Administration of Parking Spaces regarding its usage of the carpark spaces in Bishan Outlets, and (ii) the Bishan Municipal Landscape Management Bureau has not imposed any penalties on the Bishan PRC Property Company as a result of the non-compliance of its usage of the carpark spaces in Bishan Outlets. Based on the written confirmation issued, Jingtian & Gongcheng is of the view that the Bishan Municipal Landscape Management Bureau is the competent PRC authority responsible for governing the usage of carpark spaces in Bishan Outlets, and therefore has the authority to issue the written confirmation. Although the non-compliance with the designated use of carpark spaces in Bishan Outlets may be regarded as a violation of Article 14 of the Measures for the Administration of Parking Spaces, considering that the Bishan Municipal Landscape Management Bureau has issued the abovementioned written confirmation, Jingtian & Gongcheng is of the view that the risk of the Bishan PRC Property Company being penalised due to non-compliance with the Measures for the Administration of Parking Spaces by the Bishan Municipal Landscape Management Bureau is remote. Furthermore, Jingtian & Gongcheng had conducted independent public searches on public resources and has confirmed that, as at the Latest Practicable Date, there is no negative record on the Bishan PRC Property Company with respect to the non-compliance of the use of carpark spaces by the Bishan PRC Property Company. Jingtian & Gongcheng had also consulted with the officers of the Bishan Municipal Landscape Management Bureau, who have confirmed that the Bishan Municipal Landscape Management Bureau had not imposed any penalties on the Bishan PRC Property Company as of the date of the consultation, which was 4 May 2017. In addition, as at the Latest Practicable Date, the Bishan PRC Property Company has not received any rectification order in relation to the usage of the carpark spaces. In view of Jingtian & Gongcheng’s opinion that the risk of the Bishan PRC Property Company being penalised due to non-compliance with the Measures for the Administration of Parking Spaces by the Bishan Municipal Landscape Management Bureau is remote, such use of the carpark space in Bishan Outlets has not been rectified as it is currently being leased to tenants for which the Bishan PRC Property Company collects rent.

Further, the Sponsor has provided an indemnity to the Bishan Indemnified Parties against any and all losses which any of the Bishan Indemnified Parties may suffer or incur that arises out of or in connection with the unauthorised usage of the carpark spaces (including any costs or expenses incurred to carry out rectification of the carpark spaces, if required), for so long as Sasseur REIT owns Bishan Outlets or until such retail spaces in the carpark spaces have been rectified to its authorised use. There are no termination clauses with respect to the indemnity provided by the Sponsor. (See “Certain Agreements Relating to Sasseur REIT and the Properties – Deed of Indemnity in relation to Bishan Outlets” for further details.)
HEFEI OUTLETS

No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province, PRC (安徽省合肥高新区长宁大道1888号)
Description of Hefei Outlets

Hefei Outlets consists of four floors above ground and one floor underground in Zone A, five floors above ground and one floor underground in Zone B, and 1,566 car park lots. It commenced operations in May 2016 and is located in the High-Tech Industrial Development Zone, which is one of the PRC's national high-tech industrial development zones. Hefei Outlets caters to middle class consumers by offering a wide range of entertainment choices as well as luxury brand stores. According to the Independent Market Research Consultant, 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. As at 30 September 2017, it features 283 stores, carrying approximately 450 brands.

The Land Use Right Certificate issued to the Hefei PRC Property Company comprises a plot of land on which Hefei Outlets is located on as well as the Hefei Phase 2 Development, which is approximately 51,447 sq m of undeveloped land which can support the development of new assets. The Sponsor Group intends to develop the Hefei Phase 2 Development based on its “Super Outlet” business model, to feature a “Super Children’s Centre”, “Super Farm”, “Super Amusement Park” as well as a hotel.
The table below sets out a summary of selected information on Hefei Outlets.

<table>
<thead>
<tr>
<th>Address</th>
<th>No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province, PRC (安徽省合肥高新区长宁大道1888号)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State-owned Land Use Right Certificate No.</td>
<td>He Gao Xin Guo Yong (2015) No. 022 and No. 023</td>
</tr>
<tr>
<td>Commencement of Operations</td>
<td>May 2016</td>
</tr>
<tr>
<td>Expiry Date of Land Use Rights</td>
<td>19 July 2053</td>
</tr>
<tr>
<td>Number of Floors</td>
<td>Four floors above ground and one floor underground in Zone A, five floors above ground and one floor underground in Zone B, and 1,566 car park lots.</td>
</tr>
<tr>
<td>GFA(^{(1)}) (sq m)</td>
<td>141,181.7</td>
</tr>
<tr>
<td>NLA(^{(2)}) (sq m)</td>
<td>138,449.4</td>
</tr>
<tr>
<td>Car Park Lots</td>
<td>1,566</td>
</tr>
<tr>
<td>Number of Tenants as at 30 September 2017</td>
<td>283</td>
</tr>
<tr>
<td>Occupancy Rate as at 30 September 2017 (%)(^{(3)})</td>
<td>93.3</td>
</tr>
<tr>
<td>Occupancy Rate as at Latest Practicable Date (%)(^{(3)})</td>
<td>95.8</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by Savills (with the Entrusted Management Agreements) (RMB million)</td>
<td>2,408.0(^{(4)})</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by Savills (without the Entrusted Management Agreements) (RMB million)</td>
<td>2,403.0(^{(4)})</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by JLL (with the Entrusted Management Agreements) (RMB million)</td>
<td>2,461.0(^{(4)})</td>
</tr>
<tr>
<td>Independent Valuation as at 30 September 2017 by JLL (without the Entrusted Management Agreements) (RMB million)</td>
<td>2,433.0(^{(4)})</td>
</tr>
<tr>
<td>Average Independent Valuation as at 30 September 2017 (with the Entrusted Management Agreements) (RMB million)</td>
<td>2,434.5(^{(4)})</td>
</tr>
<tr>
<td>Average Independent Valuation as at 30 September 2017 (without the Entrusted Management Agreements) (RMB million)</td>
<td>2,418.0(^{(4)})</td>
</tr>
<tr>
<td>Implied Acquisition Price(^{(5)}) (RMB million)</td>
<td>2,249.6</td>
</tr>
<tr>
<td>EMA Rental Income for Forecast Period 2018 and Projection Year 2019 (RMB million)</td>
<td>Forecast Period 2018</td>
</tr>
<tr>
<td></td>
<td>129.9(^{(6)})</td>
</tr>
<tr>
<td>WALE by Committed NLA as at 30 September 2017 (years)</td>
<td>3.6</td>
</tr>
<tr>
<td>WALE by Property Income for the month of September 2017 (years)</td>
<td>2.1</td>
</tr>
</tbody>
</table>
Notes:

(1) Based on the Building Ownership Certificates of the Properties in the Initial Portfolio (see “Certain Defined Terms and Conventions” for details regarding the computation of GFA).

(2) This is based on the leasable area as stipulated in the respective lease agreements.

(3) “Occupancy Rate” is based on all current leases in respect of each Property, including legally binding letters of offer which have been accepted for vacant units, as a function of NLA.

(4) For the avoidance of doubt, the valuations of Hefei Outlets by the Independent Valuers as at 30 September 2017 do not include the valuations of any of the Shop Units and the value of the undeveloped land under the Hefei Phase 2 Development.

(5) The implied acquisition price of each of Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets has been determined on a willing-seller and willing-buyer basis taking into consideration the Offering Price, which includes the Underwriting and Selling Commission (as defined herein), as well as other estimated offering expenses, taking into account the average of the two independent valuations (with the Entrusted Management Agreements) of each of the Properties as at 30 September 2017 and does not include the value of the Associated Companies.

(6) Exclude the accounting impact relating to the straight line effect of rental income. With the straight line effect, the EMA Rental Income will be RMB 138.1 million for Forecast Period 2018 and RMB 165.7 million for Projection Year 2019.

Location and Trade Area

Location

Hefei Outlets is located in the High-Tech Industrial Development Zone, which is one of the PRC’s national high-tech industrial development zones. With the rapid development of the High-Tech Industrial Development Zone, Hefei has been improved and transformed into a “Lake city and an innovation pool”, and has attracted a number of high-tech companies and research institutes.

Hefei Outlets is situated near four main urban roadways, including Changjiang West Road, Wangjiang West Road, Xiyou Road, and Chuangxin Avenue. It is approximately 24 km away from the Hefei railway station and approximately 23 km away from Hefei Xinqiao International Airport. Hefei Outlets is also accessible via the public bus. According to the Independent Market Research Consultant, Metro Line 2 has commenced operations on 26 December 2017 with a station approximately 1.2 km from Hefei Outlets. There will also be two additional metro lines (namely Metro Line 4 and Metro Line 7) in the future, connecting Hefei Outlets with the city centre, thereby improving the accessibility of Hefei Outlets and broadening its consumer base.

(See “Appendix F – Independent Market Research Report” for further details on the location of Hefei Outlets.)

Trade Area

As Hefei Outlets is located in the middle of the High-Tech Industrial Development Zone, it is close to corporate headquarters, high-end villas and an ecological tourism zone, positioning itself to benefit from the future inflow of a large consumer base. In addition, according to the Independent Market Research Consultant, the University of Science and Technology of China’s new campus will also be located in the High-Tech Industrial Development Zone, approximately 2.5 km away from Hefei Outlets, and is currently under construction. It is estimated that by 2020, the High-Tech Industrial Development Zone will have a population of over two million. The continued growth in population in the High-Tech Industrial Development Zone is likely to contribute positively to Hefei Outlets’ potential consumer base.

(See “Appendix F – Independent Market Research Report” for further details on the trade area of Hefei Outlets.)
Trade Sector Analysis

The charts below provide a breakdown of Property Income of Hefei Outlets by trade sector for the month of September 2017.

Hefei Outlets Property Income by Trade Sector

The charts below provide a breakdown of Net Lettable Area of Hefei Outlets by trade sector as at 30 September 2017.

Hefei Outlets Net Lettable Area by Trade Sector
Top 10 Tenants

The top 10 tenants of Hefei Outlets contributed 19.4% of Hefei Outlets’ Property Income for the month of September 2017 and have a WALE by committed NLA of 9.3 years as at 30 September 2017. The top 10 tenants for Hefei Outlets by Property Income for the month of September 2017 are Coach Trading (Shanghai) Co., Ltd. (蔻驰贸易(上海)有限公司), Hefei Teng Rui Sporting Goods Co., Ltd (合肥腾瑞体育用品有限公司), Hefei Youmi Film Culture Communications Co., Ltd. (合肥优觅影视文化传播有限公司), Michael Kors Trading (Shanghai) Co., Ltd. (迈克尔高仕商贸(上海)有限公司), Nike Business (China) Co., Ltd. (耐克商业(中国)有限公司), Pei Congjie (裴琮杰), Qiaozhi Armani (Shanghai) Trading Co., Ltd. (乔治阿玛尼(上海)商贸有限公司), Yu Sheng (Kunshan) Sporting Goods Co., Ltd (裕晟(昆山)体育用品有限公司), Zhejiang Phoenix Shang Pin Brand Management Co., Ltd. (浙江凤凰尚品品牌管理有限公司) and Zhou Yan (周燕). Some of the main brands offered by the top 10 tenants for the month of September 2017 include Coach, Giorgio Armani, Jack Jones, Nautica, Nike, Michael Kors, Only, PEPCO, Selected, Semir, Skechers, Timberland and Vero Moda.

The following table sets out selected information on the top 10 tenants for Hefei Outlets by Property Income for the month of September 2017.

<table>
<thead>
<tr>
<th>No.</th>
<th>Tenant(1)</th>
<th>Trade Sector(s)</th>
<th>Lease Expiry Date</th>
<th>Percentage of Property Income(2) of Hefei Outlets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tenant A</td>
<td>International Brands</td>
<td>April 2021</td>
<td>3.1</td>
</tr>
<tr>
<td>2</td>
<td>Tenant B</td>
<td>Sportswear</td>
<td>May 2022</td>
<td>2.3</td>
</tr>
<tr>
<td>3</td>
<td>Tenant C</td>
<td>Others</td>
<td>August 2031</td>
<td>2.3</td>
</tr>
<tr>
<td>4</td>
<td>Tenant D</td>
<td>International Brands</td>
<td>July 2019</td>
<td>2.2</td>
</tr>
<tr>
<td>5</td>
<td>Tenant E</td>
<td>International Brands</td>
<td>December 2020</td>
<td>1.9</td>
</tr>
<tr>
<td>6</td>
<td>Tenant F</td>
<td>Others</td>
<td>April 2019</td>
<td>1.7</td>
</tr>
<tr>
<td>7</td>
<td>Tenant G</td>
<td>Sportswear</td>
<td>May 2021</td>
<td>1.6</td>
</tr>
<tr>
<td>8</td>
<td>Tenant H</td>
<td>Sportswear</td>
<td>April 2020</td>
<td>1.6</td>
</tr>
<tr>
<td>9</td>
<td>Tenant I</td>
<td>Trendy Brands</td>
<td>July 2022</td>
<td>1.4</td>
</tr>
<tr>
<td>10</td>
<td>Tenant J</td>
<td>International Brands</td>
<td>February 2021</td>
<td>1.4</td>
</tr>
<tr>
<td></td>
<td>Top 10 Tenants</td>
<td></td>
<td></td>
<td>19.4</td>
</tr>
<tr>
<td></td>
<td>Other Tenants</td>
<td></td>
<td></td>
<td>80.6</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

Notes:
(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.
(2) Based on the Total Property Income for Hefei Outlets of RMB 6.8 million in the month of September 2017.
Lease Expiry Profile

The graph below illustrates the lease expiry profile of Hefei Outlets by Property Income and committed NLA as at 30 September 2017 respectively.

**Hefei Outlets Lease Expiry Profile**

The WALE by Net Lettable Area as at 30 September 2017 is 3.6 years, and the WALE by Property Income for the month of September 2017 is 2.1 years.

The table below sets out the number of leases expiring in Hefei Outlets for FY2017 to FY2021 and beyond (based on the leases as at 30 September 2017).

<table>
<thead>
<tr>
<th>No. of leases expiring as at 30 September 2017</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30(1)</td>
<td>85</td>
<td>122</td>
<td>12</td>
<td>34</td>
</tr>
</tbody>
</table>

**Note:**

(1) As at the Latest Practicable Date, out of the 30 leases which have expired in FY2017, 18 leases have been renewed or leased to replacement tenants.
A high proportion of the leases will expire in FY2019. This is because Hefei Outlets commenced operations recently in May 2016, and to provide for stability of rental income during its first few years of operations, the majority of these lease agreements by the Hefei PRC Property Company with the tenants were for a longer lease period of at least three years. As such, a high proportion of the leases will expire in FY2019, which is approximately three years after the commencement of operations of Hefei Outlets in 2016. It is envisaged that as Hefei Outlets stabilise and reach maturity, the Hefei PRC Property Company will enter into leases with shorter lease tenures with the tenants. Such short terms provide more opportunities for positive rental reversions as well as replacement of poor-performing tenants who are unable to generate sufficient sales revenue to meet sales target.

**Competition**

According to the Independent Market Research Consultant, Huasheng Outlets, which is built by the Huasheng Group, can be considered a competitor of Hefei Outlets. Huasheng Outlets is located at 3rd Exchange Square, South China City, Feixi County, Hefei, with a GFA of approximately 130,000 sq m. Huasheng Outlets commenced operations in April 2017 with brand coverage focused on sports brands and domestic brands, and has an occupancy rate of approximately 40.0% as at 30 September 2017.

In addition, Hefei Outlets may face competition from Hefei Yintai Centre, which is a department store located at No. 98 Changjiang Middle Road, Luyang District, Hefei, with an NLA of approximately 67,500 sq m.

Furthermore, Capital Outlets, which is currently under construction and expected to commence operations in 2018, can also be considered a future competitor of Hefei Outlets. It is expected that Capital Outlets will have an estimated GFA of approximately 100,000 sq m when it is completed.

(See “Appendix F – Independent Market Research Report” for further details on the competition analysis of Hefei Outlets.)

**Information Regarding the Title of Hefei Outlets**

The table below sets out some particulars of the State-owned Land Use Right Certificates for Hefei Outlets.

<table>
<thead>
<tr>
<th>State-owned Land Use Right Certificate No.</th>
<th>He Gao Xin Guo Yong (2015) No. 022 and No. 023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer</td>
<td>Land Use and Resources Bureau of Hefei</td>
</tr>
<tr>
<td>Issue Date</td>
<td>12 March 2015</td>
</tr>
<tr>
<td>Owner</td>
<td>Hefei PRC Property Company</td>
</tr>
<tr>
<td>Location</td>
<td>No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province, PRC (安徽省合肥高新区长宁大道1888号)</td>
</tr>
<tr>
<td>Type of Land Use Right</td>
<td>Grant of Land Use Right</td>
</tr>
<tr>
<td>Land Area (sq m)</td>
<td>132,212.7</td>
</tr>
<tr>
<td>Land Use</td>
<td>Commerce, Office</td>
</tr>
<tr>
<td>Term of Land Use</td>
<td>40 years expiring on 19 July 2053</td>
</tr>
</tbody>
</table>
Extension of Construction Completion Date in the Land Use Right Grant Contract in respect of Hefei Outlets

Under PRC laws and regulations, if a property developer fails to comply with the terms of the Land Use Right Grant Contract, including those relating to payment of land premiums, the designated use of the land and the schedule for commencement and completion of the development of the land, the relevant PRC land administration department may impose a penalty on the developer or reclaim the relevant land.

The Land Use Right Certificate issued to the Hefei PRC Property Company comprises a plot of land on which Hefei Outlets is located as well as the Hefei Phase 2 Development. The undeveloped land comprising the Hefei Phase 2 Development constitutes approximately 39.0% of the GFA of the entire plot of land underlying the Land Use Right Certificate issued to the Hefei PRC Property Company. The Land Use Right Grant Contract in respect of Hefei Outlets stipulates that construction on the land has to commence by 21 October 2013 and complete by 20 April 2016. While the construction of Hefei Outlets commenced on 26 March 2014 and completed on 26 May 2016\(^1\), the Hefei Phase 2 Development has not been developed as the Sponsor had only planned to commence development on the neighbouring land parcel after monitoring the performance of Hefei Outlets and ensuring that it reaches maturity.

The Land Use Right Grant Contract in respect of the land underlying Hefei Outlets stipulates that the Hefei PRC Property Company shall pay to the relevant PRC land administration department the equivalent of 0.1% of the total value of the Land Use Right Grant Contract for every day that it does not complete construction by the date stipulated in the contract.

In respect of Hefei Outlets and the Hefei Phase 2 Development, the land administration department responsible for Hefei Outlets, namely the Hefei Land and Resources Bureau (合肥市国土资源局), had issued a written confirmation dated 5 June 2017, confirming the extension of the construction completion date in the Land Use Right Grant Contract in respect of the land underlying Hefei Outlets by two years to 20 April 2018 (the "Hefei New Completion Date"). The Hefei Land and Resources Bureau has also confirmed that the authority to deal with the Hefei PRC Property Company in the event of breach of the Land Use Right Grant Contract of Hefei Outlets due to the delayed completion of construction will be delegated to the Management Committee of the High-Tech New Zone.

Jingtian & Gongcheng, after taking into account the abovementioned written confirmation, is of the opinion that:

(a) the Hefei Land and Resources Bureau is the competent authority to govern the relevant issue, and the Hefei New Completion Date has already been approved by the Hefei Land and Resources Bureau;

(b) the Hefei PRC Property Company will not be subject to any penalties before the Hefei New Completion Date; and

(c) the Hefei PRC Property Company may file a new application for a one-year extension of the completion date of construction once the Hefei New Completion Date lapses, as well as further applications for extension if necessary. There are no material legal impediments to obtaining an approval for the further extension, and hence the Hefei PRC Property Company is more likely to obtain the further extension, assuming that (i) an application letter which sets out the basic information and the reasons for the application for the further extension has been submitted to the Government of Hefei City through the Management Committee of

\(^1\) Based on the completion date stated in the Completion Acceptance Certificate (竣工验收合格证明) issued in respect of Hefei Outlets.
High-Tech New Zone in accordance with the relevant laws and regulations regarding land resource management, and (ii) the Government of Hefei City is of the view that such extension is in compliance with the requirements under the relevant laws and regulations regarding land resource management. Assuming that the approval for further extension of the completion date of construction has been issued, the Hefei PRC Property Company will not be subject to any penalties by the relevant authorities due to the failure to meet the stipulated completion dates.

According to Jingtian & Gongcheng, pursuant to the Measures on Disposal of Idle Land (闲置土地处置办法) promulgated by the Ministry of Land and Resources, “idle land” shall mean that the granted state-owned land (1) fails to commence construction and development thereof within one year from the construction date stipulated in its land use right grant contract; or (2) has its construction suspended for over one year and the area in construction is less than one third of the total area of land that should have been under construction and development, or the invested amount is less than 25.0% of the total amount of capital that ought to be invested. In addition to imposing an idle land fee of up to 20.0% of the land premium, if the date of commencement of construction has been delayed for over two years, the local land regulatory authority which is the competent authority regulating idle land, shall forfeit the idle land without compensation. The Sponsor has confirmed that the construction with respect to most of the area of the land underlying Hefei Outlets in respect of the Land Use Right Grant Contract granted to the Hefei PRC Property Company (including the adjacent undeveloped land) has been completed. Jingtian & Gongcheng has reviewed all the Land Use Right Certificates (国有土地使用证), Real Estate Ownership Certificates (不动产权证书), Construction Project Planning Permits (建设工程规划许可证) and Construction Works Commencement Permits (建筑工程施工许可证) that have been issued to the Hefei PRC Property Company in respect of Hefei Outlets, and found that the built-up area of the four completed buildings which Hefei Outlets is comprised of exceeds one third of the total area of the underlying land set out in the Land Use Right Certificate issued to the Hefei PRC Property Company in respect of Hefei Outlets. According to Jingtian & Gongcheng, the total investment amount as stipulated in the Notification on the Record of the Project Sasseur (Hefei) Art Commercial Plaza issued by Economic and Trade Bureau of High-Tech Industry Development District in Hefei dated 26 June 2013 with Serial No. He Gao Jing Mao [2013] 157 in respect of Hefei Outlets amounts to RMB 1.8 billion and according to the Sponsor, the actual investment amount for Hefei Outlets as at 30 September 2017 is RMB 1,076.9 million, exceeding 25% of the total investment amount which is RMB 450 million. In addition, the Reporting Accountant, Ernst & Young LLP, has found such actual investment amounts stated by the Sponsor to be consistent with the accounting records of the Hefei PRC Property Company. Based on the above, Jingtian & Gongcheng is of the opinion that that the undeveloped land adjacent to Hefei Outlets would not constitute “idle land” pursuant to the Measures on Disposal of Idle Land and hence the Land Use Right granted to the Hefei PRC Property Company would not be subject to forfeiture by the Hefei Land and Resources Bureau regardless of whether construction of the undeveloped land adjacent to Hefei Outlets is completed by the Hefei New Completion Date.

As the Hefei New Completion Date is 20 April 2018, as at the Latest Practicable Date, the Sponsor does not expect any potential financial liability in respect of the non-compliance of the construction completion date by the Hefei PRC Property Company under the Land Use Right Grant Contract. On the basis of such Hefei New Completion Date, Jingtian & Gongcheng has also confirmed that no other penalties would be imposed by the relevant PRC authorities on the Hefei PRC Property Companies in relation to the delay in completion of construction of the land under the Land Use Right Grant Contract in respect of Hefei Outlets. In any event, any financial penalties imposed by the relevant PRC authorities on the Hefei PRC Property Company in respect of the non-compliance of the construction completion date would be indemnified by the Sponsor under the Sponsor’s Indemnity in accordance with the terms of its Grant Agreement.
Other Information Relating to Hefei Outlets

Shop Units in Hefei Outlets that have been strata-titled and sold

Prior to the Restructuring Exercise, the Sponsor had sub-divided and sold a total of 162 Shop Units located on the peripheral areas of Hefei Outlets that were originally situated on the same land parcel which the Hefei Outlets and the Shop Units were situated. As at 30 September 2017, the Shop Units that were sold constituted approximately 14.0% of the net lettable area of Hefei Outlets (prior to the sale of these Shop Units). These Shop Units had been sold to various parties, including certain employees of the Sponsor Group. For the avoidance of doubt, none of the directors or controlling shareholders of the Sponsor nor any of their associates had purchased any of the Shop Units.

Out of the 162 Shop Units that were sold, the transfer of the title to 126 of these Shop Units have been completed, whereas in respect of the remaining 36 Pre-Sold Shop Units, the purchasers have only made partial progress payments and have not made full payment. Therefore, the strata titles to these 36 Pre-Sold Shop Units have not been transferred to the individual purchasers and are currently held by the Hefei PRC Property Company pending completion of the transfer of title to the respective purchasers. Based on the payment schedule according to the respective sale and purchase agreements between the Hefei PRC Property Company and the purchasers, the Sponsor envisages that the transfer of title of all the Pre-Sold Shop Units from the Hefei PRC Property Company to the purchasers will be completed by no later than the end of FY2019. In the event that the purchasers of Pre-Sold Shop Units do not make full payment for the Pre-Sold Shop Units by the end of FY2020 (so as to provide purchasers an additional grace period of up to one year to make full payment for the Pre-Sold Shop Units if they are unable to do so by the end of FY2019), Sasseur REIT will transfer title to the remaining Pre-Sold Shop Units to the Sponsor (or its nominee) for no consideration and any costs and expenses associated with such transfers will be borne by the Sponsor.

For the avoidance of doubt, the valuations of Hefei Outlets by the Independent Valuers as at 30 September 2017 do not include the valuations of any of these Shop Units and the value of the undeveloped land under the Hefei Phase 2 Development.

In view of the foregoing, the following measures will be undertaken to address the issue of the Hefei PRC Property Company holding title to the Pre-Sold Shop Units post-Listing until transfer of title by the Hefei PRC Property Company to the respective purchasers has been completed:

(a) the Hefei PRC Property Company will continue to hold title to these 36 Shop Units until the transfer of title of these 36 Shop Units has been completed. In view of the fact that the sale and purchase agreements in respect of these 36 Shop Units have already been entered into, Sasseur REIT will not be deriving any profit or incurring any loss in connection with the sale of, or any matter arising in relation to, these 36 Shop Units;

(b) the proceeds (if any) that the Hefei PRC Property Company, being the registered owner of strata title of these 36 Shop Units, receives from the sale of the Pre-Sold Shop Units will be solely for the account of the Sponsor. Accordingly, such sale proceeds will not be booked by Sasseur REIT as revenue; and

(c) the Sponsor will fully indemnify Sasseur REIT from and against any and all actual or potential losses or damages suffered as well as all costs and expenses incurred by Sasseur REIT in connection with the transfer of these 36 Shop Units to the respective purchasers and/or the Sponsor including any and all actual or potential losses or damages suffered by the Hefei PRC Property Company in performing its obligations under the sale and purchase agreements with the respective purchasers as well as any other residual liabilities, damages or risks associated with these 36 Shop Units.
KUNMING OUTLETS

No. 181 Aotelaishi Avenue, Anning City, Kunming, Yunnan Province, PRC (云南省昆明市安宁市奥特莱斯大道181号)
Description of Kunming Outlets

Kunming Outlets comprises two buildings, namely Building 1 and Building 2A, and has 2,000 car park lots. Building 1 has four floors above ground and three floors underground, and Building 2A has five floors above ground and two floors underground. Kunming Outlets offers a wide array of retail options including outlet mall shopping, entertainment and cultural facilities, thereby providing its customers with a comprehensive lifestyle and entertainment experience intended to promote retail spending and enhance customer loyalty. It commenced operations in December 2016 and according to the Independent Market Research Consultant, it is the largest outlet mall (in terms of GFA) in the Yunnan province.

Kunming Outlets is targeted at middle class consumers, catering to their growing preference for luxury brands such as Burberry. Kunming Outlets also carry popular domestic brands to cater to a wide customer base. As at 30 September 2017, it features 209 stores, carrying approximately 350 brands.

The land use right certificate issued to the Kunming PRC Property Holding Company comprises a plot of land on which Kunming Outlets is located on as well as approximately 116,432 sq m of undeveloped land which can support the development of new assets. Future development plans for Kunming Phase 2 Development include the addition of entertainment facilities for children, a cinema and additional restaurants.
The table below sets out a summary of selected information on Kunming Outlets.

<table>
<thead>
<tr>
<th><strong>Address</strong></th>
<th>No. 181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province, PRC (云南省昆明市安宁市奥特莱斯大道181号)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real Estate Ownership Certificate No.</strong></td>
<td>Real Estate Ownership Certificate No. Yun (2017) Anning City Budongchanquan No. 0000780 and No. 0000787</td>
</tr>
<tr>
<td><strong>Commencement of Operations</strong></td>
<td>December 2016</td>
</tr>
<tr>
<td><strong>Expiry Date of Land Use Rights</strong></td>
<td>16 April 2054</td>
</tr>
<tr>
<td><strong>Number of Floors</strong></td>
<td>Building 1 has four floors above ground and three floors underground, and Building 2A has five floors above ground and two floors underground.</td>
</tr>
<tr>
<td><strong>GFA</strong>(1) (sq m)</td>
<td>88,256.8</td>
</tr>
<tr>
<td><strong>NLA</strong>(2) (sq m)</td>
<td>70,067.2</td>
</tr>
<tr>
<td><strong>Car Park Lots</strong></td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Number of Tenants as at 30 September 2017</strong></td>
<td>209</td>
</tr>
<tr>
<td><strong>Occupancy Rate as at 30 September 2017 (%)</strong>(3)</td>
<td>90.7</td>
</tr>
<tr>
<td><strong>Occupancy Rate as at Latest Practicable Date (%)</strong>(3)</td>
<td>96.1</td>
</tr>
<tr>
<td><strong>Independent Valuation as at 30 September 2017 by Savills (with the Entrusted Management Agreements) (RMB million)</strong></td>
<td>1,444.0**(4)**</td>
</tr>
<tr>
<td><strong>Independent Valuation as at 30 September 2017 by Savills (without the Entrusted Management Agreements) (RMB million)</strong></td>
<td>1,414.0**(4)**</td>
</tr>
<tr>
<td><strong>Independent Valuation as at 30 September 2017 by JLL (with the Entrusted Management Agreements) (RMB million)</strong></td>
<td>1,477.0**(4)**</td>
</tr>
<tr>
<td><strong>Independent Valuation as at 30 September 2017 by JLL (without the Entrusted Management Agreements) (RMB million)</strong></td>
<td>1,451.0**(4)**</td>
</tr>
<tr>
<td><strong>Average Independent Valuation as at 30 September 2017 (with the Entrusted Management Agreements) (RMB million)</strong></td>
<td>1,460.5**(4)**</td>
</tr>
<tr>
<td><strong>Average Independent Valuation as at 30 September 2017 (without the Entrusted Management Agreements) (RMB million)</strong></td>
<td>1,432.5**(4)**</td>
</tr>
<tr>
<td><strong>Implied Acquisition Price</strong>(5) (RMB million)</td>
<td>1,349.6</td>
</tr>
</tbody>
</table>
EMA Rental Income for Forecast Period 2018 and Projection Year 2019 (RMB million)

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2018</th>
<th>Projection Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>86.2&lt;sup&gt;(6)&lt;/sup&gt;</td>
<td>117.2&lt;sup&gt;(6)&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

WALE by Committed NLA as at 30 September 2017 (years)

|                      | 2.7                   |

WALE by Property Income for the month of September 2017 (years)

|                      | 2.5                   |

Notes:

1. Based on the Building Ownership Certificates of the Properties in the Initial Portfolio (see “Certain Defined Terms and Conventions”, for details regarding the computation of GFA).

2. This is based on the leasable area as stipulated in the respective lease agreements.

3. “Occupancy Rate” is based on all current leases in respect of each Property, including legally binding letters of offer which have been accepted for vacant units, as a function of NLA.

4. For the avoidance of doubt, the valuations of Kunming Outlets by the Independent Valuers as at 30 September 2017 do not include the value of the undeveloped land under the Kunming Phase 2 Development.

5. The implied acquisition price of each of Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets has been determined on a willing-seller and willing-buyer basis taking into consideration the Offering Price, which includes the Underwriting and Selling Commission (as defined herein), as well as other estimated offering expenses, taking into account the average of the two independent valuations (with the Entrusted Management Agreements) of each of the Properties as at 30 September 2017 and does not include the value of the Associated Companies.

6. Exclude the accounting impact relating to the straight line effect of rental income. With the straight line effect, the EMA Rental Income will be RMB 92.5 million for Forecast Period 2018 and RMB 111.0 million for Projection Year 2019.

Location and Trade Area

Location

Kunming Outlets is situated outside the centre of Kunming City and Anning City, southwest of downtown Kunming, and approximately 20 km away from the four retail hubs in central Kunming. Specifically, Kunming Outlets is located in Taiping New City, a newly developed living and leisure area which the PRC government has provided strong support through its industrial development plans, including in retail, tourism and modern technology industries, so as to promote regional economic growth.

Kunming Outlets is located in a convenient transportation hub within Taiping New City. It is within a five minute drive from the highway exit that connects Kun’an Highway, Anjin Highway, Gaohai Highway, and Northwest Highway, as well as Chengkun Railway and China National Highway G320 Shangrui Expressway, which crosses through the city. Furthermore, toll-free access for highway transportation from Kunming to both Taiping New City and Anning has been made available since June 2017. The smooth and efficient transportation among these three regions will spearhead the growth of regional economies and enhance the development of local industries, as well as attract potential consumers to Kunming Outlets. The nearest airport from Kunming Outlets is Kunming Changshui International Airport, an hour’s drive away. In addition, the Anning Railway connecting Kunming City to Taiping New City has commenced construction and will be connected to Metro Line 3 in the future, thereby further enhancing the accessibility to Kunming Outlets.

(See “Appendix F – Independent Market Research Report” for further details on the location of Kunming Outlets.)
Trade Area

Taiping New City, where Kunming Outlets is located, has demonstrated enormous potential in terms of its education industry. One of the best universities in the Yunnan Province, Yunnan University of Finance and Economics, has committed to setting up a new campus in Taiping New City, which is expected to be completed in September 2018. In addition, the Taiping branch of Anning Middle School is also under construction within 5 km from Kunming Outlets. The Taiping branch of Anning Middle School is designed to meet the education demand of 3,000 students, which is planned to be in operation by 2018. It is expected that the completion of these two leading local education institutions will attract consumer traffic to Kunming Outlets and bring further growth to the area.

There are also plans to develop the tourism business around Taiping New City in the near future. Dalian Shengya, one of the largest tourism companies in the PRC, will be launching the Ocean Park project in Taiping New City, which will be within 10 km from Kunming Outlets. The Ocean Park project consists of two phases of construction collectively covering an area of approximately 4.39 sq km. This large-scale tourism project is expected to attract more tourists to Taiping New City, and therefore also to Kunming Outlets.

(See “Appendix F – Independent Market Research Report” for further details on the trade area of Kunming Outlets.)

Trade Sector Analysis

The charts below provide a breakdown of Property Income of Kunming Outlets by trade sector for the month of September 2017.
The charts below provide a breakdown of Net Lettable Area of Kunming Outlets by trade sector as at 30 September 2017.

Kunming Outlets Net Lettable Area by Trade Sector

Top 10 Tenants

The top 10 tenants of Kunming Outlets contributed 21.5% of Kunming Outlets’ Property Income for the month of September 2017 and have a WALE by committed NLA of 5.2 years as at 30 September 2017. The top 10 tenants for Kunming Outlets by Property Income for the month of September 2017 are Chongqing Shun Zhu Trading Co., Ltd, Fei Le Apparel Co., Ltd, Guizhou Baosheng Sporting Goods Co., Ltd, Michael Kors Trading (Shanghai) Co., Ltd, Nike Business (China) Co., Ltd, Shanghai Polo Jiebang Investment Co., Ltd, Shenzhen Yinger Fashion Group Co., Ltd, Shiji Baozi (Xiamen) Industrial Co., Ltd, Yunnan Belle Shoes Co., Ltd and Yunnan Dianxiang Gongyue Trading Co., Ltd. Some of the main brands offered by the top 10 tenants for the month of September 2017 include Adidas, Basto, Fila, INSUN, Michael Kors, Ports, Polo Sports, PUMA, Senda, Tata and YINER.

The following table sets out selected information on the top 10 tenants Kunming Outlets by Property Income for the month of September 2017.

<table>
<thead>
<tr>
<th>No.</th>
<th>Tenant(1)</th>
<th>Trade Sector(s)</th>
<th>Lease Expiry Date</th>
<th>Percentage of Property Income(3) of Kunming Outlets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tenant A</td>
<td>International Brands</td>
<td>December 2025</td>
<td>4.3</td>
</tr>
<tr>
<td>2</td>
<td>Tenant B(2)</td>
<td>Others</td>
<td>October 2017</td>
<td>2.3</td>
</tr>
<tr>
<td>3</td>
<td>Tenant C(2)</td>
<td>International Brands</td>
<td>September 2017</td>
<td>2.2</td>
</tr>
<tr>
<td>4</td>
<td>Tenant D</td>
<td>Footwear</td>
<td>July 2018</td>
<td>2.0</td>
</tr>
<tr>
<td>5</td>
<td>Tenant E</td>
<td>Sportswear</td>
<td>January 2027</td>
<td>2.0</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>No.</th>
<th>Tenant(1)</th>
<th>Trade Sector(s)</th>
<th>Lease Expiry Date</th>
<th>Percentage of Property Income(3) of Kunming Outlets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Tenant F</td>
<td>Men’s Fashion</td>
<td>July 2019</td>
<td>2.0</td>
</tr>
<tr>
<td>7</td>
<td>Tenant G</td>
<td>Sportswear</td>
<td>July 2019</td>
<td>1.9</td>
</tr>
<tr>
<td>8</td>
<td>Tenant H</td>
<td>Women’s Fashion</td>
<td>July 2021</td>
<td>1.7</td>
</tr>
<tr>
<td>9</td>
<td>Tenant I</td>
<td>International Brands</td>
<td>December 2019</td>
<td>1.5</td>
</tr>
<tr>
<td>10</td>
<td>Tenant J</td>
<td>Children’s Fashion &amp; Toys</td>
<td>July 2019</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>Top 10 Tenants</td>
<td></td>
<td></td>
<td>21.5</td>
</tr>
<tr>
<td></td>
<td>Other Tenants</td>
<td></td>
<td></td>
<td>78.5</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

Notes:
(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.
(2) As at the Latest Practicable Date, two leases have been renewed for terms of 0.5 to one year.
(3) Based on the Total Property Income for Kunming Outlets of RMB 4.9 million in the month of September 2017.

Lease Expiry Profile

The graph below illustrates the lease expiry profile of Kunming Outlets by Property Income and committed NLA as at 30 September 2017 respectively.

Kunming Outlets Lease Expiry Profile

The WALE by Net Lettable Area as at 30 September 2017 is 2.7 years, and the WALE by Property Income for the month of September 2017 is 2.5 years.

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The table below sets out the number of leases expiring in Kunming Outlets for FY2017 to FY2021 and beyond (based on the leases as at 30 September 2017).

<table>
<thead>
<tr>
<th>No. of leases expiring as at 30 September 2017</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21(1)</td>
<td>32</td>
<td>115</td>
<td>11</td>
<td>30</td>
</tr>
</tbody>
</table>

**Note:**

(1) As at the Latest Practicable Date, out of these 21 leases which have expired in FY2017, 11 leases have been renewed or leased to replacement tenants.

A high proportion of the leases will expire in FY2019. This is because Kunming Outlets commenced operations recently in December 2016, and to provide for stability of rental income during its first few years of operations, majority of the lease agreements signed by the Kunming PRC Property Company with the tenants were for a longer lease period of at least three years. As such, a high proportion of the leases will expire in FY2019, which is approximately three years after the commencement of operations of Kunming Outlets in 2016. It is envisaged that as Kunming Outlets stabilise and reach maturity, the Kunming PRC Property Company will enter into leases with shorter lease tenures with the tenants. Such short terms provide more opportunities for positive rental reversions as well as replacement of poor-performing tenants who are unable to generate sufficient sales revenue to meet sales target.

**Competition**

According to the Independent Market Research Consultant, there is no other outlet mall in Taiping New City and Anning City. As at the Latest Practicable Date, the nearest outlet mall is located in Kunming at No. 1903, Qiangwei West Road, Guandu District. It is a small-scale outlet mall with an NLA of approximately 25,000 sq m, and provides middle to high-end brand products to the middle class and above. It commenced operations in 2015.

(See “Appendix F – Independent Market Research Report” for further details on the competition analysis of Kunming Outlets.)

**Information Regarding the Title of Kunming Outlets**

The table below sets out some particulars of the State-owned Land Use Right Certificates for Kunming Outlets.

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong></td>
<td>Anning Land and Resources Bureau</td>
</tr>
<tr>
<td><strong>Issue Date</strong></td>
<td>10 April 2017</td>
</tr>
<tr>
<td><strong>Owner</strong></td>
<td>Kunming PRC Property Company</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>No. 181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province, PRC</td>
</tr>
<tr>
<td><strong>Type of Land Use Right</strong></td>
<td>Grant of Land Use Right</td>
</tr>
<tr>
<td><strong>Land Area (sq m)</strong></td>
<td>150,920.6</td>
</tr>
<tr>
<td><strong>Land Use</strong></td>
<td>Wholesale and Retail</td>
</tr>
<tr>
<td><strong>Term of Land Use</strong></td>
<td>From 16 July 2014 to 16 April 2054</td>
</tr>
</tbody>
</table>
Extension of Construction Completion Date in the Land Use Right Grant Contract in respect of Kunming Outlets

The Land Use Right Certificate issued to the Kunming PRC Property Company comprises a plot of land on which Kunming Outlets is located on as well as the Kunming Phase 2 Development. The undeveloped land comprising the Kunming Phase 2 Development constitutes approximately 77.0% of the GFA of the entire plot of land underlying the Land Use Right Certificate issued to the Kunming PRC Property Company. For the avoidance of doubt, the valuations of Kunming Outlets by the Independent Valuers as at 30 September 2017 do not include the value of the undeveloped land under the Kunming Phase 2 Development. The Land Use Right Grant Contract in respect of Kunming Outlets stipulates that construction on the land has to commence by 20 July 2014 and complete by 15 July 2017. While the construction of Kunming Outlets had commenced on 18 September 2014 and completed on 11 November 2016, the Kunming Phase 2 Development has not commenced as the Sponsor had only planned to commence development on the neighbouring land parcel after monitoring the performance of Kunming Outlets and ensuring that it has reached maturity.

The Land Use Right Grant Contract in respect of the land underlying Kunming Outlets stipulate that the Kunming PRC Property Company shall pay to the relevant PRC land administration department the equivalent of 0.1% of the total value of the Land Use Right Grant Contract for every day that it does not complete construction by the date stipulated in the contract.

In respect of Kunming Outlets and the Kunming Phase 2 Development, the Sponsor and Jingtian & Gongcheng have consulted with the land administration department responsible for Kunming Outlets, namely the Anning Land and Resources Bureau (安宁市国土资源局). Pursuant to the consultations, the Sponsor has obtained a written approval from the Anning Land and Resources Bureau for the extension of the construction completion date in the Land Use Right Grant Contract in respect of the land underlying Kunming Outlets by one year. As such, the Sponsor has entered into a supplemental contract with the Anning Land and Resources Bureau, which provides that the construction completion date in the Land Use Right Grant Contract in respect of the land underlying Kunming Outlets is extended to 15 July 2018 (the “Kunming New Completion Date”). In addition, the Sponsor and Jingtian & Gongcheng have also received a confirmation from the Anning Land and Resources Bureau that it would not require the Kunming PRC Property Company to pay any penalties for the delay in the commencement of construction of the undeveloped land adjacent to Kunming Outlets, and it will not forfeit the Land Use Right granted to the Kunming PRC Property Company. Furthermore, the Anning Land and Resources Bureau has advised that the Kunming PRC Property Company may file a new application for a subsequent one-year extension once the Kunming New Completion Date lapses.

After taking into consideration the abovementioned consultations with the Anning Land and Resources Bureau, Jingtian & Gongcheng is of the opinion that:

(a) pursuant to the Measures on Disposal of Idle Land (闲置土地处置办法) promulgated by the PRC Ministry of Land and Resources, the local land regulatory authority, which is the competent authority regulating idle land, may impose an idle land fee of up to 20.0% of the land premium if (i) there is a failure to commence construction and development thereof within one year from the construction date stipulated in its land use right grant contract; or (ii) the construction has been suspended for over one year and the area in construction is less than one third of the total area of land that should have been under construction and development, or the invested amount is less than 25.0% of the total amount of capital that ought to be invested. In addition, if the date of commencement of construction has been delayed for over two years, the local land regulatory authority which is the competent

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1 Based on the completion date stated in the Completion Acceptance Certificate (竣工验收合格证明) issued in respect of Kunming Outlets.

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authority regulating idle land, shall forfeit the idle land without compensation. During Jingtian & Gongcheng’s consultation with the Anning Land and Resources Bureau, the Anning Land and Resources Bureau had confirmed that Kunming Outlets will not be regarded as idle land and it will not forfeit the land use right granted in relation to Kunming Outlets. Based on the abovementioned consultation with the Anning Land and Resources Bureau, Jingtian & Gongcheng is of the opinion that the Anning Land and Resources Bureau would not forfeit the Land Use Right granted to the Kunming PRC Property Company regardless of whether construction of the undeveloped land adjacent to Kunming Outlets is completed by the Kunming New Completion Date;

(b) the Kunming PRC Property Company will not be subject to any penalties before the Kunming New Completion Date; and

(c) the Kunming PRC Property Company may file a new application for a one-year extension of the completion date of construction once the Kunming New Completion Date lapses, as well as further applications for extension if necessary.

Pursuant to the Land Use Right Grant Contract in respect of the land underlying Kunming Outlets, the Kunming PRC Property Company has the right to apply for an extension of the date of completion of construction, and there are no provisions restricting or prohibiting the Kunming PRC Property Company from applying for further extension or restricting or prohibiting the Government of Anning City from approving further extensions of the date of completion of construction under the Land Use Right Grant Contract as well as applicable PRC laws. Furthermore, during Jingtian & Gongcheng’s consultation with the Anning Land and Resources Bureau, the Anning Land and Resources Bureau agreed that they are not aware of any material legal impediments to the Kunming PRC Property Company obtaining approvals for further extension. Based on the Land Use Right Grant Contract as well as the consultation with the Anning Land and Resources Bureau, Jingtian & Gongcheng is of the opinion that there are no material legal impediments to obtaining an approval for further extension, and hence the Kunming PRC Property Company is more likely to obtain the further extension, assuming that (i) an application letter which sets out the basic information and the reasons for the application for the further extension has been submitted to the Government of Anning City through the Management Committee of Taiping New Zone in accordance with the relevant laws and regulations regarding land resource management, and (ii) the Government of Anning City is of the view that such extension is in compliance with the requirements under the relevant laws and regulations regarding land resource management. Assuming that the Kunming PRC Property Company has obtained the approval for further extension of the completion date of construction, the Kunming PRC Property Company will not be subject to any penalties by the relevant authorities due to failure to meet the stipulated completion dates.

As the Kunming New Completion Date is 15 July 2018, as at the Latest Practicable Date, the Sponsor does not expect any potential financial liability in respect of the non-compliance of the construction completion date by the Kunming PRC Property Company under the Land Use Right Grant Contract. On the basis of such Kunming New Completion Date, Jingtian & Gongcheng has also confirmed that no other penalties would be imposed by the relevant PRC authorities on the Kunming PRC Property Companies in relation to the delay in completion of construction of the land under the Land Use Right Grant Contract in respect of Kunming Outlets. In any event, any financial penalties imposed by the relevant PRC authorities on the Kunming PRC Property Company in respect of the non-compliance of the construction completion date would be indemnified by the Sponsor under the Sponsor’s Indemnity in accordance with the terms of its Grant Agreement.
ARRANGEMENT IN RELATION TO HEFEI OUTLETS AND KUNMING OUTLETS

Background

**Hefei Outlets**

The Land Use Right Certificate issued to the Hefei PRC Property Company comprises a plot of land on which Hefei Outlets is located on as well as the Hefei Phase 2 Development that can support the development of new assets.

**Kunming Outlets**

The Land Use Right Certificate issued to the Kunming PRC Property Company comprises a plot of land on which Kunming Outlets is located on as well as the Kunming Phase 2 Development which can support the development of new assets.

Rationale for Proposed Arrangement

- **Sub-division of land use right can only occur after the entire project has been completed and accepted**

  According to Jingtian & Gongcheng’s consultation with the relevant PRC authorities, such authorities will not permit any sub-division of land use right before the completion of construction of all the buildings on the land for which the Land Use Right Certificate was issued. In light of the difficulty involved in effecting a sub-division of the land use right prior to the listing of Sasseur REIT and until the Hefei Phase 2 Development and Kunming Phase 2 Development (collectively, the “Phase 2 Developments”) are completed, the Sponsor proposes to implement the arrangement below.

- **Sasseur REIT does not intend to acquire the undeveloped land or undertake substantial property development projects**

  It is not intended for Sasseur REIT to pay the Sponsor for the undeveloped land, or to undertake substantial development risks as it would not be compatible with the investment strategy of Sasseur REIT.

Details of the Arrangement for the Phase 2 Developments

The implied acquisition prices attributed to Hefei Outlets and Kunming Outlets is determined with reference to the independent valuations to be carried out, and such valuations exclude the valuation of the undeveloped land. Accordingly, Sasseur REIT has not paid the Sponsor for the undeveloped land.

To address the issue of not being able to sub-divide the title to the land parcels on which Hefei Outlets and the Hefei Phase 2 Developments and Kunming Outlets and the Kunming Phase 2 Developments are situated on, the Sponsor and the Manager have entered into the following contractual agreements with each of the Hefei PRC Property Company and the Kunming PRC Property Company ("Contractual Agreements"). Jingtian & Gongcheng has advised that the Contractual Agreements (namely, the Grant Agreement and Purchase Option Agreement, each as defined herein) do not violate the mandatory provisions of the PRC laws and administrative regulations, is valid, binding and enforceable under PRC laws and administrative regulations and constitute valid, binding and enforceable obligations of the Sponsor and each of the Hefei PRC Property Company and the Kunming PRC Property Company.
Grant Agreements

Each of the Hefei PRC Property Company and the Kunming PRC Property Company has on 1 March 2018 entered into a grant agreement with the Sponsor and the Manager (collectively, the “Grant Agreements” and each, a “Grant Agreement”), whereby the Sponsor has been granted the right to develop the parcel of undeveloped land, implement building construction, property management and property operation. The relevant PRC Property Company and any subsidiary or entity of Sasseur REIT will not participate in any activities relating to the construction and operation of the Phase 2 Developments.

Under the Grant Agreements, the Sponsor has undertaken to implement the construction up and until inspection and acceptance of the completion of the Phase 2 Developments and obtain the Building Ownership Certificates of the Phase 2 Developments in accordance with legal and regulatory requirements by 31 December 2020, whereby the Building Ownership Certificates shall be issued in the name of the Hefei PRC Property Company and the Kunming PRC Property Company respectively. Where the Sponsor does not meet the development timelines for the Phase 2 Developments as stipulated in the Grant Agreements, Sasseur REIT may impose a penalty interest at the rate of 0.01% per annum of the total investment amount of the Phase 2 Developments for each day of delay until such day the construction of the Phase 2 Developments has been completed.

There are no provisions in the Grant Agreements that are tied to the unitholding of the Cayman Holdco or the Sponsor in Sasseur REIT.

Buy Back Options

In view of the fact that Sasseur REIT has not paid the Sponsor for such undeveloped land, Sasseur REIT will grant the development right under the Grant Agreement to the Sponsor at nominal consideration. In return, under the Grant Agreement, the Sponsor will grant the Hefei PRC Property Company and the Kunming PRC Property Company options to buy back the development right ("Buy Back Options"), with such Buy Back Options taking effect on 1 January 2021. The Buy Back Options shall expire upon the completion of the construction and inspection and acceptance of the completion of the Phase 2 Developments. The purchase consideration for each of the Buy Back Options will be based on a price that is not more than the higher of two independent valuations of the undeveloped land (of which one independent valuer shall be appointed by the relevant PRC Property Company and the other independent valuer shall be appointed by the Trustee) ("Buy Back Option Purchase Consideration").

Therefore, for as long as the Buy Back Options are not exercised by Sasseur REIT, Sasseur REIT will not be deriving any income or incurring any losses in connection with the Phase 2 Developments. The income and losses (if any) incurred by the Hefei PRC Property Company and the Kunming PRC Property Company, being the respective registered owner of the Land Use Right Certificates on which the Hefei Phase 2 Developments and the Kunming Phase 2 Developments are situated, will accrue to the Sponsor and will not be booked by Sasseur REIT as revenue or loss.

Conditions Precedent to exercise of Buy Back Options

Any exercise of the Buy Back Options by the Hefei PRC Property Company and the Kunming PRC Property Company (as the case may be) upon the Buy Back Options becoming exercisable from 1 January 2021 will be subject to the following condition precedents:

(i) without prejudice to Sasseur REIT’s right to claim penalty interest from the Sponsor, the parties shall agree to enter into good faith discussions in respect of any extension of the
completion date stipulated in the Grant Agreements and any such extension granted shall be subject to the approval of the Manager (such approval not to be unreasonably withheld) and shall be for a period of not more than two years; and

(ii) where the completion date has been extended and the Sponsor fails to complete the development of the Phase 2 Developments (as extended in accordance with para (i) above), the relevant PRC Property Company may exercise the Buy Back Option and, with no less than six months’ notice, acquire back the development right to the entire undeveloped land (including any developments that have been completed) from the Sponsor based on the Buy Back Option Purchase Consideration.

Exercise of the Buy Back Option

Notwithstanding that the Buy Back Options shall automatically take effect on 1 January 2021, the Buy Back Options will become immediately exercisable prior to 1 January 2021 upon the occurrence of any of the following events:

• notice by the Sponsor to Sasseur REIT that the Sponsor will not continue development of the Phase 2 Developments;

• the occurrence of any events or circumstances which in the reasonable opinion of the Manager will materially and adversely affect the Sponsor’s ability to carry out its obligations under the respective Grant Agreements (i.e. the inability to complete the development of the Phase 2 Developments by 1 January 2021), provided that the Manager provides satisfactory evidence of the Sponsor’s inability to perform its obligations under the respective Grant Agreements; or

• where the Sponsor is the subject of any winding up, bankruptcy or insolvency petition or order,

in which case the respective Buy Back Options shall become immediately exercisable by Sasseur REIT and the Manager may in its sole and absolute discretion elect to exercise the Buy Back Option, and if it elects to do so, it may with no less than 6 months’ notice acquire back the development right to the entire undeveloped land (including any developments that have been completed) based on the Buy Back Option Purchase Consideration.

Any contracts that Sasseur REIT or the relevant PRC Property Company entered into for the development of the Phase 2 Developments which were required by PRC laws and regulations by the local governing authorities will be novated to the Sponsor immediately upon entering into such contracts and as part of the novation, the contracting third party will agree not to make or pursue any claim against Sasseur REIT or the relevant PRC Property Company. Jingtian & Gongcheng is of the opinion that with the novation and the agreement by the contracting third party not to make or pursue any claim against Sasseur REIT or the relevant PRC Property Company, Sasseur REIT will not be exposed to any potential residual contractual liabilities or obligations vis-à-vis the contracting third parties.

Jingtian & Gongcheng is also of the opinion that Sasseur REIT will not be exposed to any potential residual contractual liabilities or obligations vis-à-vis contracting third parties if the contracts that Sasseur REIT or the relevant PRC Property Company enter into with a third party for the development of the Phase 2 Developments are novated to the Sponsor.

In addition, if the contracts that Sasseur REIT or the relevant PRC Property Company enter into for the development of the Phase 2 Developments are novated to the Sponsor and as part of the novation, the contracting third party will agree not to make or pursue any claim against Sasseur REIT or the relevant PRC Property Company, then Sasseur REIT will not be exposed to any
contractual claim from such contracting third party pursuant to the contracts. In the event the Hefei PRC Property Company and/or Kunming PRC Property Company are made liable to pay such costs, Sasseur REIT may call upon the Sponsor’s Indemnity to obtain indemnification from the Sponsor for such costs and fees. For the avoidance of doubt, Sasseur REIT will not be liable for any costs of development that has been undertaken or incurred by the Sponsor in respect of the Phase 2 Developments, even if it exercises the Buy Back Option.

If Sasseur REIT does not exercise the Buy Back Option, the right to develop and construct as well as any associated economic rights from the Phase 2 Developments will reside with the Sponsor. While Sasseur REIT will be indemnified by the Sponsor under the Sponsor’s Indemnity for any liabilities that it may incur in respect of the uncompleted Phase 2 Development, Sasseur REIT will not be entitled to derive any economic rights, including realisation of any profits or revenue generated from the Phase 2 Developments for so long as it does not acquire back the development right from the Sponsor pursuant to the exercise of the Buy Back Option.

**Sponsor’s Indemnity**

As the owner of the right to develop the Phase 2 Developments, the Sponsor will have the right to develop and manage the Phase 2 Developments at its own costs and expenses, without any such costs and/or expenses being imputed to Sasseur REIT. In this regard, the Sponsor will provide the Sponsor’s Indemnity to each of the Indemnified Parties against, among others:

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a breach of any of the warranties or representations under the Grant Agreements;

- any and all claims by any party against any Indemnified Party which arises out of or in connection with the development, operation and/or management of the Phase 2 Developments;

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with the development, operation and/or management of the Phase 2 Developments, including but not limited to losses incurred due to (i) any breach of the terms of the relevant permits, licences and approvals required for the Phase 2 Developments (such as planning permits and construction permits); (ii) the lack thereof of such permits, licences and approvals required for the Phase 2 Developments, (iii) any non-compliance of laws in respect of the Phase 2 Developments, and (iv) any non-compliance with the conditions of the Land Use Right Grant Contract in respect of Hefei Outlets and/or Kunming Outlets in the Sponsor’s development, management and/or operation of the Phase 2 Developments; and

- any and all development costs, operational costs, expenses, tax liabilities (including real estate taxes), fees for the permits, licences and approvals required for the Phase 2 Developments and any other liabilities which arises out of or in connection with the ownership, development, operation and/or management of the Phase 2 Developments which any Indemnified Party may incur.
The Sponsor’s Indemnity shall cease upon the earlier of (i) the exercise of the Buy Back Options by the relevant PRC Property Company; (ii) the exercise of the purchase option under the Purchase Option Agreements by the relevant PRC Property Company in relation to the completed Phase 2 Developments; or (iii) the completion of sub-division of the title to the land on which the relevant Phase 2 Developments are situated. There is no limit to the Sponsor’s liability under the Grant Agreements in relation to the Hefei PRC Property Company or the Kunming PRC Property Company.

In the event that the Sponsor is subject to any winding up, bankruptcy or insolvency petition or order or encounters any financial difficulties during its development of the Phase 2 Developments, Sasseur REIT’s recourse to call on the Sponsor’s Indemnity for compensation and/or compel the Sponsor to fulfil its obligations under Sponsor’s Indemnity may be limited.

As a reflection of the Sponsor Group’s financial standing, the total net profits, total assets and total shareholders’ equity of the Sponsor, based on its financial statements, as at 31 December 2016, were approximately RMB 2.0 billion (equivalent to approximately S$0.4 billion), RMB 11.9 billion (equivalent to approximately S$2.5 billion) and RMB 5.5 billion (equivalent to approximately S$1.1 billion). In view of the foregoing, the Manager does not foresee any major difficulties by the Sponsor in satisfying the Sponsor’s Indemnity provided by the Sponsor under the Grant Agreements with its financial position.

(See “Certain Agreements Relating to Sasseur REIT and the Properties – Grant Agreements in relation to the Phase 2 Developments” for further details.)

**Purchase Option Agreement**

The Sponsor has on 1 March 2018 granted to each of the Hefei PRC Property Company and the Kunming PRC Property Company an exclusive purchase option to purchase the completed Phase 2 Developments on a “completed basis” (collectively, the “Purchase Options” and each, a “Purchase Option”) under the respective purchase option agreement (collectively, the “Purchase Option Agreements” and each, a “Purchase Option Agreement”). The exercise of the Purchase Options will be subject to the fulfilment of certain conditions, including but not limited to the following:

- the Phase 2 Developments having been completed and the Sponsor entering into an entrusted management agreement with Sasseur REIT upon completion of the Phase 2 Developments on terms satisfactory to Sasseur REIT;
- the relevant PRC Property Company’s exercise of the respective Purchase Option and acquisition of the Phase 2 Developments respectively does not violate any applicable Singapore or PRC laws or regulations;
- the Phase 2 Developments being handed over to Sasseur REIT without any construction fees, salary or other disputes outstanding, and all related obligations or disputes (if any) having been resolved; and
- an extraordinary general meeting of Sasseur REIT being convened pursuant to which the Unitholders (with the Sponsor and its associates abstaining from voting) having decided by way of an Ordinary Resolution to approve the relevant PRC Property Company’s exercise of the Purchase Option.
The purchase price for the completed Phase 2 Developments shall be based on not more than the average of the valuations by two independent valuers from different international valuation firms (of which one shall be appointed by the Manager and the other shall be appointed by the Trustee). The valuations shall not be more than six months old from the date of the sale and purchase agreements entered into pursuant to the exercise of the respective Purchase Options.

The Sponsor has also undertaken under the Purchase Option Agreements that where the relevant PRC Property Company expressly confirms its intention not to exercise the Purchase Option, the Sponsor shall sell the relevant Phase 2 Development to a third party only if it procures the third party to take over the Sponsor’s rights and obligations under the Sponsor’s Indemnity. Where sub-division of the land is required, the Sponsor shall bear the costs of sub-division of the title to the land on which the Phase 2 Developments are situated and any associated costs.

(See “Certain Agreements Relating to Sasseur REIT and the Properties – Purchase Option Agreements” for further details.)

Methods for the divestment of Hefei Outlets and Kunming Outlets by Sasseur REIT prior to the division of the Land Use Right

The terms of the Land Use Right Grant Contracts in relation to Kunming Outlets and Hefei Outlets provide respectively that the Kunming PRC Property Company and the Hefei PRC Property Company shall not transfer the respective land use right of Kunming Outlets and Hefei Outlets until the Kunming PRC Property Company or the Hefei PRC Property Company (as the case may be) has invested more than 25.0% of the total investment amount to develop the land (including the undeveloped land) as stipulated in the Land Use Right Grant Contract (the “Total Investment Amount”).

According to Jingtian & Gongcheng, the stipulated Total Investment Amount pursuant to the Land Use Right Grant Contracts and relevant documents in relation to Kunming Outlets and Hefei Outlets amounts to RMB 2.0 billion and RMB 1.8 billion, respectively. Correspondingly, 25% of the stipulated Total Investment Amount is RMB 500 million and RMB 450 million. According to the Sponsor, the actual investment amount for Kunming Outlets and Hefei Outlets as at 30 September 2017 is RMB 624.7 million and RMB 1,076.9 million, respectively and the Reporting Accountant, Ernst & Young LLP, has found these actual investment amounts to be consistent with the accounting records of the Kunming PRC Property Company and the Hefei PRC Property Company. Based on the foregoing, Jingtian & Gongcheng is of the opinion that save for any consent that may be required from the mortgagee of Kunming Outlets or Hefei Outlets, the Kunming PRC Property Company and the Hefei PRC Property Company are not prohibited under the respective Land Use Right Grant Contracts, as well as applicable PRC laws and regulations, from selling Kunming Outlets and Hefei Outlets before the completion of the construction works on the undeveloped land, so long as the sale includes the adjacent undeveloped land since it cannot be sub-divided as the construction of all the buildings on the land has not been completed.

Jingtian & Gongcheng is of the opinion that, according to the Property Law of the PRC (中华人民共和国物权法), the Urban Land Regulations and the Provisions on the Administration of Urban Real Estate Transfer (城市房地产转让管理规定) promulgated by the Ministry of Construction on 7 August 1995, as amended on 15 August 2001, the Hefei PRC Property Company and the Kunming PRC Property Company, as the holders of the Land Use Right Certificates of Hefei Outlets and Kunming Outlets respectively, each of the Hefei PRC Property Company and the Kunming PRC Property Company has the right to transfer, exchange, contribute, donate or mortgage the land use right unless otherwise provided by PRC laws. However, if the land use right has been mortgaged, should the relevant PRC Property Company wish to transfer the land use right, it shall obtain the approval of the mortgagee and notify the transferee prior to such transfer in accordance with the mortgage contracts.
As Hefei Outlets and Kunming Outlets and the buildings that will comprise the Phase 2 Developments are all independent and separate buildings, and the Land Use Right Grant Contract for Hefei Outlets (including the undeveloped land) and Land Use Right Grant Contract for Kunming Outlets (including the undeveloped land) both state that division of the land use right matching the issuance of the Building Ownership Certificates is permissible, the Sponsor does not envisage any difficulty for any future divestment of Hefei Outlets and Kunming Outlets. Therefore, should the need arise, Sasseur REIT will arrange for the entire plots of land underlying Hefei Outlets and Kunming Outlets to be divided into their respective plots and such costs shall be borne by the Sponsor.

Prior to the division of the land use right, Sasseur REIT may also divest Hefei Outlets and Kunming Outlets without having to seek the Sponsor’s consent or to compensate the Sponsor, through the following methods:

• First, Sasseur REIT can sell its entire equity interest in the Hefei PRC Property Company or the Kunming PRC Property Company, which will own the Building Ownership Certificates of Hefei Outlets and Kunming Outlets respectively and the underlying land use right (including for the Phase 2 Developments), to a third party purchaser. The purchaser who acquires the entire equity interest in the Hefei PRC Property Company or the Kunming PRC Property Company will also have acquired the benefits and liabilities of the contracts which the Hefei PRC Property Company or the Kunming PRC Property Company has respectively entered into, including the Grant Agreements and the Purchase Option Agreements. Therefore, the purchaser will effectively assume the position of Sasseur REIT and it would have the same recourse to the Sponsor as Sasseur REIT would have had;

• Second, the Hefei PRC Property Company or the Kunming PRC Property Company can transfer both (a) the Building Ownership Certificates of Hefei Outlets and Kunming Outlets and (b) the land use right to the land underlying Hefei Outlets and Kunming Outlets and the Phase 2 Developments to the purchaser as a whole and the purchaser will assume the position of the Hefei PRC Property Company or the Kunming PRC Property Company as the new owner and recognise the Sponsor’s contractual right to develop the Phase 2 Developments under the Grant Agreements. Under this scenario, the Grant Agreements and the Purchase Option Agreements will be novated from the Hefei PRC Property Company or the Kunming PRC Property Company (as the case may be) to the purchaser. It will be a term in each of the Grant Agreements and the Purchase Option Agreements that Sasseur REIT and/or the Hefei PRC Property Company or the Kunming PRC Property Company (as applicable) shall be entitled to assign or novate these agreements to a third party in the event of any disposal by the Hefei PRC Property Holding or the Kunming PRC Property Company (as the case may be), and the Sponsor shall agree to such assignment or novation; and

• Third, when construction of the Phase 2 Developments have been completed and accepted, the Hefei PRC Property Company or the Kunming PRC Property Company can transfer the Building Ownership Certificates of Hefei Outlets and Kunming Outlets to the purchaser, and the land use rights matching the Building Ownership Certificates of the completed Phase 2 Developments will be sub-divided and issued in the purchaser’s name. Under this scenario, no further and specific novation is required for the two agreements (being the Grant Agreements and the Purchase Option Agreements).

Recourse available to Sasseur REIT in the event of non-completion of the Phase 2 Developments by the Sponsor

In the event the Phase 2 Developments are partially completed by the stipulated timeline or the Sponsor runs into financial difficulties during the development process, Sasseur REIT will be covered by the Sponsor’s Indemnity and can claim compensation from the Sponsor for the
financial penalties or losses that the Hefei PRC Property Company and/or the Kunming PRC Property Company may suffer arising from the failure to meet the completion timelines stipulated under the Land Use Right Grant Contracts.

In the event that the Sponsor is subject to any winding up, bankruptcy or insolvency petition or order or encounters any financial difficulties during its development of the Phase 2 Developments, Sasseur REIT’s recourse to call on the Sponsor’s Indemnity for compensation and/or compel the Sponsor to fulfil its obligations under Sponsor’s Indemnity may be limited.

In addition, notwithstanding that the Buy Back Options shall automatically take effect on 1 January 2021, each Buy Back Option will become immediately prior to 1 January 2021 upon the occurrence of any of the following events:

- notice by the Sponsor to Sasseur REIT that the Sponsor will not continue the development of the Phase 2 Developments;

- the occurrence of any events or circumstances which in the reasonable opinion of the Manager will materially and adversely affect the Sponsor’s ability to carry out its obligations under the respective Grant Agreements (i.e. inability to complete the development of the Phase 2 Developments by 1 January 2021), provided that the Manager provides satisfactory evidence of the Sponsor’s inability to perform its obligations under the respective Grant Agreements; or

- where the Sponsor is the subject of any winding up, bankruptcy or insolvency petition or order,

in which case the relevant Buy Back Option shall become immediately exercisable and the Manager may in its sole and absolute discretion elect to exercise the Buy Back Option, and if it elects to do so, it may with no less than six months’ notice acquire back the development right to the entire undeveloped land (including any developments that have been completed) based on the Buy Back Option Purchase Consideration. (See “Certain Agreements Relating to Sasseur REIT and the Properties – Grant Agreements in Relation to the Phase 2 Developments” for further details.)

OTHER GENERAL INFORMATION ABOUT THE PROPERTIES

Selection Criteria of Brands in the Initial Portfolio

The Sponsor employs a robust and proactive brand management system to ensure that the product and tenant mix in its outlet malls continually appeals to its customers. As part of its business practice, the Sponsor strives to constantly stay ahead of the ever-changing consumer preferences and trends and maintains a carefully curated database of domestic and international retail brands that are in fashion.

The Manager intends to work with Sasseur Shanghai, as the Entrusted Manager of the Properties under the Entrusted Management Agreements, to tap on the Sponsor’s expertise and implement the following measures in the Properties to ensure that the tenant mix in the Initial Portfolio consists of attractive and fashionable brands:

(a) the maintenance of a master list of retail brands for each of the Properties, with a semi-annual review of the lists of retail brands to ensure that the brands continue to contribute to the overall attractiveness of the Properties and the ability to draw customers from Sasseur REIT’s target consumer base of the fast-growing PRC middle class; and
(b) adopt the Sponsor’s business strategy in managing tenant mix and profit sharing with its retail tenants through turnover rent. For example, if the particular retail tenant is not generating sufficient sales revenue, the Entrusted Manager, in consultation with the Manager, may propose changes to the way profit is shared with the tenant in order to promote business and improve sales, or the Entrusted Manager, in consultation with the Manager, may not renew its lease but instead may place the tenant onto a waiting list.

Tenant and Brand Authentication

The Sponsor has designed and implemented internal control procedures for all the outlet malls that it operates and manages, to ensure that only genuine and authentic products are sold in the outlet malls.

In order to ensure that customers who patronise the Properties have confidence in the authenticity of the products sold in the Properties, the Entrusted Manager and the Manager will tap on the Sponsor’s expertise in tenant and brand authentication and continue to implement the Sponsor’s internal control procedures in the Properties.

The tenant and brand authentication system currently contains the following safeguards and controls to detect and prevent the sale of smuggled luxury goods in the Properties:

- prior to the PRC Property Companies signing a lease with a potential tenant (whether as a brand owner or a licensed distributor), the Entrusted Manager will first request that such potential tenant provides supporting documents as part of its due diligence and background checks, including the following: (i) business licence; (ii) identification card of the legal representative of the potential tenant; (iii) certificate of registered trademark or licence to utilise registered trademark, whichever is applicable; (iv) in respect of brand distributors, the distributorship licence; and (v) its customs clearance declaration as well as proof of payment of applicable import duties;

- once the tenant commences operations in the Properties, designated staff members of the Entrusted Manager responsible for product inspection will conduct daily spot checks on the products displayed in the stores, including verifying the customs clearance declaration for each batch of imported luxury goods sold in the premises;

- the Entrusted Manager and the Manager adopt a strict, zero-tolerance attitude towards counterfeit goods, whereby if any product sold in the Properties is found to be counterfeit, the Entrusted Manager will require such tenant to refund the customer 10 times the amount of the retail price of such product. This strict compensation policy deters tenants from selling counterfeit goods; and

- the Entrusted Manager regularly organises in-house training sessions, and will also invite PRC quality inspection authorities (for example, the Market and Quality Supervision and Management Bureau (市场和质量监督管理), to conduct training sessions, to designated staff members of the Entrusted Manager responsible for product inspection in order to educate them on product knowledge and techniques to distinguish genuine products from counterfeit products and the skill and procedures of checking the specific features (including anti-counterfeit features) of the products.
Marketing Activities

Under the Entrusted Management Agreements, the Entrusted Manager will assist the PRC Property Companies to provide marketing services to the Properties, including but not limited to:

- conduct viewings of the Properties to market vacant units;
- organise promotions and/or events at the Properties to attract local shoppers and tourists;
- perform analyses of the PRC fashion and outlet mall market;
- conduct market surveys to understand consumer preferences;
- manage and maintain the brands portfolio list to ensure that the list of tenants and prospective tenants is in line with the current fashion trends;
- implement effective marketing plans such as online-to-offline initiatives and customer loyalty programs to increase shopper traffic to the Properties;
- monitor the tenants’ inventories and where suitable, make recommendations to tenants to promote sales of slow-moving inventories; and
- stipulate average discount rates that are required to be met by the tenants throughout the year.

This enables Sasseur REIT to maximise rental returns and achieve long-term capital appreciation, market leadership in the respective asset classes and maintain its brand position.

The Entrusted Manager may at its own cost, engage third party service providers to perform certain marketing services.

Lease Agreements and Lease Management

The lease agreements entered into for the Properties contain certain terms and conditions, including those relating to the duration of the lease, provision of security deposit (in the form of cash or banker's guarantee of up to three month(s)’ rent) generally found in most retail lease agreements in the PRC.

In addition, the lease agreements entered into for the Properties also include an indemnity provision which provides that the tenant is solely responsible for the non-compliance by the tenant of the applicable laws and regulations with respect to consumer protection and product quality. Therefore, it is expected that the PRC Property Companies will be fully indemnified by the tenants in the event of non-compliance by the tenant of the relevant laws and regulations. The Manager believes that these terms and conditions are in line with generally accepted market practice and procedures.

In terms of property and lease management, the responsibilities of the Entrusted Manager include:

- managing tenant relationships on behalf of the Manager as well as the tenant mix;
- creating annual budgets and business plans including leasing plans, business strategies and objectives for the Manager;
- facilitating rental negotiations with tenants of the Properties as well as monitoring the sales performance of the tenants and evaluating sales potential of prospective tenants; and
- operating comprehensive tenancy retention program to foster a long-term relationship with tenants.

Arrears management procedures will also be enforced by the Entrusted Manager to ensure timely payment of rent and service charge.

**Property Management**

The Property Managers that have been appointed by the Entrusted Manager will be responsible for routine property management services to the Properties, including but not limited to:

- overall management of, maintenance and repair of the structure and utilities of the Properties;
- formulation of mall operation and management regulations;
- maintenance of lighting, air conditioning and fire safety equipment in all public areas of the Properties;
- rectification of any defects that violate building and safety regulations; and
- provision of cleaning and security services.

For the avoidance of doubt, the property management fees that are payable to the Property Managers will be solely borne by the Entrusted Manager and will not be reimbursable by Sasseur REIT.

**Insurance**

Sasseur REIT has in place insurance for the Properties that the Manager believes are consistent with industry practice in the PRC. Their coverage includes property comprehensive insurance (including fire accident and property damage) and public liability (including personal injury). There are no significant or unusual excess or deductible payments required under such policies.

There are, however, certain types of risks that are not covered by such insurance policies, including acts of war, terrorism, losses caused by the outbreak of contagious diseases, contamination and other environmental breaches. (See “Risk Factors – Risks Relating to the Properties – Sasseur REIT may suffer material losses in excess of insurance proceeds or Sasseur REIT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties.” for further details.)

The Manager will conduct regular assessments on the adequacy of the insurance coverage for the Properties.

**Encumbrances**

On the Listing Date, Sasseur REIT will have in place the Onshore Facilities and Offshore Facility in relation to the Properties.

The Onshore Facilities will be secured by, amongst others:

- an unconditional and irrevocable guarantee from (i) Sasseur (Hefei) Investment Consultancy Co. Ltd. (a WFOE established in the PRC and wholly owned by the Sasseur Hefei HK Limited) and (ii) Sasseur (Kunming) Investment Consultancy Co., Ltd. (a WFOE established in the PRC and wholly owned by Sasseur Jinan HK Limited) (together, the “Onshore Guarantors”) on a joint and several basis;
• a first ranking mortgage over the Properties;

• 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;

• an assignment of all material agreements including property management agreements, asset management agreements and Entrusted Management Agreements, in relation to the Properties;

• an assignment of all the insurance policies in relation to the Properties with DBS Bank (China) Limited, Chongqing Branch (as the onshore security agent) named as the first beneficiary; and

• an 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,

while the Offshore Facility will be secured / guaranteed by, amongst others:

• 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;

• first ranking charges or, as the case may be, mortgages over the entire issued share capital of each of the Offshore Holding Companies;

• 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.; and

• 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.

(See “Capitalisation and Indebtedness – Indebtedness” for further details.)

Employees

It is intended that each of the PRC Property Companies continue to employ one to three employees on and after the Listing Date (i.e. a maximum of 12 employees across the four PRC Property Companies) to oversee the operations of the Properties, including supervising Sasseur Shanghai as the Entrusted Manager of the Properties under the Entrusted Management Agreements and such staff costs will be reimbursed by the Sponsor under the Entrusted Management Agreements. The functions to be performed by these employees include:

(a) supervision and oversight of the Entrusted Manager in relation to the performance of its services under the Entrusted Management Agreements;
(b) general administration as well as assisting the Entrusted Manager, where required, with all
documentation and filings involving the PRC Property Companies, as well liaising with
government authorities; and

(c) acting as a contact point of the Manager in the PRC to facilitate communications and liaisons
between the Manager and the Entrusted Manager.

As the roles and responsibilities of the employees of the PRC Property Companies set out above
are different and separate from those carried out by the employees of the Entrusted Manager in
relation to the Properties, accordingly, these employees of the PRC Property Companies report to
the Manager and will also serve as a representative of the Manager in the PRC to facilitate liaisons
between the Manager and local authorities as well as other third parties, on behalf of the Manager.
As such, these employees are directly employed by the PRC Property Companies, instead of
being under the employment of the Entrusted Manager. However, as agreed under the Entrusted
Management Agreements all the costs and operating expenses incurred and/or associated with
the running and operations of the Properties will be borne by the Entrusted Manager (or the
Sponsor). The employment costs of these employees of the PRC Property Companies will also be
borne by the Entrusted Manager (or the Sponsor), notwithstanding that they are employed by the
PRC Property Companies. Accordingly, where the PRC Property Companies are legally required
under PRC laws and regulations to make payment of salaries to its employees, such staff costs
will be borne by the respective PRC Property Companies and subsequently reimbursed by the
Sponsor to Sasseur REIT.

Legal Proceedings

None of Sasseur REIT and the Manager is currently involved in any material litigation or arbitration
proceedings nor, to the best of the Manager’s knowledge, is in any material litigation or arbitration
proceedings currently contemplated or threatened against Sasseur REIT or the Manager which
may have, or have had, during the 12 months prior to the date of this Prospectus, a material
adverse effect on the financial position of the Manager and the financial position (on a pro forma
basis) of Sasseur REIT.

ROFR PROPERTIES AND PIPELINE PROPERTIES

The Sponsor Group owns certain retail properties (the “ROFR Properties”) and operates certain
retail properties (the “Pipeline Properties”) which are not injected into the Initial Portfolio. The
following table sets out a brief description of the ROFR Properties and the Pipeline Properties and
the reasons why these properties are not suitable for injection into the Initial Portfolio. Under the
Sponsor ROFR, the Sponsor is obliged to sell the ROFR Properties to Sasseur REIT should the
Sponsor decide to divest its interests in these properties, subject to any overriding obligations
which the Sponsor may have in relation to the ROFR Properties.
## ROFR Properties

<table>
<thead>
<tr>
<th>Property</th>
<th>Location</th>
<th>Management Company</th>
<th>Approximate Size of Property (Gross Floor Area – sq m)</th>
<th>Approximate Size of Property (Net Lettable Area – sq m)</th>
<th>Date of Commencement of Operations</th>
<th>Reason for Non-Injection into the Initial Portfolio</th>
<th>Sponsor’s Effective Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sasseur (X’ian) Outlets (“X’ian Outlets”)</td>
<td>5001 Expo Avenue, Chanba Ecological District, X’ian, Shaanxi Province</td>
<td>Xi’an Sasseur Commercial Management Co., Ltd.</td>
<td>141,708</td>
<td>71,828</td>
<td>September 2017</td>
<td>The property has only recently commenced operations.</td>
<td>100.0%</td>
</tr>
<tr>
<td>Sasseur (Guiyang) Outlets (“Guiyang Outlets”)</td>
<td>North side of Intersection between Airport Road (Youxiao Line) and Longteng Road, Shuanglong Airport Economic Zone, Guiyang, Guizhou</td>
<td>Guiyang Sasseur Commercial Management Co., Ltd.</td>
<td>193,520</td>
<td>65,309</td>
<td>December 2017</td>
<td>The property has only recently commenced operations.</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

## Pipeline Properties

The Pipeline Properties are properties that are managed by the Sponsor Group but are not owned by the Sponsor Group. The Building Ownership Certificates of the Pipeline Properties and Land Use Rights in respect of the land on which the Pipeline Properties are situated are held by third parties unrelated to the Sponsor and Sasseur REIT. In respect of these Pipeline Properties, the Sponsor has been granted a right of first refusal or, as the case may be, an option from the owners of the Pipeline Properties to acquire the interest in any of the Pipeline Property if the relevant owner decides to divest its interest in such Pipeline Property. Therefore, should the Sponsor acquire interest in any of the Pipeline Properties and subsequently propose to divest any of its interest in such Pipeline Properties, the Sponsor shall first offer such interest in the Pipeline Property to Sasseur REIT under the terms and conditions of the Sponsor ROFR.

<table>
<thead>
<tr>
<th>Property</th>
<th>Location</th>
<th>Management Company</th>
<th>Approximate Size of Property (Gross Floor Area – sq m)</th>
<th>Approximate Size of Property (Net Lettable Area – sq m)</th>
<th>Date of Commencement of Operations</th>
<th>Reason for Non-Injection into the Initial Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sasseur (Hangzhou) Outlets (“Hangzhou Outlets”)</td>
<td>Wave Culture City of Qianjiang New City of Hangzhou</td>
<td>Hangzhou Sasseur Commercial Management Co., Ltd.</td>
<td>45,873</td>
<td>27,822</td>
<td>June 2011</td>
<td>The Sponsor only manages the property and does not own the title to the property.</td>
</tr>
<tr>
<td>Property</td>
<td>Location</td>
<td>Management Company</td>
<td>Approximate Size of Property (Gross Floor Area – sq m)</td>
<td>Approximate Size of Property (Net Lettable Area – sq m)</td>
<td>Date of Commencement of Operations</td>
<td>Reason for Non-Injection into the Initial Portfolio</td>
</tr>
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<td>---------------------------------------------------</td>
</tr>
<tr>
<td>Sasseur (Nanjing) Outlets (&quot;Nanjing Outlets&quot;)</td>
<td>Zijin Special District of Jiangning, Nanjing</td>
<td>Nanjing Sasseur Asset Management Co., Ltd.</td>
<td>140,875</td>
<td>84,422</td>
<td>May 2015</td>
<td>The Sponsor only manages the property and does not own the title to the property.</td>
</tr>
<tr>
<td>Sasseur (Zhongdong Changchun) Outlets (&quot;Changchun Outlets&quot;)</td>
<td>Kuancheng District of Changchun City</td>
<td>Changchun Sasseur Zhongdong Commercial Management Co., Ltd.</td>
<td>172,128</td>
<td>66,286</td>
<td>September 2017</td>
<td>The Sponsor only manages the property and does not own the title to the property.</td>
</tr>
</tbody>
</table>

A more detailed description of the ROFR Properties and Pipeline Properties is as follows:

(a) **Xi’an Outlets**

Xi’an Outlets is located in Xi’an Chanba Ecological District, Xi’an City. It has five floors and approximately 2,000 car park lots.

Xi’an Outlets is a one-stop shopping destination with a key focus on high-end outlet stores. It is one of the largest outlet mall in the north-west region of China, houses approximately 325 stores, carrying over 400 brands. In addition, Xi’an Outlets also has over 50 restaurants, a UME cinema, a Super Children’s Centre, Super Farm and a fitness centre.

It is approximately 20 km away from the city centre’s bell tower and connected to Xi’an’s Metro Line 3. It is also approximately 33 km away from the Xianyang International Airport.

(b) **Guiyang Outlets**

Guiyang Outlets is located in the Shuanglong Airport Economic Zone, a core business area. It is a 10-storey mixed development comprising high-end commercial stores, offices and residential units, with approximately 1,086 car park lots. Guiyang Outlets houses approximately 295 stores, carrying approximately 299 brands. In addition, Guiyang Outlets offers an array of amenities including a cinema, restaurants and other lifestyle and entertainment facilities.

Guiyang Outlets is easily accessible from the downtown centre being a three minute drive from Huancheng Expressway and a 10 minute drive from the downtown centre.

(c) **Hangzhou Outlets**

Hangzhou Outlets is located in the Wave Culture City of Qianjiang New City of Hangzhou, and has approximately 5,000 car park lots.

Hangzhou Outlets commenced operations in June 2011, and has one floor, which is beneath ground level. It is a large scale outlet mall in downtown Hangzhou City and as at 30 September 2017, it has approximately 200 stores. It also offers an array of amenities including F&B offerings and a cinema.
Hangzhou Outlets is located at the Qiantang Riverside, which is hailed as the driving force of Hangzhou City in the 21st century. It is connected seamlessly with Hangzhou’s Metro Line 4 and near Metro Line 1 and 2, as well as the city’s expressway. Hangzhou Outlets is also accessible by a 30 minute drive from Xiaoshan International Airport.

(d) Nanjing Outlets

Nanjing Outlets is located in Jiangning District in central south of Nanjing, which is an important scientific education centre and innovation base in China. Nanjing Outlets is a mega outlet complex comprising five floors and two underground floors, with approximately 8,000 car park lots. It has approximately 350 stores carrying over 600 international brands as at 30 September 2017. It also has a complete suite of amenities including restaurants, a supermarket, a cinema, and a children’s amusement centre.

Nanjing Outlets is accessible via Nanjing’s Metro Line 3. Located along the Beijing-Shanghai high-speed rail, it is also the key development between Nanjing South Railway Station to Lukou International Airport.

(e) Changchun Outlets

Changchun Outlets is located in Kuancheng District, Changchun City. It has four floors with approximately 4,000 car park lots. It also features approximately 283 stores, carrying approximately 400 brands. In addition to the apparel stores, Changchun Outlets houses specialty restaurants, an indoor theme park, and home furnishing stores.

Changchun Outlets is conveniently accessible via Changchun’s Metro Line 1. Upon completion of the Northlake Rail in future, accessibility will be further enhanced through the seamless connection between Metro Line 1 and the Northlake Rail.
THE MANAGER AND CORPORATE GOVERNANCE

SASSEUR REIT

The Manager

The Manager, Sasseur Asset Management Pte. Ltd., was incorporated in Singapore under the Companies Act on 15 March 2017. As at the date of this Prospectus, it has an issued and paid up capital of S$1.0 million. Its registered office is 80 Robinson Road, #02-00, Singapore 068898 and place of business is 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989. Its telephone and facsimile numbers are (+65) 6255 2953 and (+65) 6873 0930, respectively. The Manager is an indirect wholly-owned subsidiary of the Sponsor.

The Manager has been issued a CMS Licence pursuant to the SFA on 19 March 2018 and is regulated by the MAS.

THE TRUSTEE

The trustee of Sasseur REIT is DBS Trustee Limited. The Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under Section 289(1) of the SFA and is regulated by the MAS. As at the Latest Practicable Date, the Trustee has a paid-up capital of S$2.5 million. The Trustee’s registered address is 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982.

THE MANAGER OF SASSEUR REIT

Management Reporting Structure
**Board of Directors of the Manager**

The board of directors of the Manager (the “Board”) is entrusted with the responsibility for the overall management of the Manager and comprises eight Directors. The following table sets forth certain information regarding the Directors:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Address</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Xu Rongcan</td>
<td>52</td>
<td>c/o 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989</td>
<td>Chairman and Non-Executive Director</td>
</tr>
<tr>
<td>Ms Yang Xue</td>
<td>35</td>
<td>c/o 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Dr Wang Jun</td>
<td>40</td>
<td>c/o 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Dr Zhou Yimin</td>
<td>59</td>
<td>c/o 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Dr Gu Qingyang</td>
<td>56</td>
<td>c/o 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989</td>
<td>Lead Independent Director</td>
</tr>
<tr>
<td>Mr Mario Boselli</td>
<td>76</td>
<td>c/o 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr Cheng Heng Tan</td>
<td>66</td>
<td>c/o 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr Wu Geng</td>
<td>46</td>
<td>c/o 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989</td>
<td>Independent Director</td>
</tr>
</tbody>
</table>

Save for Mr Cheng Heng Tan and Mr Wu Geng, each of whom has served as a director of a public-listed company and/or manager of a public-listed REIT, appropriate arrangements have been made for the remaining directors to orientate each of them in acting as director of a manager of a public-listed REIT. The Board collectively has the appropriate experience to act as the directors of the Manager and is familiar with the rules and responsibilities of a director of a public-listed company and/or manager of a public-listed REIT.

As at the Latest Practicable Date, save as disclosed in “The Manager and Corporate Governance – The Manager of Sasseur REIT – Board of Directors of the Manager – Experience and Expertise of the Board of Directors”, none of the directors of the Manager are related to one another, any substantial shareholder of the Manager or any Substantial Unitholder (as defined herein).

None of the Independent Directors of the Manager sits on the boards of the principal subsidiaries of Sasseur REIT that are based in jurisdictions other than in Singapore. Each of the Independent Directors of the Manager confirms that he is able to devote sufficient time to discharge his duties as an independent director of the Manager.
Experience and Expertise of the Board of Directors

Information on the business and working experience of the directors of the Manager is set out below:

Mr Xu Rongcan is the Chairman and Non-Executive Director of the Manager.

Mr Xu founded the Sponsor Group in 1989, and is currently an Executive Director of the Sponsor, as well as several entities within the Sponsor Group, where he is responsible for overall management of the Sponsor Group, including determination of the Sponsor Group’s development plans, operating principles and investment programs. Under the guidance of Mr Xu, the Sponsor Group had developed since 1989 to become a leading premium outlet group in the PRC. Prior to setting up the Sponsor Group, Mr Xu was employed in the Southwest Normal University from July 1985 to December 1989, where he was responsible for office management and advertising. Mr Xu is also the recipient of numerous awards, including the “2009 Chongqing Top 10 Fashion Icon” awarded by the Chongqing Morning News and New Female Newspaper in 2009 and the “Chongqing Top 10 Retailer” awarded by the Chongqing Morning News and Chongqing City Chamber of Commerce in 2013.

Mr Xu graduated with a Specialisation in Agronomy from Chongqing Yongchuan Agricultural School, the PRC in July 1985.

Mr Xu Rongcan is the spouse of Ms Yang Xue.

Ms Yang Xue is the Non-Executive Director of the Manager.

Ms Yang co-founded Sasseur (Shanghai) Holding Company Limited, a property development and construction company which provides enterprise management to nine malls in eight municipalities and provincial capitals in the PRC, in December 2005. She has also been the Executive Director of Sasseur (Shanghai) Holding Company Limited, where she presides over the day-to-day business activities of the company. She is also currently an Executive Director of the Sponsor as well as several entities within the Sponsor Group, where she is responsible for the external affairs of the Sponsor Group, as well as its growth and development. Prior to her position in the Sponsor Group, Ms Yang was a sales executive for Emporio Armani from July 2003 to December 2005, where she was primarily responsible for shop operations and sales.

Ms Yang graduated with a Specialisation in Garment Marketing from Chongqing Material Technical School in March 2000.

Ms Yang is the spouse of Mr Xu Rongcan.

Dr Wang Jun is the Non-Executive Director of the Manager.

Dr Wang joined L Catterton in June 2010 and is currently the Managing Director of L Catterton Singapore Pte. Ltd., where he is responsible for deal sourcing, term sheet negotiations, deal executions and post deal portfolio management. From March 2003 to June 2006, Dr Wang was the Manager of the Global Strategic Alliance Department at Procter & Gamble, United Kingdom, where he led the marketing, research & development and patent departments to form multi-company alliance marketing strategies. From October 2008 to April 2010, he was a Senior Associate with McKinsey & Company, Shanghai, where he was primarily responsible for providing support to his private equity clients, including in their takeover of other companies.

Dr Wang graduated with a Bachelor of Science Degree from Peking University in 1998, and obtained a Doctor of Philosophy (in Chemistry) from Oxford University in 2002 and a Master in Business Administration from Harvard Business School in 2008.
Dr Zhou Yimin is the Non-Executive Director of the Manager.

Dr Zhou has been the Chairman and Chief Executive Officer of Ping An Real Estate, a real estate investment company, since April 2010, where he is responsible for the overall management of the business. Prior to that, Dr Zhou was the Director and General Manager of Sun Hung Kai Development (China) Co., Ltd., a real estate development company in the PRC, where he was responsible for the overall management of the business. Dr Zhou is also currently a Non-Executive Director of Landsea Green Properties Co. Ltd., a company listed on the Stock Exchange of Hong Kong Limited and a Non-Executive Director of CIFI Holdings (Group) Co. Ltd., a company listed on the Stock Exchange of Hong Kong Limited.

Dr Zhou has a PhD Degree in Economics from Fudan University, the PRC.

Dr Gu Qingyang is the Lead Independent Director of the Manager.

Dr Gu has been an Associate Professor of the Lee Kuan Yew School of Public Policy of the National University of Singapore since August 2009, where he conducts lectures on the Chinese economy, economics of the public sector and urban development. Since April 2017, Dr Gu has also been an economic adviser to the Fuzhou New Zone in the PRC, where he provides advice to the Chinese government for economic development of the new zone, which is an experimental zone on the PRC’s new type of urban cluster. Prior to that, he was an Assistant Professor at the Nanyang Technological University of Singapore from July 2001 to July 2009, where he conducted lectures on mathematical economics, microeconomics and macroeconomics and cost-benefit analysis and undertook research work relating to the Chinese economy, econometric modelling, reform of state-owned enterprises and international trade and finance. He had also carried out research on the Chinese economy, Singapore public policy and urban development from June 1997 to July 2001 as a research officer in the East Asian Institute of the National University of Singapore. He has been an Independent Director of China Life Insurance (Singapore) Pte. Ltd. since June 2015.

Dr Gu graduated with a Master of Social Sciences from the National University of Singapore in January 1998. He also obtained a Degree of Doctor of Philosophy from the Nanyang Technological University of Singapore in May 2003.

Mr Mario Boselli is an Independent Director of the Manager.

From August 1959 to April 2005, Mr Boselli was employed by Carlo Boselli of Garbagnate Monastero (currently known as Marioboselli Holding Spa), with his last position being President of the company. During his time at Carlo Boselli of Garbagnate Monastero, a silk mill with a long-standing tradition, he developed the business both in Italy and abroad, where he set up a textile supply chain. From October 1999 to April 2015, Mr Boselli was the President of the Camera Nazionale della Moda Italiana (National Chamber of Italian Fashion), a non-profit organisation with the purpose of promoting the Italian fashion industry. From December 2005 to April 2011, he took on the role of President and Chairman of the Board of Directors of Centrobanca Banca di Credito Finanziario and Mobiliare, a corporate and investment bank in Italy.

As a renowned fashion icon, Mr Boselli had won numerous awards. Some of his awards include the Cavaliere di Gran Croce dell’ordine al Merito della Repubblica Italiana received in June 2007 from the President of the Italian Republic for his merit to the nation, the Gran Cruz de l’Orden Nacional al Mérito received in February 2004 from the President of the Colombian Republic, which rewards distinguished merits in military and civil achievements, and the Commandeur de l’Ordre National de la Légion d’Honneur received in April 2002 from the President of the French Republic, which is the highest French order for military as well as civil merits.
Mr Boselli has a Diploma from the Scuola per direttori di essiccatoi bozzoli filande e torcitoi di seta (which translates into School for Director of Drying Cocoon Warehouse, Spinning Mill and Silk Spinning Wheel) in Italy.

**Mr Cheng Heng Tan** is an Independent Director of the Manager.

From December 1970 to July 1975, Mr Cheng was a journalist with two Chinese language daily newspapers in Singapore. Subsequently, Mr Cheng joined Ernst & Young LLP (then known as Turquand, Youngs & Co) from April 1977 to June 2010. During his 33 years with Ernst & Young LLP, Mr Cheng had amassed experience in financial audit, bank audit and training and administration. He had taken on the role of audit partner of Ernst & Young LLP from July 1990 to June 2010, where he was responsible for financial audit, group administration as well as audit work in relation to initial public offerings. From July 2010 to the present, he had stepped down from his role in Ernst & Young LLP and is currently a self-employed restaurant operator. In addition, Mr Cheng has been appointed as an Independent Director by Singapore-listed company Chip Eng Seng Corporation Ltd. since July 2011, where he chairs the Nominating Committee and is a member of the Audit and Remuneration Committees.

Mr Cheng graduated with a Bachelor of Accountancy from the University of Singapore (currently known as the National University of Singapore) in May 1977. He had also completed the Stanford-National University of Singapore Executive Program, jointly organised by the Graduate School of Business in Stanford University and the Faculty of Business Administration of the National University of Singapore, in 2000. Mr Cheng is a member of the Institute of Singapore Chartered Accountants (Singapore) the American Institute of Certified Public Accountants (United States) and the Association of Chartered Certified Accountants (United Kingdom).

**Mr Wu Geng** is an Independent Director of the Manager.

Mr Wu practised with Drew & Napier LLC since April 2008, and has been a Director at Drew & Napier LLC since May 2016, where his areas of practice include corporate finance, capital markets, and general corporate legal advisory work. Prior to his current role, Mr Wu was a Judicial Clerk with the Supreme People's Court of the PRC from July 1995 to June 1998, where he was mainly responsible for reviewing legal cases, conducting legal research and drafting legal documents. Subsequently, he joined Pan-Commercial Pte. Ltd. as a legal adviser and foreign trade assistant from July 1999 to December 1999, where he assisted with the company's trading business and investments in the PRC. He then joined Hoh & Partners as a Chinese law adviser from January 2002 to June 2003, Colin Ng & Partners as a foreign counsel from June 2003 to October 2003, and Hoh Law Corporation (formerly known as Hoh & Partners) as a legal executive from November 2003 to April 2008. Mr Wu has also been appointed as an Independent Director by Singapore-listed company Foreland Fabrictech Holdings Limited since September 2014, where he chairs the Nominating Committee and Remuneration Committee and is a member of the Audit Committee.

Mr Wu graduated with a Bachelor of Law from Peking University in July 1995. He also obtained a Master of Comparative Law from the National University of Singapore in August 1999 and a Master of Arts from the University of Delaware in January 2002.

**List of Present and Past Principal Directorships of Directors**

A list of the present and past directorships of each Director over the last five years preceding the Latest Practicable Date is set out in “Appendix H – List of Present and Past Principal Directorships of Directors and Executive Officers”.

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Role of the Board of Directors

The key roles of the Board are to:

• guide the corporate strategy and directions of the Manager;
• ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
• ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced; and
• oversee the proper conduct of the Manager.

The Board comprises eight Directors. The Audit and Risk Committee of the Board comprises Mr Cheng Heng Tan, Dr Gu Qingyang and Mr Wu Geng. Mr Cheng Heng Tan will assume the position of Chairman of the Audit and Risk Committee.

The Board shall meet to review the key activities and business strategies of the Manager. The Board intends to meet regularly, at least once every quarter, to deliberate the strategies of Sasseur REIT, including acquisitions and disposals, funding and hedging activities, approval of the annual budget and review of the performance of Sasseur REIT. The Board or the relevant board committee will also review Sasseur REIT’s key financial risk areas and the outcome of such reviews will be disclosed in the annual report or where the findings are material, immediately announced via SGXNET.

Each Director has been appointed on the basis of his professional experience and ability to contribute to the proper guidance of Sasseur REIT.

The Board will have in place a set of internal controls which set out certain approval limits to facilitate operational efficiency as well as arrangements in relation to capital expenditures, investments and divestments, bank borrowings and cheque signatories. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

Taking into account the fact that Sasseur REIT was constituted as a private trust only on 30 October 2017, the Board, in concurrence with the Audit and Risk Committee, is of the opinion that the internal controls as further described in:

• “The Manager and Corporate Governance – The Manager of Sasseur REIT – Board of Directors of the Manager – Role of the Board of Directors”;
• “The Manager and Corporate Governance – Corporate Governance of the Manager – Board of Directors of the Manager”;
• “The Manager and Corporate Governance – Corporate Governance of the Manager – Audit and Risk Committee”;
• “The Manager and Corporate Governance – Corporate Governance of the Manager – Compliance Functions”;
• “The Manager and Corporate Governance – Corporate Governance of the Manager – Dealings in Units”;
• “The Manager and Corporate Governance – Corporate Governance of the Manager – Management of Business Risk”;
The members of the Audit and Risk Committee will monitor changes to regulations and accounting standards closely. To keep pace with regulatory changes, where these changes have an important bearing on the Manager’s or the Directors’ disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving relevant professionals.

Management will also provide the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain an effective check and balance. The Chairman of the Board is Mr Xu Rongcan, while the Chief Executive Officer is Mr Anthony Ang Meng Huat.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer of the Manager. The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Manager.

At least one-third of the directors of the Manager are non-executive and independent. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Chairman and the Chief Executive Officer, provide a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

The Board has separate and independent access to senior management and the company secretary(s) at all times. The company secretary(s) attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate and when requested.
Executive Officers of the Manager

The Executive Officers are entrusted with the responsibility for the daily operations of the Manager. The following table sets forth information regarding the Executive Officers:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Address</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Anthony Ang Meng Huat</td>
<td>63</td>
<td>c/o 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Mr Richard Tan Liat Chew</td>
<td>66</td>
<td>c/o 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Mr Chew Hian Chin (&quot;Ken Chew Hian Chin&quot;)</td>
<td>42</td>
<td>c/o 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989</td>
<td>Chief Investment Officer</td>
</tr>
<tr>
<td>Mr Chen Zhen</td>
<td>40</td>
<td>c/o 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989</td>
<td>Head of Investor Relations, Compliance and Risk Management</td>
</tr>
</tbody>
</table>

Experience and Expertise of the Executive Officers

Information on the working experience of the Executive Officers is set out below:

Mr Anthony Ang Meng Huat is the Chief Executive Officer of the Manager.

Mr Ang worked at the Singapore Economic Development Board from January 1979 to October 1992 and rose up the ranks to become Regional Director of North America, where he managed investment promotion for North America, securing annual investments averaging approximately S$2 billion per annum. From March 1993 to December 1999, he was Executive Director and Group General Manager of Armstrong Industrial Corporation Limited, where he was overall in charge of the sales and manufacturing operations in six Asian countries, including Singapore, Malaysia, Thailand, Indonesia and the PRC. Subsequently, he joined Vertex Management Pte. Ltd. from January 2000 to August 2001 as Senior Vice President of Investment, where he was responsible for investments in Singapore, India and Japan with estimated assets under management of approximately S$50 million. From August 2001 to January 2003, Mr Ang joined GIC Real Estate Pte. Ltd. as Executive Vice President of Administration and Corporate Affairs, where he was responsible for the administration of the corporate affairs of its global investment operations. From February 2003 to December 2005, Anthony served as Executive Director of Majulah Connection Limited, a non-governmental organisation supported by the Singapore government for consulting and networking. From February 2006 to December 2016, Mr Ang joined the ARA Group and served in various roles in the ARA Group. He was the Chief Executive Officer of ARA’s flagship US$1.13 billion ARA Asia Dragon Fund from March 2007 to March 2010, where he was in charge of fundraising and responsible for investing in a diversified portfolio of real estate investments with a pan Asian mandate. He was subsequently the Chief Executive Officer and Executive Director of ARA Asset Management (Fortune) Pte. Ltd., the manager of Fortune Real Estate Investment Trust ("Fortune REIT"), from March 2010 to January 2015 and continued to be Executive Director till December 2016. Fortune REIT owns 17 retail properties in Hong Kong with estimated assets under management of over HK$36 billion as at 31 December 2016. Mr Ang has also been an Independent Director of Singapore-listed Europtronic Group Ltd. since May 2015 and Singapore-
listed Heatec Jietong Holdings Ltd. since April 2017, and Independent Director of Malaysia-listed Yong Tai Berhad since January 2016. Mr Ang has been Singapore’s Ambassador Extraordinary and Plenipotentiary to the Republic of Tunisia since September 2016.

Mr Ang graduated with a Bachelor of Science (Mechanical Engineering) with First Class Honors from the Imperial College of Science and Technology, University of London in August 1978. He also obtained an MBA Degree from the European Institute of Business Administration (INSEAD) in June 1982 and a Certificate of Completion of the Marketing Management Program from the Graduate School of Business of Stanford University in October 1992.

**Mr Richard Tan Liat Chew** is the Chief Financial Officer of the Manager.

Mr Tan has more than 40 years of financial management, with 18 years in banking and 10 years in property fund management. Mr Tan joined American Express Bank, Singapore as Manager of Finance in 1979 and subsequently as Country Operations Manager, where he was responsible for the overall operations of the bank. From 1983 to 1991, he joined a boutique investment bank headquartered in Hong Kong. His last position was Managing Director of Group Operations. Subsequently, upon his return to Singapore, he joined Schroders, a merchant bank as Director of Finance and Administration, and his scope of responsibilities included accounting, budgeting, risk management and reporting. Mr Tan also held senior positions with Hewlett Packard, Singapore, including the role of Director of Finance for South East Asia (“SEA”) and Director of Commercial Accounts and SME for SEA.

Mr Tan then joined ARA Trust Management (Suntec) Limited, the manager of Singapore-listed Suntec Real Estate Investment Trust (“Suntec REIT”), from February 2008 to July 2014 as Senior Director of Finance, where he was responsible for finance, capital management, compliance, treasury and reporting. He was also responsible for Suntec REIT’s external borrowings and capital funding, where he assisted Suntec REIT in raising over S$5 billion in debt and equity. Listed on the SGX-ST in December 2009, Suntec REIT has assets under management of S$9.3 billion as at 31 December 2015. Mr Tan was then assigned to ARA Asset Management Limited from July 2014 to April 2016, where he took on the role of Chief Financial Officer of ARA Private Funds, and his responsibilities included overseeing the financial, treasury, management accounting and reporting for all private funds managed by ARA Private Funds.

Mr Tan graduated with a Bachelor of Accountancy Degree from Singapore University in 1976.

**Mr Ken Chew Hian Chin** is the Chief Investment Officer of the Manager.

Mr Chew was the Assistant Head of Biomedical Sciences at Singapore Economic Development Board from April 2003 to April 2007, where he was primarily responsible for industry promotion and development in various industry sectors and client coverage in biomedical sciences in Japan and India. From May 2007 to January 2012, Mr Chew was employed by the Mapletree Group. He was seconded to Itochu Corporation from May 2007 to April 2010 where he was primarily responsible for Itochu Corporation’s investments and asset management in the Asia Pacific region. After his secondment, he took on the positions of Deputy General Manager of Mapletree Group in Japan from April 2010 to October 2010, and Representative of Mapletree Group in South Korea from November 2010 to January 2012, where he assisted with setting up Mapletree’s office in South Korea, investment and asset management work, private equity fund setup and seed asset investments. He then joined CapitaMalls Asia Limited from February 2012 to May 2015, where he took on the positions of Deputy General Manager from February 2014 to May 2015 and Vice President from October 2013 to January 2014. As the Deputy General Manager of CapitaMalls Asia Limited, he was primarily responsible for investment and asset management in East China and as Vice President of CapitaMalls Asia Limited, he was primarily responsible for regional investment and asset management, including assisting in the opening of Westgate Mall in Singapore. Mr Chew then joined the Fosun Group, an investment group with its headquarters...
located in the PRC, in June 2015. As the Managing Director of Fosun Property Holdings from June 2015 to May 2017, he was in charge of all property-related investments and asset management in Southeast Asia. He had also been Chief Representative of Fosun International Limited from April 2016 to May 2017, where he was in charge of group-related matters and investments in Southeast Asia.

Mr Chew graduated with a Bachelor of Science Degree from the University of Tokyo in March 2001. He also obtained a Master of Information Science and Technology (Computer Science) from the University of Tokyo in March 2003.

Mr Chen Zhen is the Head of Investor Relations, Compliance and Risk Management of the Manager.

Mr Chen was an Assistant Director, and subsequently, a Deputy Director of Investment Risk Management in the Risk Management Department of the Monetary Authority of Singapore from December 2007 to December 2017, where his scope of responsibilities included optimising asset allocation strategies, risk management of Singapore’s official foreign reserve global investment portfolio, and conducting market surveillance on global financial markets. Prior to joining the Monetary Authority of Singapore, Mr Chen worked as an engineer and subsequently a manager for companies in the semiconductor industry from 2000 to 2007.

Mr Chen graduated with a Bachelor of Science (Chemistry) and a Bachelor of Economics from Peking University in 1999. He also obtained a Master of Science in Advanced Materials in 2000, a Master of Science in Financial Engineering in 2008 and a Master of Science in Real Estate in 2015 from the National University of Singapore. Mr Chen is also a Chartered Financial Analyst (CFA) Charterholder, a Chartered Alternative Investment Analyst (CAIA) Charterholder, a certified Financial Risk Manager (FRM) and a certified Energy Risk Professional (ERP).

List of Present and Past Principal Directorships of Executive Officers

A list of the present and past directorships of each executive officer of the Manager over the last five years preceding the Latest Practicable Date is set out in “Appendix H – List of Present and Past Principal Directorships of Directors and Executive Officers”.

Roles of the Executive Officers of the Manager

The Chief Executive Officer of the Manager will work with the Board to determine the strategy for Sasseur REIT and is responsible for the successful implementation of the strategy. The Chief Executive Officer will also work with the other members of the Manager’s management team to ensure that Sasseur REIT operates in accordance with the Manager’s stated investment strategy. Additionally, the Chief Executive Officer will be responsible for planning the future strategic development of Sasseur REIT. The Chief Executive Officer is also responsible for strategic planning, the overall day-to-day management and operations of Sasseur REIT and working with the Manager’s investment, asset management, financial and legal and compliance personnel in meeting the strategic, investment and operational objectives of Sasseur REIT.

The Chief Financial Officer of the Manager will work with the Chief Executive Officer and other members of the Manager’s management team to formulate strategic plans for Sasseur REIT in accordance with the Manager’s capital management strategy. The Chief Financial Officer will be responsible for all finance-related matters, including corporate finance, financial planning, accounting, budgetary controls, treasury, tax, and audit. The Chief Financial Officer will also be responsible for internal controls and compliance reporting.
After making all the reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the members of the Audit and Risk Committee to cause them to believe that Mr Tan does not have the competence, character and integrity expected of a Chief Financial Officer of the Manager. The Audit and Risk Committee is of the opinion that Mr Tan is suitable as the Chief Financial Officer on the basis of his qualifications and relevant past experience.

The **Chief Investment Officer** of the Manager is responsible for two integrated functions – investments and asset management. With respect to investments, he is responsible for identifying, researching and evaluating potential acquisitions and related investments with a view to enhancing Sasseur REIT’s portfolio and is concurrently responsible for divestments where a property is no longer strategic or if it fails to enhance the value of Sasseur REIT’s portfolio or fails to be yield accretive. He will also recommend and analyse potential asset enhancement initiatives. To support these various initiatives, he will develop financial models to test the financial impact of different courses of action. These findings will be research-driven to help develop and implement the proposed initiatives.

With respect to asset management, he is responsible for formulating the business plans in relation to Sasseur REIT’s properties with short, medium and long-term objectives, and with a view to maximising the rental income of Sasseur REIT via proactive asset management. He will work closely with the Entrusted Manager to implement Sasseur REIT’s strategies so as to ensure that the Initial Portfolio’s income generation potential is maximised and its expense base is minimised without compromising the Properties’ marketability. He will also focus on the operations of Sasseur REIT’s properties and the implementation of the short to medium term objectives of Sasseur REIT’s portfolio.

The **Head of Investor Relations, Compliance and Risk Management** of the Manager is responsible for facilitating communications and liaising with the Unitholders. This includes producing annual reports to the Unitholders and ensuring compliance by Sasseur REIT with the reporting requirements under the Listing Manual and the law. The Head of Investor Relations, Compliance and Risk Management will be responsible for maintaining continuous disclosure and transparent communications with the Unitholders and the market. He will also work with the other members of the Manager’s management team to develop and maintain the risk management processes of Sasseur REIT.

**Roles and Responsibilities of the Manager**

The Manager has general powers of management over the assets of Sasseur REIT. The Manager’s main responsibility is to manage Sasseur REIT’s assets and liabilities for the benefit of Unitholders.

The Manager will set the strategic direction of Sasseur REIT and give recommendations to the Trustee on the acquisition, divestment, development and/or enhancement of assets of Sasseur REIT in accordance with its stated investment strategies.

The Manager has covenanted in the Trust Deed to use its best endeavours to:

- carry on and conduct its business in a proper and efficient manner;
- ensure that Sasseur REIT is carried on and conducted in a proper and efficient manner; and
- ensure that its Related Parties will conduct all transactions with or for Sasseur REIT on an arm’s length basis and on normal commercial terms.
The Manager will prepare property plans on a regular basis, which may contain proposals and forecasts on Gross Revenue, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of Sasseur REIT’s properties.

The Manager will also be responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the CIS Code (including the Property Funds Appendix), the Singapore Code on Take-overs and Mergers, the Trust Deed, the CMS Licence and any tax ruling and all relevant contracts. The Manager will be responsible for all regular communications with Unitholders.

The Manager may require the Trustee to borrow on behalf of Sasseur REIT (upon such terms and conditions as the Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the Manager considers, among others, that such borrowings are necessary or desirable in order to enable Sasseur REIT to meet any liabilities or to finance the acquisition of any property. However, the Manager must not direct the Trustee to incur a borrowing if to do so would mean that Sasseur REIT’s total borrowings and deferred payments will exceed the limit stipulated by the MAS based on the value of its Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units).

In the absence of fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager.

The Manager may, in managing Sasseur REIT and in carrying out and performing its duties and obligations under the Trust Deed, with the written consent of the Trustee, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, provided always that the Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

Fees Payable to the Manager

Management Fees

The Manager is entitled under the Trust Deed to the following management fees:

- base fee at the rate of 10.0% per annum of the Distributable Income; and
- performance fee at the rate of 25.0% of the difference in DPU in a financial year with the DPU in the preceding full financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year where the Performance Fee is payable may be less than the DPU in the financial year prior to any preceding financial year. For the avoidance of doubt, where the DPU in a financial year is less than the DPU in any preceding financial year, the Manager shall not be required to return any Performance Fee paid to it in such preceding financial year.

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For the purpose of the computation of the Performance Fee only, the DPU shall be calculated based on all income to Sasseur REIT arising from the operations of Sasseur REIT, such as, but not limited to, rentals, interest, dividends, and other similar payments or income arising from the Authorised Investments of Sasseur REIT but shall exclude any one-off income of Sasseur REIT such as income arising from any sale or disposal of (i) any real estate (whether directly or indirectly through one or more SPVs) or any part thereof, and (ii) any investments forming part of the Deposited Property or any part thereof.

The Manager may elect to receive the Base Fee and Performance Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine).

The Manager has elected to receive 100.0% of the Base Fee for the period from the Listing Date to 31 December 2018 and Projection Year 2019 and 100.0% of the Performance Fee in the form of Units for Projection Year 2019. For the avoidance of doubt, there will be no Performance Fee payable for the period from the Listing Date to 31 December 2018.

Any increase in the rate of the Manager’s management fees above the permitted limit or any change in the structure of the Manager’s management fees must be approved by a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed (an “Extraordinary Resolution”).

**Acquisition Fee and Divestment Fee**

The Manager is also entitled to:

- an Acquisition Fee equivalent to 0.75% for acquisitions from Related Parties¹ and 1.0% for all other acquisitions (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting):
  - the acquisition price of any real estate purchased by Sasseur REIT whether directly or indirectly through one or more SPVs, plus any other payments² in addition to the acquisition price made by Sasseur REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of Sasseur REIT’s interest);
  - the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests of any SPV holding directly or indirectly the real estate purchased by Sasseur REIT, whether directly or indirectly through one or more SPV plus any additional payments made by Sasseur REIT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated if applicable to the proportion of Sasseur REIT’s interest); or

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¹ “Related Party” refers to an Interested Person and/or (as the case may be) an Interested Party.

² “other payments” refer to additional payments to the vendor of the asset, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but “other payments” do not include stamp duty or other payments to third party agents and brokers.
the acquisition price of any investment by Sasseur REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate; and

- a Divestment Fee equivalent to 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting):
  - the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by Sasseur REIT (plus any other payments in addition to the sale price received by Sasseur REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of Sasseur REIT’s interest);
  - the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any SPV holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more SPVs, by Sasseur REIT (plus any additional payments received by Sasseur REIT or the SPVs from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated if applicable to the proportion of Sasseur REIT’s interest); or
  - the sale price of any investment sold or divested by Sasseur REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPVs owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any price or value adjustment to be made post-completion. Similarly, for the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any price or value adjustment to be made post-completion.

For the avoidance of doubt, no Acquisition Fee is payable for the acquisition of the Properties. In accordance with the Property Funds Appendix, where the Manager receives a percentage-based fee when Sasseur REIT acquires and divests real estate from/to an interested party, the acquisition or, as the case may be, the Divestment Fee should be in the form of Units issued at prevailing market price(s), such Units not to be sold within one year from the date of issuance.

Any increase in the maximum permitted level of the Manager’s Acquisition Fee or Divestment Fee must be approved by an Extraordinary Resolution passed at a Unitholders’ meeting duly convened and held in accordance with the provisions of the Trust Deed. For the avoidance of doubt, the rates in relation to the Acquisition Fee and Divestment Fee payable to the Manager as stated above are at the maximum permitted level under the Trust Deed.

**Development Management Fee**

The Manager is also entitled to receive a Development Management Fee equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of Sasseur REIT. Sasseur REIT will only undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to property development activities and investments in uncompleted property developments).
“Development Project” in relation to Sasseur REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Sasseur REIT or acquired, held or leased directly or indirectly by one or more SPV, provided that the Property Funds Appendix shall be complied with for the purposes of such development, including major development, re-development, addition and alteration works.

When the estimated total project costs are greater than S$100.0 million, the Trustee and the Independent Directors of the Manager will first review and approve the quantum of the Development Management Fee, whereupon the Manager may be directed by its Independent Directors to reduce the Development Management Fee. Further, in cases where the market pricing for comparable services is, in the view Independent Directors of the Manager, materially lower, the Independent Directors of the Manager shall have the right to direct a reduction of the development management fee to less than 3.0% of the total project costs.

For the avoidance of doubt, no Acquisition Fee shall be paid when the Manager receives the Development Management Fee for a Development Project.

The Acquisition Fee and Divestment Fee are payable to the Manager in the form of cash and/or Units (as the Manager may elect) at the then prevailing market price(s) provided that in respect of any acquisition and sale or divestment of real estate assets from/to Related Parties, such a fee should be in the form of Units issued by Sasseur REIT at prevailing market price.

Any increase in the percentage of the Development Management Fee or any change in the structure of the Development Management Fee must be approved by an Extraordinary Resolution passed at a Unitholders’ meeting duly convened and held in accordance with the provisions of the Trust Deed.

Retirement or Removal of the Manager

The Manager shall have the power to retire in favour of a corporation approved by the Trustee to act as the manager of Sasseur REIT.

Also, the Manager may be removed by notice given in writing by the Trustee if:

• the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the Manager;
• the Manager ceases to carry on business;
• the Manager fails or neglects after reasonable notice from the Trustee to carry out or satisfy any material obligation imposed on the Manager by the Trust Deed;
• the Unitholders by an Ordinary Resolution duly proposed and passed by Unitholders present and voting at a meeting of Unitholders convened in accordance with the Trust Deed, with no Unitholder (including the Manager and its Related Parties) being disenfranchised, vote to remove the Manager;
• for good and sufficient reason, the Trustee is of the opinion, and so states in writing, that a change of the Manager is desirable in the interests of the Unitholders; or
• the MAS directs the Trustee to remove the Manager.
Where for good and sufficient reason the Trustee is of the opinion, and so states in writing, that a change of Manager is desirable in the interests of the Unitholders, the Manager may be removed by written notice from the Trustee on this basis, provided that if the Manager within one month after notice from the Trustee expresses its dissatisfaction in writing with the Trustee’s opinion, the Manager may refer the matter to arbitration in accordance with the Trust Deed. Any decision made pursuant to such arbitration proceedings is binding upon the Manager, the Trustee and all Unitholders.

Under the terms of the Trust Deed, upon any removal or retirement of the Manager, the Trustee shall appoint a new manager as soon as possible. Such appointment shall be subject to (i) compliance with all laws, regulations and guidelines that apply to Sasseur REIT and (ii) the approval of Unitholders by Ordinary Resolution.

**THE ENTRUSTED MANAGER OF THE PROPERTIES**

Sasseur Shanghai is the Entrusted Manager. Its registered office is located at Rm. 107 Building 1, No. 4699, Honghai Highway, Chongming County, Shanghai (上海市崇明县宏海公路4699号1号楼107室). The Entrusted Manager was appointed as the entrusted manager of the Properties by the PRC Property Companies pursuant to the Entrusted Management Agreements. Under the Entrusted Management Agreements, the Entrusted Manager will manage the end-to-end operations of the Properties for and on behalf of the PRC Property Companies.

The Entrusted Manager is entitled under the Entrusted Management Agreements to the Entrusted Management Fee. (See “Certain Agreements Relating to Sasseur REIT and the Properties – Master Entrusted Management Agreement” and “Certain Agreements Relating to Sasseur REIT and the Properties – Individual Entrusted Management Agreements” for further details.)

**THE PROPERTY MANAGERS OF THE PROPERTIES**

The Property Managers are Chongqing Ancheng Property Management Co., Ltd. and Hefei Anjing Property Service Co., Ltd., each of whom are independent third parties unrelated to the Sponsor and Sasseur REIT.

**Property Manager of the Chongqing Outlets and Bishan Outlets**

Chongqing Ancheng Property Management Co., Ltd. (重庆安诚物业管理有限公司) (“Chongqing Ancheng”) is the property manager of the Chongqing Outlets and the Bishan Outlets and is responsible for providing property management services to Chongqing Outlets and Bishan Outlets, which include overall management of, maintenance and repair of the structure and utilities of the relevant Properties, the formulation of outlet mall operation and management regulations and the rectification of any defects that violate building and safety regulations.

Chongqing Ancheng has its headquarters in Biquan District, Chongqing City and has a Grade 2 property management qualification (国家二级物业管理资质).

**Property Manager of Hefei Outlets and Kunming Outlets**

Hefei Anjing Property Service Co., Ltd. (合肥安景物业服务有限责任公司) is the Property Manager of the Hefei Outlets and the Kunming Outlets and is responsible for providing property management services to the Hefei Outlets and the Kunming Outlets, which include overall management of, maintenance and repair of the structure and utilities of the relevant Properties, the formulation of outlet mall operation and management regulations and the rectification of any defects that violate building and safety regulations.

Hefei Anjing has its headquarters in Hefei City, Anhui Province and has a Grade 1 property management qualification (国家一级物业管理资质).
The Manager will issue an annual report to Unitholders within the timeframe as set out in the Listing Manual and the CIS Code, and at least 14 days before the annual general meeting of the Unitholders, containing, among others, the following key items:

(i) disclosure of whether each existing director is independent from management and business relationships with the Manager and Sasseur REIT and every substantial shareholder of the Manager and substantial unitholder of Sasseur REIT; and in the event that any director is not independent, to describe and explain the relationship of such non-independence;

(ii) Sasseur REIT’s debt maturity profile;

(iii) a comment by the Board on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(iv) disclosures on remuneration of directors and executive officers of Sasseur REIT as required by the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management;

(v) if applicable, with respect to investments other than real property;
   (a) a brief description of the business;
   (b) proportion of share capital owned;
   (c) cost;
   (d) (if relevant) Directors’ valuation and in the case of listed investments, market value;
   (e) dividends received during the year (indicating any interim dividends);
   (f) dividend cover or underlying earnings;
   (g) any extraordinary items; and
   (h) net assets attributable to investments;

(vi) amount of distributable income held pending distribution;

(vii) the aggregate value of all transactions entered into by the Trustee (for and on behalf of Sasseur REIT) with an “interested party” (as defined in the Property Funds Appendix) or with an “interested person” (as defined in the Listing Manual) during the financial year under review;

(viii) total amount of fees paid to the Trustee;

(ix) name of the manager of Sasseur REIT, together with an indication of the terms and duration of its appointment and the basis of its remuneration;

(x) total amount of fees paid to the Manager and the price(s) of the Units at which they were issued in part payment thereof;

(xi) the NAV of Sasseur REIT at the beginning and end of the financial year under review;
the following items which are required to be disclosed in the Property Funds Appendix (as may be amended from time to time) for annual reports;

(a) details of all real estate transactions entered into during the financial year, including the identity of the buyers or sellers, purchase or sale prices, and their valuations (including the methods used to value the assets);

(b) details of all Sasseur REIT’s real estate assets, including the location of such assets, their purchase prices and latest valuations, rentals received and occupancy rates, or the remaining terms of Sasseur REIT’s leasehold properties, where applicable;

(c) the tenant profile of Sasseur REIT’s real estate assets, including the:

(A) total number of tenants;

(B) top 10 tenants, and the percentage of total gross rental income attributable to each of these top 10 tenants;

(C) trade sector mix of tenants, in terms of the percentage of total gross rental income attributable to major tenant sectors;

(D) lease maturity profile, in terms of the percentage of total gross rental income, for each of the next five years; and

(E) weighted average lease expiry of both Sasseur REIT’s portfolio and new leases entered into during the year (and the proportion of revenue attributed to these leases);

(d) in respect of other assets of Sasseur REIT, details of the:

(A) 10 most significant holdings (including the amount and percentage of fund size at market valuation); and

(B) distribution of investments in dollar and percentage terms by country, asset class (e.g., equities, mortgage-backed securities, bonds, etc.) and by credit rating of all debt securities (e.g., “AAA”, “AA”, etc.)

e details of Sasseur REIT’s exposure to financial derivatives, including the amount (i.e. net total aggregate value of contract prices) and percentage of derivatives investments of total fund size and at market valuation;

(f) details of Sasseur REIT’s investments in other property funds, including the amount and percentage of total fund size invested in;

(g) details of borrowings of Sasseur REIT including the maturity profile of the borrowings;

(h) details of deferred payment arrangements entered into by Sasseur REIT, if applicable;

(i) the total operating expenses of Sasseur REIT at the trust level, including all fees and charges paid to the Manager and interested parties such as the Entrusted Manager (in both absolute terms, and as a percentage of Sasseur REIT’s NAV as at the end of the financial year) and taxation incurred in relation to Sasseur REIT’s real estate assets at the trust level;

(j) the distributions declared by Sasseur REIT for the financial year;
(k) the performance of Sasseur REIT in a consistent format, covering various periods of time (e.g. 1-year, 3-year, 5-year or 10-year) whereby:

(A) in the case where Sasseur REIT is unlisted, such performance is calculated on an “offer to bid” basis over the period; or

(B) in the case where Sasseur REIT is listed, such performance is calculated on the change in the Unit price transacted on the stock exchange over the period;

(l) its NAV per Unit at the beginning and end of the financial year;

(m) where Sasseur REIT is listed, the unit price quoted on the SGX-ST at the beginning and end of the financial year, the highest and lowest Unit price and the volume traded during the financial year;

(n) (if applicable) the amount of income support payments received by Sasseur REIT during the financial year and the effect of these payments on Sasseur REIT’s DPU; and

(o) any material deviation of actual DPU from forecast DPU, together with detailed explanations for the deviation;

(p) where the rental support arrangement is embedded in a master lease arrangement, the difference between the amount of rents derived under the master lease arrangement and the actual amount of rents from the underlying leases during the financial year;

(q) for as long as the Entrusted Management Agreements are in place, updates regarding the status of the Entrusted Management Agreements, including whether the assumptions originally projected in the Prospectus (such as the rental occupancy rates or market rental rates) have been achieved or an explanation otherwise; and

(r) information on the status of the Entrusted Management Agreements (including the amount and duration remaining until the date on which the income support would end (as relevant), and the financial standing of the institution providing the Performance Reserve); and

(xiii) such other items which may be required to be disclosed under the prevailing applicable laws, regulations and rules.

The first report will cover the period from the Listing Date to 31 December 2018.

Additionally, Sasseur REIT will announce its NAV per Unit as well as net tangible asset per Unit on a quarterly basis pursuant to Rule 404(8)(b)(i) of the Listing Manual. Such announcements will be based on the latest available valuation of Sasseur REIT’s real estate and real estate-related assets, which will be conducted at least once a year (as required under the Property Funds Appendix).
CORPORATE GOVERNANCE OF THE MANAGER

The following outlines the main corporate governance practices of the Manager.

Board of Directors of the Manager

The Board is responsible for the overall corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. The Manager is also responsible for the strategic business direction and risk management of Sasseur REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of the directors of the Manager.

The Board will have in place a framework for the management of the Manager and Sasseur REIT, including a system of internal audit and control and a business risk management process. The Board consists of eight members, four of whom are independent directors. None of the Directors of the Manager has entered into any service contract with Sasseur REIT.

The composition of the Board is determined using the following principles:

- the Chairman of the Board should be a non-executive director of the Manager;
- the Board should comprise directors with a broad range of commercial experience including expertise in funds management, legal matters, audit and accounting and the property industry; and
- at least one-third of the Board should comprise independent directors.

However, according to Guideline 2.2 of the Code of Corporate Governance 2012, at least half of the Board should comprise independent directors where:

- the Chairman and the Chief Executive Officer is the same person;
- the Chairman and the Chief Executive Officer are immediate family members;
- the Chairman is part of the management team; or
- the Chairman is not an independent director.

The composition will be reviewed regularly by the Manager to ensure that the Board has the appropriate mix of expertise and experience.

The positions of the Chairman and Chief Executive Officer are held by two separate persons in order to maintain effective oversight. The Chairman is Mr Xu Rongcan and Chief Executive Officer is Mr Anthony Ang Meng Huat.

Audit and Risk Committee

The Audit and Risk Committee is appointed by the Board from among the directors of the Manager. The Audit and Risk Committee must comprise at least a minimum of three members, a majority of whom (including the Chairman of the Audit and Risk Committee) are required to be independent directors. As at the date of this Prospectus, the members of the Audit and Risk Committee are Mr Cheng Heng Tan, Mr Gu Qingyang and Mr Wu Geng. Mr Cheng Heng Tan has been appointed as the Chairman of the Audit and Risk Committee. All of the members of the Audit and Risk Committee are independent directors.
The role of the Audit and Risk Committee is to monitor and evaluate the effectiveness of the Manager’s internal controls. The Audit and Risk Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The Audit and Risk Committee’s responsibilities also include:

• monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to “interested person transactions” (as defined therein) and the provisions of the Property Funds Appendix relating to “interested party transactions” (as defined therein) (both such types of transactions constituting “Related Party Transactions”);

• reviewing transactions constituting Related Party Transactions;

• deliberating on and putting forth proposals to the Board on measures to mitigate conflicts of interest situations involving Sasseur REIT;

• undertaking due process to ensure that the terms in an interested party divestment by Sasseur REIT are generally in line with that which could have been obtained had the asset been sold to a non-interested party;

• reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;

• reviewing arrangements by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;

• reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

• ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with Sasseur REIT;

• reviewing, on an annual basis, the adequacy and effectiveness of the internal audit function;

• the appointment, re-appointment or removal of internal auditors (including the review of their fees and scope of work);

• monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;

• reviewing the appointment, re-appointment or removal of external auditors;

• reviewing the nature and extent of non-audit services performed by external auditors;

• reviewing, on an annual basis, the independence and objectivity of the external auditors;

• meeting with external and internal auditors, without the presence of the Executive Officers, at least on an annual basis;
• reviewing the system of internal controls including financial, operational, compliance and information technology controls and risk management processes;

• reviewing the financial statements and the internal audit report;

• reviewing and providing their views on all hedging policies and instruments to be implemented by Sasseur REIT to the Board;

• reviewing and approving the procedures for the entry into of any foreign exchange hedging transactions and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions approved by the Board;

• reviewing the processes and procedures in relation to the appointment or removal of legal representatives of the PRC Companies annually;

• exercising oversight over the undertakings given by each of the Sponsor and the Entrusted Manager to the Manager and the Trustee that (i) it will immediately inform the Trustee and the Manager of any matter that has a materially adverse impact on its ability to perform its obligations under the Entrusted Management Agreements (including matters pertaining to the Sponsor and the Entrusted Manager’s creditworthiness); and (ii) it will not unilaterally novate or assign any of the Individual Entrusted Management Agreements or the Master Entrusted Management Agreement, as the case may be, to other parties, and will inform the Manager and the Trustee of any changes to the Individual Entrusted Management Agreements, or the Master Entrusted Management Agreement, as the case may be (including any such novation or assignment);

• assessing on an annual basis and where there are changes to the financial and/or credit standing of the financial institutions providing the banker’s guarantee pursuant to the Performance Reserve, whether the standing of the banker’s guarantee or banker’s performance bond provided has been diminished arising from the changes;

• determining when the income support safeguards implemented post-Listing (save for the Performance Reserve) would fall away;

• in relation to the Performance Reserve, overseeing (i) that the banker’s guarantee provided in respect of the Performance Reserve is obtained or placed with an independent financial institution of good financial standing (i.e. at least investment grade); (ii) the withdrawal and utilisation of the Performance Reserve by Sasseur REIT during the term of the Entrusted Management Agreements; and (iii) where the term of the banker’s guarantee is shorter than the duration of the income support and is subject to periodic renewal, that the Sponsor should ensure that the banker’s guarantee would be renewed;

• exercising oversight over the undertakings of the Manager pursuant to the Entrusted Management Agreements (including the disclosures required in the announced full year financial results and annual reports of Sasseur REIT pursuant to the undertakings in relation to the Entrusted Management Agreements);

• reviewing the internal guidelines and monitoring the procedures put in place by the Manager to ensure that the transactions entered into by the PRC Property Companies under the Entrusted Management Agreements are conducted on normal commercial terms and will not be prejudicial to Sasseur REIT and its minority Unitholders;
• reviewing at least quarterly in each financial year the transactions entered into by the PRC Property Companies under the Entrusted Management Agreements to ascertain the guidelines and procedures established by the Manager to monitor interested person transactions have been complied with;

• reviewing the scope and results of the internal audit of Sasseur REIT by the internal auditors which will cover the internal auditor’s review and oversight of the controls and safeguards relating to the Entrusted Management Agreements and the cash collection/fund flow processes;

• reviewing the compliance of the Entrusted Manager with the terms of the Entrusted Management Agreements on an annual basis;

• reviewing and considering the terms of the Entrusted Management Agreements on an annual basis to ensure that the commercial terms of the Entrusted Management Agreements would not be prejudicial to the interests of Sasseur REIT and its Unitholders and be in compliance with Sasseur REIT’s internal controls systems;

• conducting an annual assessment on whether the relevant PRC Property Company should exercise the Buy Back Option to acquire the development rights to the Phase 2 Developments and where the Sponsor is unable to complete the development of the Phase 2 Developments prior to the completion date of 31 December 2020 (as set out in the Grant Agreements), conducting an assessment on whether Sasseur REIT should grant the Sponsor a further extension of the completion date in accordance with the terms of the relevant Grant Agreements;

• investigating any matters within the Audit and Risk Committee’s terms of reference, whenever it deems necessary; and

• reporting to the Board on material matters, findings and recommendations.

Nominating and Remuneration Committee

The Manager’s internal policy requires its nominating and remuneration committee (the “Nominating and Remuneration Committee”) to have at least three members, the majority of whom, including the chairman, must be independent. Additionally, all members of the Nominating and Remuneration Committee must be non-executive and the lead independent director will be a member of the Nominating and Remuneration Committee. The Board will appoint the Nominating and Remuneration Committee from among its Directors. As at the date of this Prospectus, the members of the Nominating and Remuneration Committee are Dr Gu Qingyang, Mr Xu Rongcan and Mr Wu Geng. Dr Gu Qingyang has been appointed as the Chairman of the Nominating and Remuneration Committee.

The Nominating and Remuneration Committee will, among others, have the following responsibilities:

(a) have terms of reference defining its scope of authority which includes reviewing and making recommendations to the Board on all appointment, succession planning and remuneration matters (including senior management);

(b) review the performance, and training and professional development programs for the Board;

(c) determine annually, and as and when circumstances require, if a Director is independent;
(d) developing an assessment matrix to review the performance of a Director, considering and recommending to the Board on the appropriate quantum of remuneration in view of a director’s level of contributions, taking into account his/her responsibilities and time spent; and

(e) developing a remuneration policy with regard to the objective of attracting, rewarding and retaining performing staff.

Compliance Functions

The Manager will be engaging KPMG Services Pte. Ltd. to carry out certain compliance activities. KPMG Services Pte. Ltd.’s scope of engagement covers assessing the Manager’s compliance with applicable provisions of the SFA through the conduct of checks on:

(i) whether the representatives of the Manager have fulfilled their regulatory obligations; and

(ii) whether the Manager, in its role as manager of Sasseur REIT, has prepared returns and other documents accurately for submission to the MAS.

KPMG Services Pte. Ltd. will report all findings arising from its compliance review to the Audit and Risk Committee after it has obtained the Manager’s comments and feedback on the review.

KPMG Services Pte. Ltd. will also provide advice and training on compliance requirements under the SFA to representatives of the Manager as well as regulatory compliance advice from time to time as required by the Manager.

Notwithstanding the engagement of KPMG Services Pte. Ltd. to carry out certain compliance activities, the Manager is responsible for ensuring compliance with all applicable laws, regulations and guidelines.

Legal Representatives

Mr Anthony Ang Meng Huat has been appointed as the legal representative of the PRC Property Companies, Sasseur (Kunming) Investment Consultancy Co., Ltd. and Sasseur (Hefei) Investment Consultancy Co., Ltd. (collectively, the “PRC Companies”). The Manager has taken the following factors into consideration when appointing the legal representative of the PRC Companies:

• the qualifications and experience of the person; and

• the person’s knowledge of the PRC property market.

The legal representative is authorised to perform acts in the name of the PRC Companies under applicable PRC laws and regulations and the articles of association of each of the PRC Companies, and the legal consequences of such acts shall be borne by the PRC Companies.

The articles of association of each of the PRC Companies (other than the Chongqing PRC Property Company) provide that the executive director shall be the legal representative, while the articles of association of the Chongqing PRC Property Company provide that the manager or the chairman of the board shall be the legal representative. As the right to appoint the executive director or, in the case of the Chongqing PRC Property Company, the manager and chairman of the board, vests in the shareholders of each of the respective PRC Companies, the Manager

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1 The cost of such engagement of KPMG Services Pte. Ltd. to carry out compliance activities will be borne by the Manager out of its own funds and not out of Unitholders’ funds.
effectively has the right of appointment and removal of the legal representative of each of the PRC Companies. For the avoidance of doubt, removal of the legal representative of each of the PRC Companies does not require the consent of such legal representative of the relevant PRC Company.

There is a risk that the PRC Companies will be held liable should its legal representative perform any unauthorised actions on its behalf. In this regard, the following measures will be implemented to mitigate such a risk:

- an internal control system to ensure that there is proper authorisation as to disbursements and delegation of authority;
- safeguarding controls over all the company seals and cheque books where the company seals may only be used after written approval by both the Chief Financial Officer of the Manager and one of the Directors of the Manager, and cheques to be issued by the PRC Companies must be signed by two authorised signatories;
- ensuring segregation of duties in the cash management process including receipts and disbursements; and
- a register to be kept in relation to the legal representatives of each of the PRC Companies reflecting all other appointments and/or business interests (e.g. directorship, sole proprietorship, partnership, or shareholding above 5.0%) of the legal representatives outside of Sasseur REIT.

The Board is of the opinion that the processes and procedures to be put in place will be adequate to mitigate the risks in relation to the appointment of the legal representative of the PRC Companies.

**Dealings in Units**

Each Director and the Chief Executive Officer is to give notice to the Manager of his acquisition of Units or of changes in the number of Units which he holds or in which he has an interest, within two days (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading (“Business Days”) after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest. (See “The Formation and Structure of Sasseur REIT – Declaration of Unitholdings – Directors and Chief Executive Officer of the Manager” for further details.)

The Directors and employees of the Manager are prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of Sasseur REIT’s annual results and property valuations, and two weeks before the public announcement of Sasseur REIT’s quarterly results and ending on the date of announcement of the relevant results or, as the case may be, property valuations; and
- at any time while in possession of price sensitive information.

The Directors and employees of the Manager are also prohibited from communicating price sensitive information to any person.
The Manager has also undertaken that it will not deal in the Units in the period commencing one month before the public announcement of Sasseur REIT’s annual results and (where applicable) property valuations, and two weeks before the public announcement of Sasseur REIT’s results of each of the first three quarters, and ending on the date of announcement of the relevant results or, as the case may be, property valuations.

Pursuant to Section 137ZC of the SFA, the Manager is required to, inter alia, announce to the SGX-ST the particulars of any acquisition or disposal of interest in Units by the Manager as soon as practicable, and in any case no later than the end of the Business Day following the day on which the Manager became aware of the acquisition or disposal. In addition, all dealings in Units by any Director or the Chief Executive Officer will need to be announced by the Manager via SGXNET, with the announcement to be posted on the internet at the SGX-ST website at http://www.sgx.com and in such form and manner as the MAS may prescribe.

Management of Business Risk

The Board will meet quarterly, or more often if necessary, and will review the financial performance of the Manager and Sasseur REIT against a previously approved budget. The Board will also review the business risks of Sasseur REIT, examine liability management and act upon any comments from the auditors of Sasseur REIT.

The Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Manager and Sasseur REIT. In assessing business risk, the Board will consider the economic environment and risks relevant to the property industry. It reviews management reports and feasibility studies on individual investment projects prior to approving major transactions. The management meets regularly to review the operations of the Manager and Sasseur REIT and discuss any disclosure issues.

The Manager has also provided an undertaking to the SGX-ST that:

(i) regular reviews will be carried out by the Board or the Audit and Risk Committee of Sasseur REIT’s key financial, operational, compliance and information technology risk areas and the outcome of these reviews must be disclosed in the Annual Report or where the findings are material, immediately announced via SGXNET;

(ii) in relation to hedging transactions (if any) (a) the Manager will seek the approval of its Board on the policy for entering into any such transactions, (b) the Manager will put in place adequate procedures which must be reviewed and approved by the Audit and Risk Committee and (c) the Audit and Risk Committee will monitor the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy approved by the Board; and

(iii) the Manager will make periodic announcements on the use of the proceeds from the Offering as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in the annual report.

Potential Conflicts of Interest

The Manager has also instituted the following procedures to deal with potential conflicts of interest issues:

• the Manager will be a dedicated manager to Sasseur REIT and will not manage any other REIT which invests in the same type of properties as Sasseur REIT.
all Executive Officers will be working exclusively for the Manager and will not hold other executive positions in other entities.

all resolutions in writing of the Directors of the Manager in relation to matters concerning Sasseur REIT must be approved by at least a majority of the Directors of the Manager, including at least one Independent Director.

at least one third of the Board shall comprise independent directors. Provided that where (i) the Chairman of the Board and the Chief Executive Officer is the same person, (ii) the Chairman of the Board and the Chief Executive Officer are immediate family members, (iii) the Chairman of the Board is part of the management team or (iv) the Chairman of the Board is not an independent director, at least half the board shall comprise independent directors.

In respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and must exclude such interested director.

in respect of matters in which the Sponsor and/or their subsidiaries has/have an interest, direct or indirect, any nominees appointed by the Sponsor and/or their subsidiaries to the Board to represent its interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the Directors independent from management and business relationship with the Manager and must exclude nominee directors of the Sponsor and/or their subsidiaries.

save as to resolutions relating to the removal of the Manager as manager of Sasseur REIT, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to approve any matter in which the Manager and/or any of its associates has a material interest, and for so long as the Manager is the manager of Sasseur REIT, the controlling shareholders of the Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or of any of its associates have a material interest; and

it is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Sasseur REIT with an Interested Person (as defined in the Listing Manual) and/or, as the case may be, an Interested Party (as defined in the Property Funds Appendix) (collectively, a “Related Party”) of the Manager, the Manager shall be obliged to consult with a reputable law firm (which is acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Sasseur REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Manager (including the Independent Directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of Sasseur REIT with a Related Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee’s right to take such action as it deems fit against such Related Party.
RELATED PARTY TRANSACTIONS

“Related Party Transactions” in this Prospectus refers to “Interested Person Transactions” under the Listing Manual and “Interested Party Transactions” under the Property Funds Appendix. The definition of “Interested Person” in the Listing Manual refers to the definition of “Interested Party” used in the Property Funds Appendix.

In general, transactions between:

- an entity at risk (in this case, the Trustee (acting in its capacity as the trustee of Sasseur REIT) or any of the subsidiaries or associated companies of Sasseur REIT); and
- any of the Interested Parties, being:
  
  (i) a Director, chief executive officer or controlling shareholder of the Manager, or the Manager, the Trustee (acting in personal capacity) or controlling Unitholder; or
  
  (ii) an associate of any Director, chief executive officer or controlling shareholder of the Manager, or an associate of the Manager, the Trustee (acting in its own capacity) or any controlling Unitholder,

would constitute an Interested Person Transaction.

The Manager’s Internal Control System

The Manager has established an internal control system to ensure that all future Related Party Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of Sasseur REIT and the Unitholders.

As a general rule, the Manager must demonstrate to its Audit and Risk Committee that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or
- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager will maintain a register to record all Related Party Transactions which are entered into by Sasseur REIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

The Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by Sasseur REIT. The Audit and Risk Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit and Risk Committee. If a member of the Audit or Risk Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.
Further, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of Sasseur REIT's net tangible assets (based on the latest audited accounts) will be subject to review by the Audit and Risk Committee at regular intervals;

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Sasseur REIT's net tangible assets (based on the latest audited accounts) will be subject to the review and prior approval of the Audit and Risk Committee. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of Sasseur REIT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager. Further, under the Listing Manual and the Property Funds Appendix, such transactions would be announced via SGXNET; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of Sasseur REIT's net tangible assets (based on the latest audited accounts) will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit and Risk Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Pursuant to the Listing Manual, transactions with a value below S$100,000 are disregarded for the purpose of the announcement and Unitholders' approval requirements under the Listing Manual as set out in the paragraph above. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Related Parties.

Where matters concerning Sasseur REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Sasseur REIT with a Related Party of the Manager (which would include relevant “associates” as defined under the Listing Manual) or Sasseur REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;

- are not prejudicial to the interests of Sasseur REIT and the Unitholders; and

- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

Further, the Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or Sasseur REIT. If the Trustee is to sign any contract with a related party of the Manager or Sasseur REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.
Save for the transactions described under “Related Party Transactions in Connection with the Setting Up of Sasseur REIT and the Offering”, Sasseur REIT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same interested person during the same financial year, is 3.0% or more of Sasseur REIT’s latest audited net tangible assets.

The aggregate value of all Interested Person Transactions in accordance with the Listing Manual in a particular financial year, each of at least S$100,000 in value and which are subject to Rules 905 and 906 of the Listing Manual, will be disclosed in Sasseur REIT’s annual report for the relevant financial year.

Role of the Audit and Risk Committee for Related Party Transactions

The Audit and Risk Committee will periodically review all Related Party Transactions to ensure compliance with the Manager’s internal control system, the relevant provisions of the Listing Manual, and the Property Funds Appendix. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit and Risk Committee.

If a member of the Audit and Risk Committee has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction.

Related Party Transactions in Connection with the Setting Up of Sasseur REIT and the Offering

Existing Agreements

The Trustee, on behalf of Sasseur REIT, has entered into a number of transactions with the Manager and certain related parties of the Manager in connection with the setting up of Sasseur REIT. These Related Party Transactions are as follows:

- The Trustee has on 30 October 2017 entered into the Trust Deed with the Manager, and the Trust Deed was supplemented by a first supplemental deed entered into by the Trustee on 19 March 2018 with the Manager. The terms of the Trust Deed are generally described in “The Formation and Structure of Sasseur REIT”.

- The Sponsor has on 1 March 2018 granted to the Trustee the Sponsor ROFR which is subject to certain conditions. The Sponsor ROFR is more particularly described in “Certain Agreements Relating to Sasseur REIT and the Properties – Sponsor Right of First Refusal”.

- The Trustee, the Manager and the Sponsor have on 1 March 2018 entered into the Licence Agreement which is subject to certain conditions. The Licence Agreement is more particularly described in “Certain Agreements Relating to Sasseur REIT and the Properties – Licence Agreement”.

- The Trustee, the Manager and the Sponsor have on 1 March 2018 entered into the Master Entrusted Management Agreement for the operation, leasing, maintenance, management and marketing of properties of Sasseur REIT by the Sponsor’s subsidiary, the Entrusted Manager, from time to time. The Entrusted Management Agreement is more particularly described in “Certain Agreements Relating to Sasseur REIT and the Properties – Master Entrusted Management Agreement”.

- Each of the PRC Property Companies, the Manager and the Entrusted Manager have on 1 March 2018 entered into the Individual Entrusted Management Agreements for the
operation, leasing, maintenance, management and marketing of the respective Properties of Sasseur REIT by the Entrusted Manager from time to time. These Individual Entrusted Management Agreements are more particularly described in “Certain Agreements Relating to Sasseur REIT and the Properties – Individual Entrusted Management Agreements”.

• The Sponsor and the Manager have entered into separate grant agreements with each of the Hefei PRC Property Company and the Kunming PRC Property Company on 1 March 2018 in respect of the right of use and economic benefits of the Phase 2 Developments. The Grant Agreements are more particularly described in “Certain Agreements Relating to Sasseur REIT and the Properties – Grant Agreements in relation to the Phase 2 Developments”.

• The Sponsor and each of the Hefei PRC Property Company and the Kunming PRC Property Company have on 1 March 2018 entered into separate purchase option agreements over the right of use and economic benefits of the Phase 2 Developments. The purchase option agreements are more particularly described in “Certain Agreements Relating to Sasseur REIT and the Properties – Purchase Option Agreements”.

• The Sponsor has on 27 December 2017, provided an indemnity in favour of the Bishan Indemnified Parties against any and all losses or expenses which any of the Bishan Indemnified Parties may suffer or incur, that arises out of or in connection with the unauthorised usage of the carpark spaces. The deed of indemnity is more particularly described in “Certain Agreements Relating to Sasseur REIT and the Properties – Deed of Indemnity in relation to Bishan Outlets”.

• The Sponsor has on 1 March 2018 provided an indemnity in favour of Sasseur REIT in the event that any of the PRC Property Companies were to be subject to the imposition of any fines for non-registration of their tenancy agreements. The deed of indemnity is more particularly described in “Certain Agreements Relating to Sasseur REIT and the Properties – Deed of Indemnity in relation to Non-Registration of Tenancy Agreements”.

Based on its experience, expertise and knowledge, the Manager believes that each of the Trust Deed, the Sponsor ROFR, the Entrusted Management Agreements, the Grant Agreements and the Purchase Option Agreements reflects normal commercial terms and is not prejudicial to the interests of Sasseur REIT and the Unitholders.

Save as disclosed in this Prospectus, the Trustee has not entered into any other transactions with the Manager or any related party of the Manager in connection with the setting up of Sasseur REIT.

Exempted Agreements

The entry into and the fees and charges payable by Sasseur REIT and/or its subsidiaries under the Trust Deed, the Sponsor ROFR, the Licence Agreement, the Entrusted Management Agreements (including reimbursements by the Sponsor of property expenses and staff costs to Sasseur REIT thereunder in respect of the Properties), the Grant Agreements, the Purchase Option Agreements, the Deed of Indemnity in relation to Bishan Outlets and the Deed of Indemnity in relation to the Non-Registration of Tenancy Agreements (collectively, the “Exempted Agreements”), each of which constitutes or will, when entered into, constitute a Interested Person Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect Sasseur REIT and its subsidiaries.
(See “Overview – Certain Fees and Charges” for the fees and charges payable by Sasseur REIT in connection with the establishment and on-going management and operation of Sasseur REIT.)

Any renewal of such agreements will be subject to Rules 905 and 906 of the Listing Manual.

(See “The Manager and Corporate Governance – Related Party Transactions – The Manager’s Internal Control System” for further details).

**Future Related Party Transactions**

As a REIT listed on the SGX-ST, Sasseur REIT is regulated by the Property Funds Appendix and the Listing Manual. The Property Funds Appendix regulates, among others, transactions entered into by the Trustee (for and on behalf of Sasseur REIT) with an interested party relating to Sasseur REIT’s acquisition of assets or sale of assets to an interested party, Sasseur REIT’s investment in securities of or issued by an interested party and the engagement of an interested party as property management agent or marketing agent for Sasseur REIT’s properties.

Depending on the materiality of transactions entered into by Sasseur REIT for the acquisition of assets from the sale of assets to or the investment in securities of or issued by, an interested party, the Property Funds Appendix may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of the Unitholders be obtained.

The Listing Manual regulates all Interested Person Transactions, including transactions already governed by the Property Funds Appendix. Depending on the materiality of the transaction, Sasseur REIT may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain Unitholders’ prior approval for the transaction (Rule 906 of the Listing Manual). The Trust Deed requires the Trustee and the Manager to comply with the provisions of the Listing Manual relating to interested person transactions as well as such other guidelines relating to interested person transactions as may be prescribed by the SGX-ST to apply to REITs.

The Manager may in the future seek a general annual mandate from the Unitholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, including a general mandate in relation to leases and/or licence agreements to be entered into with Interested Persons, and all transactions conducted under such general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee will appoint an independent financial adviser (without being required to consult the Manager) pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of Sasseur REIT and the Unitholders.

Both the Property Funds Appendix and the Listing Manual requirements would have to be complied with in respect to a proposed transaction which is *prima facie* governed by both sets of rules. Where matters concerning Sasseur REIT relate to transactions entered or to be entered into by the Trustee for and on behalf of Sasseur REIT with a related party (either an “interested party” under the Property Funds Appendix or an “interested person” under the Listing Manual) of the Manager or Sasseur REIT, the Trustee and the Manager are required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Appendix and/or the Listing Manual.
Subject to compliance with the applicable requirements, the Manager is not prohibited by either the Property Funds Appendix or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the Trustee (when acting other than in its capacity as trustee of Sasseur REIT) or from being interested in any such contract or transaction, provided that any such transaction shall be on normal commercial terms and is not prejudicial to the interests of Sasseur REIT and the Unitholders. The Manager shall not be liable to account to the Trustee or to the Unitholders for any profits or benefits or other commissions made or derived from or in connection with any such transaction. The Trustee shall not be liable to account to the Manager or to the Unitholders for any profits or benefits or other commission made or derived from or in connection with any such transaction.

Generally, under the Listing Manual, the Manager, its “connected persons” (as defined in the Listing Manual) and any Director are prohibited from voting their respective own Units at, or being part of a quorum for, any meeting to approve any matter in which it has a material interest.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Manager believes in being a responsible corporate citizen and acknowledges its responsibilities toward society, the environment and its stakeholders. The Manager seeks to manage its business in a fair and ethical manner to demonstrate its consideration towards employees and the wider community. The Manager is committed to providing a safe and healthy working environment for its employees and shoppers of Sasseur REIT’s properties.

As the Manager was recently incorporated on 15 March 2017 and Sasseur REIT was recently established as a private trust on 30 October 2017, there have been no specific activities undertaken by the Manager thus far. Going forward, the Manager may work with the Sponsor on corporate social responsibility initiatives and leverage on the Sponsor’s resources as a platform to reach out to society and its stakeholders for mutual benefit and for the benefit of the community. Through the above, the Manager will seek to manage its activities and continuously develop and improve its corporate responsibility.
THE SPONSOR

The Sponsor – Sasseur Cayman Holding Limited

Overview of the Sponsor

The Sponsor, Sasseur Cayman Holding Limited, is a Cayman Islands holding company incorporated on 7 July 2011. Founded in 1989 and located in Shanghai, the PRC, the Sponsor Group is one of the premium outlet mall groups in the PRC, focused on the development and operation of retail outlet malls in the PRC. The Sponsor Group leverages on its founder’s, Mr Xu Rongcan’s, passion for art and culture to develop and design all of its outlet malls, offering a unique lifestyle experience for its customers.

The Sponsor Group has ample experience in the development of outlet malls. As at the Latest Practicable Date, the Sponsor has designed and implemented the development of six outlet malls, which comprise the four Properties in the Initial Portfolio, as well as the two ROFR Properties (namely Xi’an Outlets which commenced operations on 30 September 2017, and Guiyang Outlets which commenced operations on 9 December 2017). The Sponsor Group also has extensive experience in the management and operation of outlet malls. It managed and operated the four Properties in the Initial Portfolio, and currently manages and operates the two ROFR Properties and the three Pipeline Properties. (See “Business and Properties – ROFR Properties and Pipeline Properties” for further details on the ROFR Properties and Pipeline Properties.) As at 30 September 2017, the four Properties, one ROFR Property (namely, Xi’an Outlets) and the three Pipeline Properties that were in operation had an average occupancy rate of approximately 90.1%.

The Sponsor’s substantial size is also evidenced by its profitability and balance sheet strength, with the Sponsor reporting a total net profit of approximately RMB 2.0 billion for the year ended 31 December 2016 (equivalent to approximately S$0.4 billion) and total assets of RMB 11.9 billion (equivalent to approximately S$2.5 billion) and total shareholders’ equity of RMB 5.5 billion (equivalent to approximately S$1.1 billion) as at 31 December 2016.

The Sponsor has extensive experience and expertise in outlet mall development, management and operation, which Sasseur REIT will have access in order to achieve its investment objectives. Sasseur REIT will also optimise and enhance the Initial Portfolio by capitalising on the Sponsor’s retail capabilities, strategic partnerships with local partners and management capabilities. In addition, through the Sponsor, Sasseur REIT can also leverage on the extensive networks of the Sponsor’s strategic shareholders, namely L Catterton Asia and Ping An Real Estate, for potential third party asset acquisition opportunities.
As at the date of this Prospectus, the Sponsor's group structure is as follows:
Track Record of Sponsor Group

Since its inception in 1989, the Sponsor Group has established a strong presence and track record in its core business market of the PRC. Some of the notable milestones of the Sponsor Group’s activities in the PRC include:

1992 – 2005: Since its inception, the Sponsor Group has ventured into various businesses including, the retail sale of imported apparel, the distribution of international brands and starting its own high-end women’s brand. The experience from these businesses subsequently served as a strong foundation for the Sponsor Group when it entered the market for developing and operating outlet malls.

2008 – Chongqing Outlets commenced operations. In its first year of operations, its annual turnover for the year was the top three highest for outlet malls in the PRC, exceeding RMB 450 million in 2008. It was also recognised by the Government of Chongqing City as a “Chongqing Creativity Industry Base” (重庆创意产业基地).

2011 – Hangzhou Outlets commenced operations.

2012 – Sasseur Shanghai was elected as the “Most Promising Chinese Enterprises” (中国最具潜力企业) by Ernst & Young – Fudan.

2013 – Chongqing Outlets achieved sales revenue of RMB 1.6 billion with annual sales per sq m of RMB 30,000 and was named No. 5 in the list of “Top 10 Chinese Outlets for Sales per Store 2013” (2013年度中国奥特莱斯单店业绩十强榜单) published by the Commercial Property Research Centre of Soupu.com (搜铺网商业地产研究中心).

2014 – Bishan Outlets commenced operations. In September 2014, the chairman of the Sponsor Group, Mr Xu Rongcan, was conferred the “Knight of the Order of the Italian Star” by the Italian government.

2015 – L Catterton Asia Advisors (formerly known as L Capital Asia Advisors) (an affiliate of luxury products retail giant LVMH) and Pingan Real Estate Company Ltd. became important strategic shareholders of the Sponsor Group. In July, the non-executive chairman of the Manager and the chairman of the Sponsor Group, Mr Xu Rongcan, was named “Outstanding Chinese Retailer of 2014 – 2015” (2014 – 2015中国零售业年度人物).

In August, the Sponsor Group joined the “Ping An Culture and Tourism League” (平安文旅会) together with Ping An Bank (平安银行), Country Garden Group (碧桂园集团), Huayi Brothers Media Corporation (华谊兄弟), Haichang Group (海昌集团) and Art Beijing (艺术北京), becoming a key member of the project. In September, Chongqing Outlets won the “2015 Golden Lily Award of Best Outlet Mall” (2015CCFA购物中心金百合奖最佳奥特莱斯型购物中心奖) organised by China Chain Store and Franchise Association. In September, Nanjing Outlets opened. In November, the Sponsor Group won the award of “Best Operator of Luxury Industry in 2015” (2015年度奢侈品行业最佳运营商) by Fortune Character Institute.
2016 – In January, the Sponsor Group won three major awards including “2015 Top 10 Outlets” (2015年度奥特莱斯十强), “2015 Emerging Outlets” (2015年度新锐奥特莱斯) and “Most Promising Outlet” (2016年度最具期待奥特莱斯) at the Annual Chinese Outlet Mall Ceremony (2015年奥莱颁奖盛典). The Sponsor Group and Sasseur Arts and Commerce Foundation also won the “2015 Peperoncino D’oro Prize” by the Italian Consulate Council General in Chongqing. In April, the Sponsor Group was awarded the “Most Competitive Professional Chain Enterprise” (最具竞争力专业连锁企业) by Linkshop (联商网). On 7 July 2016, Hangzhou Sasseur Business Management Co. Ltd., an affiliate of the Sponsor Group, is officially listed on the Chinese National Equities Exchange and Quotations (全国中小企业股份转让系统). On the same day, Sasseur (Nanjing) Outlets won the “2016 Golden Lily Award of Best Outlet Mall” (2016CCFA购物中心金百合奖购物中心) organised by China Chain Store and Franchise Association. In December, Kunming Outlets commenced operations.

2017 – Guiyang Outlets was awarded the “Most Promising Outlet of the Year” (年度最具期待综合体) at the 2017 Tencent Property Year End Ceremony (2017腾讯房产年度盛典) and the “Most Promising Outlet” (2017年度最具期待奥特莱斯) at the Annual Chinese Outlet Mall Ceremony (2016年奥莱颁奖盛典). It also received the “Most Promising Award for 2017” (年度最具期待项目) by Sohu and Sohu Focus.
THE FORMATION AND STRUCTURE OF SASSEUR REIT

The Trust Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Trust Deed. Investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of Sasseur REIT. The Trust Deed is available for inspection at the place of business of the Manager at 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989.

THE TRUST DEED

Sasseur REIT is a REIT constituted by the Trust Deed on 30 October 2017 and is principally regulated by the SFA and the CIS Code (including the Property Funds Appendix). Sasseur REIT was authorised as a collective investment scheme by the Authority on 21 March 2018.

The terms and conditions of the Trust Deed shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed and an authorisation by each Unitholder to do all such acts and things as the Trust Deed may require the Manager and/or the Trustee to do.

Operational Structure

Sasseur REIT is established to invest in real estate and real estate-related assets. The Manager must manage Sasseur REIT so that the principal investments of Sasseur REIT are real estate and real estate-related assets (including ownership of companies or other legal entities whose primary purpose is to hold or own real estate and real estate-related assets). Sasseur REIT is established with the investment strategy to invest 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 in Asia.

Sasseur REIT aims to generate returns for its Unitholders by owning, buying and actively managing such properties in line with its investment strategy (including the selling of any property that has reached a stage that offers only limited scope for growth).

Subject to the restrictions and requirements in the Trust Deed, the CIS Code (including the Property Funds Appendix) and the Listing Manual, the Manager is also authorised under the Trust Deed to invest in investments which need not be real estate.

The Manager may use certain financial derivative instruments for hedging purposes or efficient portfolio management, provided that (i) such financial derivative instruments are not used to gear Sasseur REIT’s overall investment portfolio or are intended to be borrowings of Sasseur REIT and (ii) the policies regarding such use of financial derivative instruments have been approved by the Board.

The Units and Unitholders

The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, these rights and interests are safeguarded by the Trustee.

Each Unit represents an undivided interest in Sasseur REIT. A Unitholder has no equitable or proprietary interest in the Deposited Property. A Unitholder is not entitled to the transfer to him of the Deposited Property (or any part thereof) or of any estate or interest in the Deposited Property. A Unitholder’s right is limited to the right to require due administration of Sasseur REIT in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee or the Manager.
Under the Trust Deed, each Unitholder acknowledges and agrees that he will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the Deposited Property (or any part thereof), and waives any rights it may otherwise have to such relief. If the Trustee or the Manager breaches or threatens to breach its duties or obligations to the Unitholder under the Trust Deed, the Unitholder’s recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction, and the Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere with the rights, powers, authority or discretion of the Manager or the Trustee, exercise any right in respect of the Deposited Property or any part thereof or lodge any caveat or other notice affecting the Deposited Property (or any part thereof), or require that any part of the Deposited Property be transferred to such Unitholder.

No certificate shall be issued to Unitholders by either the Manager or the Trustee in respect of Units issued to Unitholders. For so long as Sasseur REIT is listed, quoted and traded on the SGX-ST, the Manager shall pursuant to the Depository Services Terms and Conditions (as defined herein) appoint CDP as the Unit depository for Sasseur REIT, and all Units issued will be represented by entries in the register of Unitholders kept by the Trustee or the agent appointed by the Trustee in the name of, and deposited with, CDP as the registered holder of such Units.

The Manager or the agent appointed by the Manager shall issue to CDP not more than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued. There are no restrictions under the Trust Deed or Singapore law on a person’s right to purchase (or subscribe for) Units and to own Units except in the case of a rights issue or (as the case may be) any preferential offering, where the Manager has the right under the Trust Deed to elect not to extend an offer of Units under a rights issue or (as the case may be) any preferential offering, to Unitholders whose addresses are outside Singapore. The Singapore Code on Take-overs and Mergers applies to REITs. As a result, acquisitions of Units which may result in a change in effective control of Sasseur REIT will be subject to the mandatory provisions of the Singapore Code on Take-overs and Mergers, such as a requirement to make a general offer for Units.

**Issue of Units**

The following is a summary of the provisions of the Trust Deed relating to the issue of Units.

Subject to the following sub-paragraphs (i), (ii) and (iii) below and to such laws, rules and regulations as may be applicable, for so long as Sasseur REIT is listed, the Manager may issue Units on any Business Day at an issue price equal to the “market price”, without the prior approval of the Unitholders. For this purpose, “market price” shall mean (i) the volume weighted average price for a Unit for all trades on the SGX-ST, or such other stock exchange of repute in any part of the world (“Recognised Stock Exchange”) on which Sasseur REIT is listed, in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding the relevant Business Day or (ii) if the Manager believes that the calculation in paragraph (i) above does not provide a fair reflection of the market price of a Unit (which may include, among other, instances where the trades on the Units are very low or where there is disorderly trading activity in the Units), an amount as determined by the Manager and the Trustee (after consultation with a stockbroker approved by the Trustee), as being the fair market price of a Unit.
(i) The Manager shall comply with the Listing Manual in determining the issue price, including the issue price for a rights issue on a pro rata basis to all existing Unitholders, the issue price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Unitholders and the issue price for any reinvestment or distribution arrangement.

(ii) Where Units are issued as full or partial consideration for the acquisition of an Authorised Investment by Sasseur REIT in conjunction with an issue of Units to raise cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the Manager shall have the discretion to determine that the issue price of a Unit so issued as full or partial consideration shall be the same as the issue price for the Units issued in conjunction with an issue of Units to raise cash for the aforesaid purposes.

(iii) The scope of the general mandate to be given in a general meeting of the Unitholders is limited to the issue of an aggregate number of additional Units which must not exceed 50.0% of the total number of Units in issue as at the date of the approval, of which the aggregate number of additional Units to be issued other than on a pro rata basis to the existing Unitholders must not exceed 20.0% of the total number of Units in issue as at the date of the approval.

Unit Issue Mandate

By subscribing for the Units under the Offering, investors are (i) deemed to have approved the issuance of all Units comprised in the Offering, the Sponsor Initial Unit, the Consideration Units and the Cornerstone Units and (ii) deemed to have given the authority (the “Unit Issue Mandate”) to the Manager to:

(a) (1) issue Units whether by way of rights, bonus or otherwise; and/or

(2) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuANCE of any Instrument made or granted by the Manager while the Unit Issue Mandate was in force (notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time such Units are issued),

provided that:

(I) the aggregate number of Units to be issued pursuant to the Unit Issue Mandate (including Units to be issued in pursuance of Instruments made or granted pursuant to the Unit Issue Mandate) must not exceed 50.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders must not exceed 20.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (II) below);
(II) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (I) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) after completion of the Offering, after adjusting for any subsequent bonus issue, consolidation or subdivision of Units;

(III) in exercising the Unit Issue Mandate, the Manager shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the MAS);

(IV) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by the Unit Issue Mandate shall continue in force until (A) the conclusion of the first annual general meeting of Sasseur REIT or (B) the date by which first annual general meeting of Sasseur REIT is required by applicable regulations to be held, whichever is earlier;

(V) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time the Instruments or Units are issued; and

(VI) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Sasseur REIT to give effect to the authority conferred by the Unit Issue Mandate.

Suspension of Issue of Units

The Manager or the Trustee may, with the prior written approval of the other and subject to the Listing Manual and the CIS Code, suspend the issue of Units during any of the following events:

- any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;

- the existence of any state of affairs which, in the opinion of the Manager or, as the case may be, the Trustee, might seriously prejudice the interests of the Unitholders as a whole or the Deposited Property;

- any breakdown in the means of communication normally employed in determining the price of any assets of Sasseur REIT or the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange, or (if relevant) when for any reason the prices of any assets of Sasseur REIT cannot be promptly and accurately ascertained;

- any period when remittance of money which will or may be involved in the realisation of any asset of Sasseur REIT or in the payment for such asset of Sasseur REIT cannot, in the opinion of the Manager, be carried out at normal rates of exchange;

- any period where the issuance of Units is suspended pursuant to any order or direction issued by the MAS or any other relevant regulatory authority;

- in relation to any general meeting of Unitholders, the 72-hour period before such general meeting or any adjournment thereof; or
• when the business operations of the Manager or the Trustee in relation to the operations of Sasseur REIT are substantially interrupted or closed as a result of, or arising from nationalisation, expropriation, currency restrictions, pestilence, widespread communicable and infectious diseases, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes, nuclear fusion or fission or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Manager or the Trustee (as the case may be) and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the Manager or the Trustee (as the case may be).

In the event of any suspension while Sasseur REIT is listed on the SGX-ST, the Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST.

Redemption of Units

The Trust Deed provides that any redemption of Units will be carried out in accordance with the Property Funds Appendix, the rules of the Listing Manual (if applicable) and all other applicable laws and regulations. With respect to any terms which are necessary to carry out such redemption but are not prescribed by the Property Funds Appendix, the rules in the Listing Manual and any laws and regulations, these terms shall be determined by mutual agreement between the Manager and the Trustee.

Save for the Redemption which is expected to be completed on the Listing Date following the listing and trading of the Units on the SGX-ST, for so long as the Units are listed on the SGX-ST, the Unitholders have no right to request the Manager to repurchase or redeem their Units while the Units are listed on the SGX-ST and/or any other Recognised Stock Exchange. It is intended that the Unitholders may only deal in their listed Units through trading on the SGX-ST.

Rights and Liabilities of Unitholders

The key rights of Unitholders include rights to:

• receive income and other distributions attributable to the Units held;

• receive audited accounts and the annual reports of Sasseur REIT; and

• participate in the termination of Sasseur REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Sasseur REIT less any liabilities, in accordance with their proportionate interests in Sasseur REIT.

The Trust Deed, as supplemented by a first supplemental deed dated 19 March 2018, provides that by virtue of Article 59 and Article 14, Paragraph 1, Item 1 of the Investment Trusts and Investment Corporations Act of Japan (the “ITICA”), a management report to any Unitholder (which would otherwise be required to be prepared and delivered pursuant to ITICA) will not be prepared and delivered with respect to Units offered and issued to Qualified Institutional Investors (as defined in the Financial Instruments and Exchange Act of Japan (the “FIEA”)) in compliance with Article 2, Paragraph 3 Item 2(a) of the FIEA.

No Unitholder has a right to require that any asset of Sasseur REIT be transferred to him.
Further, Unitholders cannot give any directions to the Trustee or the Manager (whether at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- Sasseur REIT, the Manager or the Trustee, as the case may be, ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager, provided that nothing in the foregoing shall limit the right of a Unitholder to require the due administration of Sasseur REIT in accordance with the Trust Deed.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions ensure that if the issue price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of Sasseur REIT in the event that the liabilities of Sasseur REIT exceed its assets.

Under the Trust Deed, every Unit carries the same voting rights.

**Amendments of the Trust Deed**

Approval of Unitholders by an Extraordinary Resolution will be obtained for any amendment of the Trust Deed unless the Trustee certifies in writing that in its opinion, that such amendment:

- does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders;
- is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law); or
- is made to remove obsolete provisions or to correct a manifest error.

No such amendment shall impose upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof.

Notwithstanding any of the above, the Manager and the Trustee may, with the written approval of the competent authorities, alter certain provisions in the Trust Deed relating to the use of derivatives.

**Meeting of Unitholders**

Under applicable law and the provisions of the Trust Deed, Sasseur REIT will not hold any meetings for Unitholders unless the Trustee or the Manager convenes a meeting or not less than 50 Unitholders or Unitholders representing not less than 10.0% of the total Units issued requests a meeting to be convened.

In addition, Sasseur REIT is required to hold an annual general meeting once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting, but so long as Sasseur REIT holds its first annual general meeting within 18 months of its constitution, it need not hold it in the year of its constitution or the following year. Furthermore, the Trust Deed shall comply with paragraph 4 of the Property Funds Appendix.
All meetings convened shall be held in Singapore.

A meeting of Unitholders when convened may, by Extraordinary Resolution and in accordance with the provisions of the Trust Deed:

- sanction any modification, alteration or addition to the Trust Deed which shall be agreed by the Trustee and the Manager as provided in the Trust Deed;
- sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the Manager’s management fees, Acquisition Fee, Divestment Fee and Development Management Fee and the Trustee’s fee;
- remove the auditors;
- remove the Trustee;
- direct the Trustee to take any action pursuant to Section 295 of the SFA; and
- delist Sasseur REIT after it has been listed.

A meeting of Unitholders may, also by an Ordinary Resolution of Unitholders present and voting at a meeting of Unitholders convened in accordance with the Trust Deed, vote to remove the Manager (with the Manager and its related parties being permitted to vote).

Any decision to be made by resolution of Unitholders other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the SFA, the CIS Code or the Listing Manual.

Except as otherwise provided for in the Trust Deed, and save for Extraordinary Resolutions which requires at least 21 days’ notice (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given), at least 14 days’ notice (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Unitholders in the manner provided in the Trust Deed. Each notice shall specify the place, day and hour of the meeting, and the terms of the resolutions to be proposed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolutions in respect of such special business.

The quorum at a meeting shall not be less than two Unitholders present in person or by proxy together holding or representing one-tenth in value of all the Units for the time being in issue.

Voting at a meeting shall be conducted by poll, subject to the requirements of the prevailing laws, regulations and guidelines. Unitholders do not have different voting rights on account of the number of votes held by a particular Unitholder. On the poll, every Unitholder has one vote for each Unit of which it is the Unitholder. The Trust Deed does not contain any limitation on non-Singapore resident or foreign Unitholders holding Units or exercising the voting rights with respect to their unitholdings.

Neither the Manager nor any of its associates shall be entitled to vote or be counted as part of a quorum at a meeting convened to consider a matter in respect of which the Manager or any of its associates has a material interest save for an Ordinary Resolution duly proposed to remove the Manager, in which case, no Unitholder shall be disenfranchised.
For so long as the Manager is the manager of Sasseur REIT, the controlling shareholders (as defined in the Listing Manual) of the Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or of any of its associates have a material interest.

DECLARATION OF UNITHOLDINGS

Duty of Manager to Make Disclosure

Pursuant to Section 137ZC of the SFA, where the Manager acquires or disposes of interests in Units or debentures or units of debentures of Sasseur REIT, or the Manager has been notified in writing by, inter alia, a Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue (a “Substantial Unitholder”) or Director or Chief Executive Officer of the Manager pursuant to the unitholdings disclosure requirements of the SFA as set out below, the Manager shall announce such information via the SGXNET and in such form and manner as the MAS may prescribe as soon as practicable and in any case no later than the end of the Business Day following the day on which the Manager became aware of the acquisition or disposal or received the notice.

Substantial Unitholdings

Pursuant to Sections 135 to 137B of the SFA (read with Section 137U of the SFA), Substantial Unitholders are required to notify the Manager and the Trustee within two Business Days after becoming aware of their becoming a Substantial Unitholder, any subsequent change in the percentage level of their interest(s) in Units (rounded down to the next whole number) or their ceasing to be a Substantial Unitholder.

Directors and Chief Executive Officer of the Manager

Pursuant to Section 137Y of the SFA, directors and chief executive officer of the Manager are required to, within two Business Days, notify the Manager of their acquisition of interest in Units or of changes to the number of Units which they hold or in which they have an interest.

A Director or chief executive officer of the Manager is deemed to have an interest in Units in the following circumstances:

• where the Director or chief executive officer is the beneficial owner of a Unit (whether directly through a direct securities account or sub-account maintained with CDP (“Securities Account”) or indirectly through a depository agent or otherwise).

• where a body corporate is the beneficial owner of a Unit and the Director or chief executive officer is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in the body corporate.

• where the Director’s or chief executive officer’s (i) spouse or (ii) son, adopted son, step-son, daughter, adopted daughter or step-daughter below the age of 21 years has any interest in a Unit.

• where the director or chief executive officer’s (i) spouse or (ii) son, adopted son, step-son, daughter, adopted daughter or step-daughter below the age of 21 years:

  ○ has entered into a contract to purchase a Unit;
○ has a right to have a Unit transferred to any of them or to their order, whether the right is exercisable presently or in the future and whether on the fulfillment of a condition or not;

○ has the right to acquire a Unit under an option, whether the right is exercisable presently or in the future and whether on the fulfillment of a condition or not; or

○ is entitled (otherwise than by reason of any of them having been appointed a proxy or representative to vote at a meeting of Unitholders) to exercise or control the exercise of a right attached to a Unit, not being a Unit of which any of them is the holder.

• where the property subject to a trust consists of or includes a Unit and the Director or chief executive officer knows or has reasonable grounds for believing that he has an interest under the trust and the property subject to the trust consists of or includes such Unit.

THE TRUSTEE

The trustee of Sasseur REIT is DBS Trustee Limited. The Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under Section 289(1) of the SFA and is regulated by the MAS. As at the Latest Practicable Date, the Trustee has a paid-up capital of S$2.5 million. The Trustee’s registered address is 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982.

The Trustee holds the assets of Sasseur REIT on trust for the benefit of the Unitholders of Sasseur REIT, safeguards the rights and interests of the Unitholders of Sasseur REIT and exercises all the powers of a trustee and the powers accompanying ownership of the properties in Sasseur REIT.

The Trustee is independent of the Manager.

Powers, Duties and Obligations of the Trustee

The Trustee’s powers, duties and obligations are set out in the Trust Deed. The powers and duties of the Trustee include:

• acting as trustee of Sasseur REIT and, in such capacity, safeguarding the rights and interests of the Unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of Sasseur REIT with a related party of the Manager or Sasseur REIT are conducted on normal commercial terms, are not prejudicial to the interests of Sasseur REIT and the Unitholders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;

• holding the assets of Sasseur REIT on trust for the benefit of the Unitholders in accordance with the Trust Deed; and

• exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of Sasseur REIT.

The Trustee has covenanted in the Trust Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the Trustee may (on the recommendation of the Manager) and subject to the provisions of the Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.
The Trustee may, subject to the provisions of the Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and
- any real estate agents or managers, including a related party of the Manager on an arm's length basis, on normal commercial terms and in compliance with the Property Funds Appendix, in relation to the management, development, leasing, purchase or sale of any of real estate assets and real estate-related assets.

Subject to the Trust Deed and the Property Funds Appendix, the Manager may direct the Trustee to borrow or raise money or obtain other financial accommodation for the purposes of Sasseur REIT, both on a secured and unsecured basis.

The Trustee must carry out its functions and duties and comply with all the obligations imposed on it as set out in the Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Singapore Code on Take-overs and Mergers, any tax ruling and all other relevant laws. It must retain Sasseur REIT’s assets, or cause Sasseur REIT’s assets to be retained, in safe custody and cause Sasseur REIT’s accounts to be audited. Pursuant to the Trust Deed, it can appoint any custodian, joint-custodian or sub-custodian (including without limitation, any Related Party of the Trustee) in relation to the whole or any part of Sasseur REIT’s assets. It can appoint valuers to value the real estate assets and real estate-related assets of Sasseur REIT.

The Trustee is not personally liable to a Unitholder in connection with the office of the Trustee except in respect of its own fraud, gross negligence, wilful default, breach of the Trust Deed or breach of trust. Any liability incurred and any indemnity to be given by the Trustee shall be limited to the assets of Sasseur REIT over which the Trustee has recourse, provided that the Trustee has acted without fraud, gross negligence, wilful default or breach of the Trust Deed. The Trust Deed contains certain indemnities in favour of the Trustee under which it will be indemnified out of the assets of Sasseur REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

Retirement and Replacement

The Trustee may retire or be replaced under the following circumstances:

- the Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Trust Deed).
- the Trustee may be removed by notice in writing to the Trustee by the Manager:
  
  (i) if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee;
  
  (ii) if the Trustee ceases to carry on business;
  
  (iii) if the Trustee fails or neglects after reasonable notice from the Manager to carry out or satisfy any material obligation imposed on the Trustee by the Trust Deed;
  
  (iv) if an Extraordinary Resolution is passed at a Unitholders’ meeting duly convened and held in accordance with the provisions of the Trust Deed, and of which not less than 21 days’ notice has been given to the Trustee and the Manager, shall so decide; or
(v) if the MAS directs that the Trustee be removed.

Trustee’s Fee

The Trustee’s fees shall not exceed 0.1% per annum of the value of the Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The Trustee’s fee is accrued daily and paid monthly in arrears in accordance with the Trust Deed.

The actual fee payable within the permitted limit will be determined between the Manager and the Trustee from time to time. The Trustee will also be paid a one-time inception fee as may be agreed between the Trustee and the Manager, subject to a maximum of S$60,000.

Any increase in the maximum permitted amount or any change in the structure of the Trustee’s fee must be approved by an Extraordinary Resolution at a Unitholders’ meeting duly convened and held in accordance with the provisions of the Trust Deed.

TERMINATION OF SASSEUR REIT

Under the provisions of the Trust Deed, the duration of Sasseur REIT shall end on:

• the date on which Sasseur REIT is terminated by the Manager in such circumstances as set out under the provisions of the Trust Deed as described below; or

• the date on which Sasseur REIT is terminated by the Trustee in such circumstances as set out under the provisions of the Trust Deed as described below.

The Manager may in its absolute discretion terminate Sasseur REIT by giving notice in writing to all Unitholders or the Depository (as the case may be) and the Trustee not less than three months in advance and to the MAS not less than seven days before the termination in any of the following circumstances:

• if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue Sasseur REIT;

• if the NAV of the Deposited Property shall be less than S$50.0 million after the end of the first anniversary of the date of the Trust Deed or any time thereafter; and

• if at any time Sasseur REIT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable law or regulation, Sasseur REIT may be terminated by the Trustee by notice in writing in any of the following circumstances:

• if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the Trustee fails to appoint a successor manager in accordance with the provisions of the Trust Deed;

• if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue Sasseur REIT; and
• if within the period of three months from the date of the Trustee expressing in writing to the Manager the desire to retire, the Manager shall have failed to appoint a new trustee in accordance with the provisions of the Trust Deed.

The decision of the Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate Sasseur REIT pursuant to the paragraph above or otherwise. The Manager shall accept the decision of the Trustee and relieve the Trustee of any liability to it and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

Generally, upon the termination of Sasseur REIT, the Trustee shall, subject to any authorisations or directions given to it by the Manager or the Unitholders pursuant to the Trust Deed, sell the Deposited Property and repay any borrowings incurred on behalf of Sasseur REIT in accordance with the Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of Sasseur REIT before distributing the balance of the Deposited Property to the Unitholders in accordance with their proportionate interests in Sasseur REIT.
CERTAIN AGREEMENTS RELATING TO SASSEUR REIT AND THE PROPERTIES

The agreements discussed in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of Sasseur REIT. The agreements are available for inspection at the place of business of the Manager at 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989.

SPONSOR RIGHT OF FIRST REFUSAL

The Sponsor has granted a right of first refusal dated 1 March 2018 to the Trustee for so long as:

(a) Sasseur REIT is listed on and quoted for on the Main Board of the SGX-ST;

(b) the Manager or any of its related corporations remains the manager of Sasseur REIT;

(c) the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder of the manager of Sasseur REIT; and

(d) the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling Unitholder of Sasseur REIT,

(the “Sponsor ROFR”).

For the purposes of the Sponsor ROFR:

• a “Relevant Entity” means the Sponsor Group or existing or future private funds managed by the Sponsor Group, and where such subsidiaries are not wholly-owned by the Sponsor or where the interests in such private funds are not wholly-owned by the Sponsor and their other shareholder(s) or private fund investor(s) is/are third parties (i.e. not members of the Sponsor Group), such subsidiaries or private funds will be subject to the Sponsor ROFR only upon obtaining the consent of such third parties, and in this respect, the Sponsor shall use its best endeavours to obtain such consent; and

• a “Relevant Asset” refers to any income-producing real estate which is used primarily for retail outlet mall purposes. Where such income-producing real estate held by a Relevant Entity through an SPV established solely to own such real estate, the term “Relevant Asset” shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate is co-owned by a Relevant Entity as a tenant-in-common, the term “Relevant Asset” shall refer to the ownership share of the Relevant Entity in such real estate.

The Sponsor ROFR shall cover any proposed offer by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity (“Proposed Disposal”). If the Relevant Asset is (a) owned jointly by a Relevant Entity together with one or more third parties and if consent of any of such third parties is required for the Relevant Asset to be offered to Sasseur REIT or its subsidiaries; or (b) owned by the Sponsor’s subsidiaries or Sponsor’s private funds which are not wholly-owned by the Sponsor and whose other shareholder(s) or private fund investor(s) is/are third parties, and if consent from such shareholder(s) or private fund investor(s) is/are required for the Relevant Asset to be offered to Sasseur REIT or its subsidiaries, the Sponsor shall use its best endeavours to obtain the consent of the relevant third party(ies), or other shareholder(s) or private fund investor(s), failing which the Sponsor ROFR shall not apply to the disposal of such Relevant Asset. For the avoidance of doubt, the grant by any Relevant
Entity of a lease (including a long term lease) over any such Relevant Asset (or any part thereof) for a rent or other service income shall not constitute or be deemed to constitute a Proposed Disposal for the purposes of this paragraph.

The Sponsor ROFR shall:

• be subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or the third parties that hold these Relevant Assets;

• exclude the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant Entity between the shareholders of the Relevant Entity as may be provided in any shareholders’ agreement; and

• be subject to the applicable laws, regulations, government policies, the listing rules of the SGX-ST and any other approval required from any regulatory bodies.

In the event that the Trustee fails to or does not wish to exercise the Sponsor ROFR, the Relevant Entity shall be entitled to dispose of its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Relevant Entity to the Trustee.

However, if the completion of the disposal of the Relevant Assets by the Relevant Entity does not occur within 12 months from the date of the written notice of the proposed disposal, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the Sponsor ROFR.

BVI COMPANIES SALE AND PURCHASE AGREEMENTS

Bishan BVI Company SPA

On 16 November 2017, the Cayman Holdco and the Sponsor entered into a sale and purchase agreement with the Trustee pursuant to which the Cayman Holdco agreed to sell and the Trustee agreed to acquire on a willing-seller and willing-buyer basis 100.0% of the total equity interest in Sasseur Bishan (BVI) Limited (which indirectly holds 100% of the interest in Bishan Outlets and 100% of the interest in Chongqing Outlets). The acquisition price shall be paid and satisfied by the allotment and issue to the Cayman Holdco of 704,924 Units upon completion.

Under the Bishan BVI Company SPA, the Cayman Holdco and the Sponsor represents, warrants and undertakes to the Trustee, among others, that:

• upon the signing of the Bishan BVI Company SPA and as at completion, the Cayman Holdco is the registered and sole beneficial owner of the issued ordinary share capital in Sasseur Bishan (BVI) Limited (the “Bishan Sale Shares”) and will be entitled to sell and transfer to the Trustee the full legal and beneficial ownership of the Bishan Sale Shares on the terms of the Bishan BVI Company SPA without the consent of any third party and free from encumbrance, and all consents for the transfer of the Bishan Sale Shares have been obtained or will be obtained at completion. The Bishan Sale Shares comprise 100.0% of the allotted and issued share capital of Sasseur Bishan (BVI) Limited, and have been properly and validly allotted and issued and are fully paid;

• Chongqing Outlets and Bishan Outlets comprise the sole premises and land use rights to the land where Chongqing Outlets and Bishan Outlets are situated;
Each of the Chongqing PRC Property Company and the Bishan PRC Property Company:

(a) is the legal and beneficial owner of and have legal, good and marketable titles to Chongqing Outlets and Bishan Outlets, and have good title to all other assets and properties to be owned by them for the operation of Chongqing Outlets and Bishan Outlets, in each case, free and clear from all encumbrances (save for the encumbrances listed in the Bishan BVI Company SPA) and there is no breach of the terms of the relevant land use right grant contract under which title of each of Chongqing Outlets and Bishan Outlets is held and there is no actual or pending action, dispute, claims or demand against it under or in connection with the relevant land use right grant contract that would, individually or in the aggregate, have a material adverse effect;

(b) is entitled, as legal and beneficial owner of Chongqing Outlets and Bishan Outlets, to all rights and benefits as landlord and/or licensor under the leases, tenancies or licences to which it is a party as landlord and/or licensor in respect of Chongqing Outlets and Bishan Outlets, and such leases, tenancies or licences will be in full force and effect, save for those where the termination or expiry thereof will not, individually or in the aggregate, have a material adverse effect; and

(c) has obtained all necessary governmental, regulatory and other approvals and/or consents which may be required to be obtained by it in connection with the Bishan BVI Company SPA, the ownership, lease, sub-lease, licence, occupation and use of Chongqing Outlets and Bishan Outlets and such approvals and/or consents have not been amended or revoked and the applicable laws in connection therewith have been or will be complied with, save for such approvals or consents, the lack of which would not, individually or in the aggregate, have a material adverse effect.

Under the terms of the Bishan BVI Company SPA, any dividends or distribution that the Chongqing PRC Property Company receives from the Associated Companies (including any distributions, surplus assets or proceeds from the winding up of the Associated Companies) shall be for the account of the Cayman Holdco and as such the Sasseur REIT Group will not be entitled to any of the retained earnings, profits or distributions from the Associated Companies. Accordingly, the Cayman Holdco shall be liable for any losses or liabilities incurred by Sasseur REIT in respect of the Associated Companies.

Indemnities

The Sponsor irrevocably and unconditionally undertakes to, among others:

- indemnify, keep fully indemnified and save harmless the Trustee to the fullest extent permissible by law against any losses which the Trustee or any of Sasseur Bishan (BVI) Limited and its subsidiaries may suffer which arises out of or in connection with a breach of any of the warranties; and

- indemnify, protect and save harmless the Trustee, or at the Trustee’s option, Sasseur Bishan (BVI) Limited or any of its subsidiaries, in respect of any and all claims, actions, costs, damages and expenses arising out of or in connection with the Trustee’s interests in the Associated Companies, including but not limited to (a) all costs relating to the operations of the Associated Companies (including any shortfall in rental payments to be collected by the Chongqing PRC Property Company from the Pacific Associated Company under the Pacific Master Lease); and (b) all costs required for the Associated Companies to be fully wound up and (c) the employment and termination of employment of the employees of the Associated Companies (including any termination compensation payable by the Associated Companies to its employees).
Termination Events

The Bishan BVI Company SPA provides that the Trustee is entitled to terminate the Bishan BVI Company SPA upon, among others, the following events:

- if prior to completion, it shall be found that any of the warranties was, when given, or will be or would be, at completion not complied with or otherwise untrue or misleading in any respect, and/or event shall occur which should have been within the knowledge of the Sponsor and/or the Cayman Holdco (as the case may be) and not disclosed, and in the reasonable opinion of the Trustee, will have or is likely to have a material adverse effect;

- any event shall occur (other than an event constituting or giving rise to a breach of any of the warranties and/or event which should have been within the knowledge of the Cayman Holdco and not disclosed) which adversely affects or is likely to affect adversely to a material degree the financial position or turnover or profitability of Sasseur Bishan (BVI) Limited and its subsidiaries, taken as a whole, and in the reasonable opinion of the Trustee, will have a material adverse effect; or

- any event (not within the control of the Cayman Holdco or Sasseur Bishan (BVI) Limited) shall occur which causes damage to the assets of any of Sasseur Bishan (BVI) Limited and/or its subsidiaries which in the reasonable opinion of the Trustee, will have a material adverse effect.

Hefei BVI Company SPA

On 16 November 2017, the Cayman Holdco and the Sponsor entered into a sale and purchase agreement with the Trustee pursuant to which the Cayman Holdco agreed to sell and the Trustee agreed to acquire on a willing-seller and willing-buyer basis 100.0% of the total equity interest in Sasseur Hefei Limited (which indirectly holds 100.0% of the interest in Hefei Outlets). The acquisition price shall be paid and satisfied by the allotment and issue to the Cayman Holdco of 205,169 Units upon completion.

Under the Hefei BVI Company SPA, the Cayman Holdco and the Sponsor represents, warrants and undertakes to the Trustee, among others, that:

- upon the signing of the Hefei BVI Company SPA and as at completion, the Cayman Holdco is the registered and sole beneficial owner of the issued ordinary share capital in Sasseur Hefei Limited (the “Hefei Sale Shares”) and will be entitled to sell and transfer to the Trustee the full legal and beneficial ownership of the Hefei Sale Shares on the terms of the Hefei BVI Company SPA without the consent of any third party and free from encumbrance, and all consents for the transfer of the Hefei Sale Shares have been obtained or will be obtained at completion. The Hefei Sale Shares comprise 100.0% of the allotted and issued share capital of Sasseur Hefei Limited, and have been properly and validly allotted and issued and are fully paid;

- Hefei Outlets comprise the sole premises and land use rights to the land where Hefei Outlets is situated; and

- the Hefei PRC Property Company:

  (a) is the legal and beneficial owner of and have legal, good and marketable titles to Hefei Outlets, and have good title to all other assets and properties to be owned by them for the operation of Hefei Outlets, in each case, free and clear from all encumbrances (save for the encumbrances listed in the Hefei BVI Company SPA) and there is no breach of the terms of the relevant land use right grant contract under which title of Hefei Outlets
is held and there is no actual or pending action, dispute, claims or demand against it under or in connection with the relevant land use right grant contract that would, individually or in the aggregate, have a material adverse effect;

(b) is entitled, as legal and beneficial owner of Hefei Outlets, to all rights and benefits as landlord and/or licensor under the leases, tenancies or licences to which it is a party as landlord and/or licensor in respect of Hefei Outlets, and such leases, tenancies or licences will be in full force and effect, save for those where the termination or expiry thereof will not, individually or in the aggregate, have a material adverse effect; and

(c) has obtained all necessary governmental, regulatory and other approvals and/or consents which may be required to be obtained by it in connection with the Hefei BVI Company SPA, the ownership, lease, sub-lease, licence, occupation and use of Hefei Outlets and such approvals and/or consents have not been amended or revoked and the applicable laws in connection therewith have been or will be complied with, save for such approvals or consents, the lack of which would not, individually or in the aggregate, have a material adverse effect.

Indemnities

The Sponsor irrevocably and unconditionally undertakes to, among others, indemnify, keep fully indemnified and save harmless the Trustee to the fullest extent permissible by law against any losses which the Trustee or any of Sasseur Hefei Limited and its subsidiaries may suffer which arises out of or in connection with a breach of any of the warranties.

Termination Events

The Hefei BVI Company SPA provides that the Trustee is entitled to terminate the Hefei BVI Company SPA upon, among others, the following events:

• if prior to completion, it shall be found that any of the warranties was, when given, or will be or would be, at completion not complied with or otherwise untrue or misleading in any respect, and/or event shall occur which should have been within the knowledge of the Sponsor and/or the Cayman Holdco (as the case may be) and not disclosed, and in the reasonable opinion of the Trustee, will have or is likely to have a material adverse effect;

• any event shall occur (other than an event constituting or giving rise to a breach of any of the warranties and/or event which should have been within the knowledge of the Cayman Holdco and not disclosed) which adversely affects or is likely to affect adversely to a material degree the financial position or turnover or profitability of Sasseur Hefei Limited and its subsidiaries, taken as a whole, and in the reasonable opinion of the Trustee, will have a material adverse effect; or

• any event (not within the control of the Cayman Holdco or Sasseur Hefei Limited) shall occur which causes damage to the assets of any of Sasseur Hefei Limited and/or its subsidiaries which in the reasonable opinion of the Trustee, will have a material adverse effect.

Kunming BVI Company SPA

On 16 November 2017, the Cayman Holdco and the Sponsor entered into a sale and purchase agreement with the Trustee pursuant to which the Cayman Holdco agreed to sell and the Trustee agreed to acquire on a willing-seller and willing-buyer basis 100.0% of the total equity interest in Sasseur Jinan Limited (which indirectly holds 100.0% of the interest in Kunming Outlets). The acquisition price shall be paid and satisfied by the allotment and issue to the Cayman Holdco of 152,196 Units upon completion.
Under the Kunming BVI Company SPA, the Cayman Holdco and the Sponsor represents, warrants and undertakes to the Trustee, among others, that:

- upon the signing of the Kunming BVI Company SPA and as at completion, the Cayman Holdco is the registered and sole beneficial owner of the issued ordinary share capital in Sasseur Jinan Limited (the “Kunming Sale Shares”) and will be entitled to sell and transfer to the Trustee the full legal and beneficial ownership of the Kunming Sale Shares on the terms of the Kunming BVI Company SPA without the consent of any third party and free from encumbrance, and all consents for the transfer of the Kunming Sale Shares have been obtained or will be obtained at completion. The Kunming Sale Shares comprise 100.0% of the allotted and issued share capital of Sasseur Jinan Limited, and have been properly and validly allotted and issued and are fully paid;

- Kunming Outlets comprise the sole premises and land use rights to the land where Kunming Outlets is situated; and

- the Kunming PRC Property Company:
  
  (a) is the legal and beneficial owner of and have legal, good and marketable titles to the Kunming Outlets, and have good title to all other assets and properties to be owned by them for the operation of Kunming Outlets, in each case, free and clear from all encumbrances (save for the encumbrances listed in the Kunming BVI Company SPA) and there is no breach of the terms of the relevant land use right grant contract under which title of Kunming Outlets is held and there is no actual or pending action, dispute, claims or demand against it under or in connection with the relevant land use right grant contract that would, individually or in the aggregate, have a material adverse effect;

  (b) is entitled, as legal and beneficial owner of Kunming Outlets, to all rights and benefits as landlord and/or licensor under the leases, tenancies or licences to which it is a party as landlord and/or licensor in respect of Kunming Outlets, and such leases, tenancies or licences will be in full force and effect, save for those where the termination or expiry thereof will not, individually or in the aggregate, have a material adverse effect; and

  (c) has obtained all necessary governmental, regulatory and other approvals and/or consents which may be required to be obtained by it in connection with the Kunming BVI Company SPA, the ownership, lease, sub-lease, licence, occupation and use of Kunming Outlets and such approvals and/or consents have not been amended or revoked and the applicable laws in connection therewith have been or will be complied with, save for such approvals or consents, the lack of which would not, individually or in the aggregate, have a material adverse effect.

**Indemnities**

The Sponsor irrevocably and unconditionally undertakes to, among others, indemnify, keep fully indemnified and save harmless the Trustee to the fullest extent permissible by law against any losses which the Trustee or any of Sasseur Jinan Limited and its subsidiaries may suffer which arises out of or in connection with a breach of any of the warranties.
Termination Events

The Kunming BVI Company SPA provides that the Trustee is entitled to terminate the Kunming BVI Company SPA upon, among others, the following events:

- if prior to completion, it shall be found that any of the warranties was, when given, or will be or would be, at completion not complied with or otherwise untrue or misleading in any respect, and/or event shall occur which should have been within the knowledge of the Sponsor and/or the Cayman Holdco (as the case may be) and not disclosed, and in the reasonable opinion of the Trustee, will have or is likely to have a material adverse effect;

- any event shall occur (other than an event constituting or giving rise to a breach of any of the warranties and/or event which should have been within the knowledge of the Cayman Holdco and not disclosed) which adversely affects or is likely to affect adversely to a material degree the financial position or turnover or profitability of Sasseur Jinan Limited and its subsidiaries, taken as a whole, and in the reasonable opinion of the Trustee, will have a material adverse effect; or

- any event (not within the control of the Cayman Holdco or Sasseur Jinan Limited) shall occur which causes damage to the assets of any of Sasseur Jinan Limited and/or its subsidiaries which in the reasonable opinion of the Trustee, will have a material adverse effect.

MASTER ENTRUSTED MANAGEMENT AGREEMENT

On 1 March 2018, the Trustee, the Manager and the Sponsor entered into the Master Entrusted Management Agreement, whereby the Trustee, on the recommendation of the Manager agreed to appoint, and the Sponsor on behalf of its wholly-owned subsidiary, Sasseur Shanghai, agreed to accept the appointment of Sasseur Shanghai as the Entrusted Manager to operate, maintain, manage and market the Properties. Under the Master Entrusted Management Agreement, the Entrusted Manager, and each of the PRC Property Companies had entered into separate Individual Entrusted Management Agreements on 1 March 2018, in respect of the respective Properties.

Term of the Master Entrusted Management Agreement

The Master Entrusted Management Agreement shall take effect on the Listing Date and shall expire on the earlier of (i) midnight of the date immediately preceding the tenth anniversary of the Listing Date; and (ii) midnight of the date of termination of the Master Entrusted Management Agreement.

The Trustee (acting on the recommendation of the Manager) and the Manager are entitled, at their absolute discretion, to extend the appointment of the Entrusted Manager for a further term of 10 years from the expiry of the initial term, on the same terms and conditions as are contained in the Master Entrusted Management Agreement.

Reimbursements by the Sponsor

Reimbursable expenses

The Sponsor, on behalf of the Entrusted Manager will be responsible for paying directly to, or reimbursing the Trustee in full in the form of cash, all costs and expenses incurred and payable by, or attributable to, the Trustee or the relevant PRC Property Company in the ownership, operation, maintenance, management and marketing of the Properties, including but not limited to, all relevant taxes associated with the Properties, insurance premiums, fees payable to the Property Manager as well as staff costs of the employees in the relevant PRC Property Companies. Such reimbursement shall be paid (i) to the Trustee on a quarterly basis in arrears in respect of reimbursable costs and expenses incurred for that quarter, within 14 days after receipt of the relevant invoices from the Trustee for that quarter, or (ii) directly to the consultants or the entities rendering the invoice.
**Minimum Rent**

Pursuant to the terms of the Master Entrusted Management Agreement, Sasseur REIT shall be entitled to receive a Minimum Rent for the period from the Listing Date to 31 December 2018, Projection Year 2019, FY2020, FY2021, FY2022, FY2023, FY2024, FY2025, FY2026, FY2027 and FP2028 (each a “Guarantee Year”, and if two or more, “Guarantee Years”), provided that:

(i) the aggregate EMA Resultant Rent of the Properties occurring in Forecast Period 2018 and Projection Year 2019 exceeds RMB 472.9 million (to be pro-rated, if applicable, for the period from the Listing Date to 31 December 2018) and RMB 611.4 million (in each case, or the equivalent value in S$ or such other relevant foreign currency for any other country) respectively, Sasseur REIT shall not be entitled to receive any Minimum Rent for the subsequent Guarantee Years after Projection Year 2019; and

(ii) the aggregate EMA Resultant Rent of the Properties occurring in any two consecutive Guarantee Years after Forecast Period 2018, each exceeds RMB 611.4 million (or the equivalent value in S$ or such other relevant foreign currency for any other country), Sasseur REIT shall not be entitled to receive any Minimum Rent for the subsequent Guarantee Years after the last consecutive Guarantee Year for which the aggregate EMA Resultant Rent of the Properties exceeds RMB 611.4 million (or the equivalent value in S$ or such other relevant foreign currency for any other country).

The Minimum Rent payable to Sasseur REIT pursuant to the Master Entrusted Management Agreement is as follows:

- RMB 472.9 million with respect to Forecast Period 2018 (to be pro-rated, if applicable, for the period from the Listing Date to 31 December 2018); and
- RMB 611.4 million with respect to Projection Year 2019.

The Minimum Rent from FY2020 onwards (if applicable) shall be equivalent to the Projection Year 2019 Minimum Rent. The Minimum Rent shall be payable semi-annually in arrears using the forecast sale of the Properties.

**Performance Reserve**

The Sponsor must pay to and maintain with the Trustee the Performance Reserve Amount (i) as security for performance by the Sponsor and the Entrusted Manager, as the case may be, of all their obligations under each of the Master Entrusted Management Agreement and Individual Entrusted Management Agreements; and (ii) to secure or indemnify the Trustee as well as any of the subsidiaries of Sasseur REIT against (a) any losses, damages, liabilities or expenses incurred or arising out of any default by the Sponsor and the Entrusted Manager, as the case may be, under each of the Master Entrusted Management Agreement and Individual Entrusted Management Agreements, and (b) any claims, losses, damages, liabilities or other obligations by the Trustee or any of the subsidiaries of Sasseur REIT at any time against the Entrusted Manager in relation to any matter arising out of or in connection with the Properties.

If any default by (i) the Sponsor under the Master Entrusted Management Agreement, or (ii) the Entrusted Manager under the respective Individual Entrusted Management Agreements, occurs, or if the Trustee or any subsidiaries of Sasseur REIT are entitled to any claim, losses, damages, liabilities or expenses mentioned above, the Trustee is entitled to apply the whole or part of the Performance Reserve Amount in or towards making good any loss or damage sustained by the Trustee and/or such subsidiaries of Sasseur REIT as a result of that default or that entitlement and any expense incurred by the Trustee and/or such subsidiaries of Sasseur REIT in making good the loss and damage or enforcing the entitlement, in any manner as may be prescribed by the Trustee.
Where such application of the Performance Reserve Amount occurs, the Sponsor must pay to the Trustee a replacement amount equal to the amount applied by the Trustee (the "Replacement Amount"), as replacement of the part or whole of the Performance Reserve Amount applied, within seven days of demand.

The Trustee has agreed that, instead of a cash payment for the Performance Reserve Amount to be furnished by the Sponsor, the Sponsor may instead furnish to the Trustee unconditional, irrevocable bank guarantees (which will be placed with an independent financial institution of good financial standing, that is, at least investment grade) on terms and conditions satisfactory to the Trustee in respect of (i) the Performance Reserve Amount and/or (ii) any Replacement Amount. The Sponsor must not set-off any part of the Performance Reserve Amount against any EMA Resultant Rent or other sums owing to the Trustee or any of the PRC Property Companies.

**Termination**

The appointment of the Sponsor and the Entrusted Manager under the Master Entrusted Management Agreement may be terminated (i) by the Trustee (acting on the recommendation of the Manager) without cause by giving written notice to the Sponsor. The Master Entrusted Management Agreement will terminate upon the expiry of six months after the Sponsor’s receipt of the foregoing written notice; (ii) by the Trustee (acting on the recommendation of the Manager), upon written notice to the Sponsor, if the Sponsor is voluntarily or involuntarily dissolved or declared bankrupt, insolvent or commits an act of bankruptcy or if an order is made or resolution is passed or a notice is issued convening a meeting for the purpose of passing a resolution or any analogous proceedings are taken for the appointment of an administrator or judicial manager of or the winding up of the Sponsor, other than a members’ voluntary liquidation solely for the purpose of a bona fide amalgamation or reconstruction, or the Sponsor compounds with its creditors or has a receiver appointed over all or any part of its assets or a judicial manager is appointed in respect of the Sponsor or the Sponsor ceases to carry on business; or (iii) by the Trustee or Sponsor if either party is in material breach of any of its obligations under the Master Entrusted Management Agreement, and (a) if the breach is capable of remedy, failing to cure the breach within 30 days (or such longer period, if any, as may be reasonably required for the curing of such breach if the other party has commenced to cure such breach within such period and diligently pursued the curing thereof thereafter but in no event more than 60 days after receipt of such notice) or (b) such breach materially adversely affects the Properties.

**Assignability**

None of the Trustee, the Manager or the Sponsor may assign or transfer any of its rights, benefits or obligations under the Master Entrusted Management Agreement except that (i) the Trustee may assign the benefit of, and any of its rights under, the Master Entrusted Management Agreement with the prior written consent of the Sponsor, (ii) each of the Trustee and the Manager is permitted to assign the benefit of, and any of its rights under, the Master Entrusted Management Agreement without the prior written consent of the Sponsor to a successor trustee or manager (as the case may be) of Sasseur REIT for the time being, and (iii) the Trustee may assign the benefit of, and any of its rights under, the Master Entrusted Management Agreement to any lender of credit facilities of Sasseur REIT.
Indemnity

The Sponsor has agreed to hold the Trustee and its affiliates (including the PRC Property Companies) and any of their respective directors, officers and employees harmless from and indemnify them against any and all liabilities, fines, suits, claims, obligations, damages, penalties, demands, actions, costs and expenses of any kind or nature (including but not limited to legal expenses) arising out of any of the Sponsor, the Entrusted Manager and its affiliates and any of their respective directors, officers, and employees' (i) breach or non-compliance of any of its obligations under the Master Entrusted Management Agreement as well as under the Individual Entrusted Management Agreements, and (ii) breach of any representations or warranties under the Master Entrusted Management Agreement as well as under the Individual Entrusted Management Agreements, provided that the Sponsor shall not be liable to indemnify such indemnified parties against any such liability that results from the gross negligence or wilful misconduct of any of them.

Restriction on Entrusted Manager

Subject to the terms of the Master Entrusted Management Agreement, the Sponsor has agreed to undertake and procure that the Entrusted Manager shall be the sole provider to the Trustee of the services pursuant to the Individual Entrusted Management Agreements for each of the Properties, provided that the Entrusted Manager may outsource to its related corporations and/or engage agents, contractors, sub-contractors and other parties to assist it in the provision of the services pursuant to the Individual Entrusted Management Agreements. Unless specifically provided for in the Master Entrusted Management Agreement, the Entrusted Manager and affiliates of the Sponsor will not provide any services similar to those set out in the Individual Entrusted Management Agreements in relation to any other property, whether held by the Sponsor or otherwise.

If the Sponsor or the Entrusted Manager breaches the foregoing obligations, the Trustee or the Manager is entitled to terminate the Master Entrusted Management Agreement upon written notice to the Sponsor. The Master Entrusted Management Agreement shall terminate upon the expiry of six months after the Sponsor’s receipt of the foregoing written notice.

INDIVIDUAL ENTRUSTED MANAGEMENT AGREEMENTS

Separate Individual Entrusted Management Agreements in relation to the Properties were entered into by each of the PRC Property Companies with the Entrusted Manager and the Manager on 1 March 2018, pursuant to which the Entrusted Manager was appointed to manage for and on behalf of the PRC Property Company the end-to-end operations of the Properties. The Individual Entrusted Management Agreements shall take effect on the Listing Date and the Entrusted Manager will be subject to the overall management and supervision of the Manager.

The initial term of the Individual Entrusted Management Agreements is 10 years from the Listing Date. Twelve (12) months prior to expiry of the initial term of the Entrusted Management Agreement, the Entrusted Manager may by notice to the respective PRC Property Company request to extend its appointment for a further 10 years upon which the Manager, the relevant PRC Property Company and the Entrusted Manager shall enter into good faith discussions in respect of the terms and conditions that are to apply for any such extension after the expiry of the initial term.
Entrusted Manager’s Services

The services provided by the Entrusted Manager for each Property under its management include the following:

• general management services such as management services, financial and accounting services, contract and legal management services, human resources and administrative services and corporate communications;

• lease management services, in relation to lease administration and tenancy related matters, lease renewals, supervising cash collections and payments to tenants, conducting site viewings, leasing status management and reporting, rental collection and arrears management and budget forecasting and planning;

• marketing services which involve the planning, preparation of and contracting for advertising and promotional programmes, advising on marketing and public relations and appointing advertising and public relations agencies;

• project management services in relation to development or redevelopment, maintenance and repairs and other additional services which the Entrusted Manager might be tasked to do; and

• property management services, including pre-marketing support, property hand-over/taking over, tenants’ fitting out, preparing and managing term contracts, maintenance management of facilities, administrative management involving insurance, building safety and financial/cost management.

Entrusted Management Fee

Under the Individual Entrusted Management Agreements, the Entrusted Manager is entitled to the Entrusted Management Fee, which comprises the EM Base Fee (payable monthly) and EM Performance Fee (payable at the end of each financial year).

EM Base Fee

In respect of the entrusted management services provided by the Entrusted Manager, the Entrusted Manager shall be entitled to receive from the respective PRC Property Companies each month, the EM Base Fee, paid in cash in accordance with the following formula:

EM Base Fee = Lower of:

• 30% of Gross Revenue; and

• Gross Revenue – EMA Resultant Rent.

EM Performance Fee

In respect of the entrusted management services provided by the Entrusted Manager, the Entrusted Manager shall also be entitled to receive from the respective PRC Property Companies at the end of each financial year, the EM Performance Fee, based on the differential between the Gross Revenue and EMA Resultant Rent and after deducting the EM Base Fee and shall be derived in the following manner:

EM Performance Fee = 60% X ((Gross Revenue – EMA Resultant Rent) – EM Base Fee)
For the avoidance of doubt, where the EM Base Fee and/or EM Performance Fee is equal to or less than zero, the Entrusted Manager shall not be entitled to receive any EM Base Fee and/or EM Performance Fee, as the case may be.

**EMA Resultant Rent**

Under the respective Individual Entrusted Management Agreements, the Entrusted Manager will ensure that Sasseur REIT is entitled to receive the EMA Resultant Rent monthly, which comprises the Fixed Component and Variable Component. The Fixed Component for each Property for Forecast Period 2018 has been determined as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Forecast Period 2018</th>
</tr>
</thead>
</table>
|                 | Fixed Component      | EMA Resultant Rent  
|                 | (RMB million)        | (RMB million)       |  
| Chongqing Outlets | 142.9                | 214.3               |  
| Bishan Outlets   | 29.2                 | 42.5                |  
| Hefei Outlets    | 88.4                 | 129.9               |  
| Kunming Outlets  | 58.4                 | 86.2                |  

For Forecast Period 2018, the Fixed Component is expected to contribute not more than 70% of the EMA Resultant Rent. This Fixed Component has been determined by the Manager and Sponsor taking into account the forecast Gross Revenue and Property Income of each of the Properties for Forecast Period 2018, and their respective contributions to the forecast EMA Resultant Rent for Forecast Period 2018. To ensure that Sasseur REIT receives EMA Resultant Rent with a certain level of stability, the Fixed Component has been fixed at not more than 70% of the EMA Resultant Rent for Forecast Period 2018. Beyond Forecast Period 2018, the Fixed Component shall increase at an escalation rate of 3.0% per annum, in line with inflationary expectation.

The Variable Component for each Property will be pegged to a percentage of their respective total sales in accordance with the following percentages:

- 4.0% of total sales with respect to Chongqing Outlets;
- 4.5% of total sales with respect to Bishan Outlets;
- 5.5% of total sales with respect to Hefei Outlets; and
- 5.0% of total sales with respect to Kunming Outlets.

For the avoidance of doubt, any residual amount from the Gross Revenue, after deducting the EMA Resultant Rent, EM Base Fee and EM Performance Fee will belong to Sasseur REIT.

**Provision of office space**

Where applicable, the PRC Property Company shall permit the staff members of the Entrusted Manager to occupy suitable office space at each of the Properties (as approved by the Manager) without the Entrusted Manager being required to pay any rent, service charge, utility charges or other sums in respect thereof.
Termination

The PRC Property Companies may terminate the appointment of the Entrusted Manager under the respective Individual Entrusted Management Agreements:

(i) without cause, by giving written notice of six months to the Entrusted Manager, without being required to pay any compensation to the Entrusted Manager; or

(ii) if any one of the following events occurs:

(a) the Entrusted Manager has committed a material breach under the respective Individual Entrusted Management Agreement (including failing to transfer the EMA Resultant Rent or part thereof to the PRC Property Company’s designated account, failure to provide its services to a reasonable standard or failure to comply with all applicable laws and regulations in the provision of services and if the breach is capable of remedy, shall have failed to cure such breach within 30 days after written notice thereof given by the relevant PRC Property Company (or such longer period, if any, as may reasonably be required for the curing of such breach if the Entrusted Manager has commenced to cure such breach within such period and diligently pursued the curing thereof thereafter but in no event more than 60 days after receipt of such notice); or

(b) any approval, consent, licence, permit or authorisation required under applicable laws and regulations to operate an outlet mall at the relevant Property is (for reasons not due to the fault of the relevant PRC Property Company) revoked or cannot be maintained or renewed by the PRC Property Company and such revocation or discontinuation has a material adverse effect on the operations, maintenance or management of the relevant Property; or

(iii) in the event the Entrusted Manager becomes unable to pay its debts as they fall due; (b) the Entrusted Manager files a voluntary petition in bankruptcy or insolvency under any applicable law; (c) the Entrusted Manager files any petition or answer seeking or acquiescing in any reorganisation, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any applicable law or regulation relating to bankruptcy, insolvency or other relief for debtors; (d) a receiver, trustee, custodian, manager or other administrator is appointed for any part of the Entrusted Manager’s assets; or (e) any analogous proceedings are taken for the appointment of an administrator or judicial manager of or the winding up of the Entrusted Manager, then the relevant PRC Property Company shall terminate its Individual Entrusted Management Agreement by giving written notice to the Entrusted Manager without being required to pay any compensation to the Entrusted Manager.

The respective Individual Entrusted Management Agreements may be terminated by the Entrusted Manager:

(i) giving written notice to the relevant PRC Property Company and without being required to pay any compensation to the relevant PRC Property Company, if the following happens:

(a) the relevant PRC Property Company has committed any material breach under its Individual Entrusted Management Agreement and, if the breach is capable of remedy, shall have failed to cure such breach within 30 days after written notice thereof given by the Entrusted Manager (or such longer period, if any, as may reasonably be required for the curing of such breach if the relevant PRC Property Company has commenced to cure such breach within such period and diligently pursued the curing thereof thereafter but in no event more than 60 days after receipt of such notice); or

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(b) any approval, consent, licence, permit or authorisation required under the applicable laws and regulations to operate an outlet mall at the relevant Property is (for reasons not due to the default of the Entrusted Manager) revoked or cannot be maintained or renewed by the Entrusted Manager and such revocation or discontinuation has a material adverse effect on the operations, maintenance or management of the relevant Property; or

(ii) if (a) the relevant PRC Property Company files a voluntary petition in bankruptcy or insolvency under any applicable law; (b) the relevant PRC Property Company files any petition or answer seeking or acquiescing in any reorganisation, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any applicable law or regulation relating to bankruptcy, insolvency or other relief for debtors; (c) a receiver, trustee, custodian, manager or other administrator is appointed for any part of the relevant PRC Property Company’s assets; or (d) any analogous proceedings are taken for the appointment of an administrator or judicial manager of or the winding up of the relevant PRC Property Company. The Entrusted Manager may then terminate the Individual Entrusted Management Agreement by giving written notice to the relevant PRC Property Company and without being required to pay any compensation to the relevant PRC Property Company.

In the event of a divestment or sale of the relevant Property, the relevant PRC Property Company may terminate the appointment of the Entrusted Manager under its Individual Entrusted Management Agreement by giving not less than 60 days’ and not more than 180 days’ prior written notice to the Entrusted Manager. Under the Master Entrusted Management Agreement, in the event of a sale of a Property, the Master Entrusted Management Agreement will continue to apply with respect to the remaining Properties managed by the Entrusted Manager under the terms of the relevant Individual Property Management Agreements.

**Termination Fees**

Upon termination of the appointment of the Entrusted Manager under the relevant Individual Entrusted Management Agreement, all amounts due and owning by the relevant parties in relation to the Property shall become immediately due and payable and all such amounts shall be subject to adjustments (if any) following the issuance of the final audited accounts for the Property. For the avoidance of doubt, the Entrusted Manager is not entitled to any compensation in respect of any termination of the Individual Entrusted Management Agreements.

**Assignability**

The Entrusted Manager may assign or transfer its rights, benefits or obligations under the Individual Entrusted Management Agreements with the prior written consent of the respective PRC Property Companies. In the event that the Manager retires from its appointment as, or is otherwise replaced as the manager of the REIT, the Manager shall be entitled to assign its interest in the Individual Entrusted Management Agreements to the newly appointed manager of the REIT without prior written consent of the respective PRC Property Companies or the Entrusted Manager.

**Indemnity**

The Entrusted Manager shall indemnify and keep, among others, the respective PRC Property Companies fully indemnified from and against any actions, costs, claims, damages, expenses or demands to arising from the Entrusted Manager’s (i) breach or non-compliance of any terms or its obligations under the respective Individual Entrusted Management Agreements, and (ii) breach of any representations and warranties under the respective Individual Entrusted Management Agreements, save where such action, cost, claim, damage, expense or demand results from the gross negligence or wilful misconduct of the PRC Property Companies.
UNDERTAKINGS IN RELATION TO THE ENTRUSTED MANAGEMENT AGREEMENTS

Each of the Sponsor and the Entrusted Manager (as the case may be) has undertaken to the Manager and the Trustee that:

(a) it will immediately inform the Trustee and the Manager of any matter that has a materially adverse impact on its ability to perform its obligations under the Entrusted Management Agreements (including matters pertaining to the Sponsor and the Entrusted Manager’s creditworthiness); and

(b) it will not unilaterally novate or assign any of the Individual Entrusted Management Agreements or the Master Entrusted Management Agreements, as the case may be, to other parties, and will inform the Manager and the Trustee of any changes to the Individual Entrusted Management Agreements, or the Master Entrusted Management Agreements, as the case may be (including any such novation or assignment).

The Manager has undertaken to the SGX-ST that for so long as the EMA Resultant Rent under the Entrusted Management Agreements exceeds the underlying net property income of the Properties (the “income support”), it will:

(a) provide updates in Sasseur’s REIT’s Annual Report regarding the status of the Entrusted Management Agreements (for as long as the income support is in place), including whether the assumptions originally projected in the Prospectus (such as the rental occupancy rates or market rental rates) have been achieved or an explanation otherwise;

(b) on an annual basis and where there are changes to the financial and/or credit standing of the financial institutions providing the banker’s guarantee pursuant to the Performance Reserve, the Board and the Audit and Risk Committee must be satisfied that the standing of the banker’s guarantee provided has not been diminished arising from the changes;

(c) it will provide information on the status of the Entrusted Management Agreements in its announced full year financial results and annual reports (including the amount and duration remaining until the date on which the income support would end (as relevant), and the financial standing of the institution providing the Performance Reserve); and

(d) it will make an immediate announcement if (i) the income support under the Entrusted Management Agreements ends prior to the expiry of the Entrusted Management Agreements; and (ii) once the income support safeguards implemented post-listing (save for the Performance Reserve) falls away.

The foregoing undertakings shall cease to apply once the income support falls away (i.e. underlying net property income of the Properties exceeds the EMA Resultant Rent under the Entrusted Management Agreements for two consecutive years).

GRANT AGREEMENTS IN RELATION TO THE PHASE 2 DEVELOPMENTS

As stated in “Business and Properties – Arrangement in relation to Hefei Outlets and Kunming Outlets”, each of the Hefei PRC Property Company and the Kunming PRC Property Company has on 1 March 2018 entered into a Grant Agreement with the Sponsor and the Manager, whereby the Sponsor has been granted the right to develop the parcel of undeveloped land adjacent to Hefei Outlets/Kunming Outlets, implement building construction, property management and property operation.

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Subject-matter of the Grant Agreements

Pursuant to the Grant Agreements, the Sponsor, the Manager and the Hefei/Kunming PRC Property Company have agreed that among other things:

- the Sponsor will implement the construction rights and obligations relating to the Phase 2 Developments and carry out the development of the Phase 2 Developments by 2019 and to obtain, among other things, the inspection and acceptance of the completion of the Phase 2 Developments, the Building Ownership Certificates of the Phase 2 Developments in accordance with legal and regulatory requirements by 31 December 2020, and the Building Ownership Certificates shall be issued in the name of the Hefei/Kunming PRC Property Company.

Provisions of cost, liability and benefit

The Sponsor has undertaken the following pursuant to the Grant Agreements:

- to construct the Phase 2 Developments in accordance with the design plans and timelines, which shall be subject to prior approval by Sasseur REIT (such approval not to be unreasonably withheld);

- where the Hefei/Kunming PRC Property Company is required by PRC laws and regulations or by the local governing authorities to enter into certain contracts during the period of development of the Phase 2 Developments (for example, tender and bid contracts, general construction contracts, general design contracts and supervision contracts with any sub-contractors), to ensure, subject to relevant laws, all such contracts will be novated to the Sponsor immediately upon the Hefei/Kunming PRC Property Company entering into such contracts by way of a tripartite agreement among the Hefei/Kunming PRC Property Company, the Sponsor and the third parties and to enter into all documents necessary to effect such novation from Sasseur REIT or the Hefei/Kunming PRC Property Company to the Sponsor. The Sponsor shall undertake all rights and obligations of such contracts and shall contractually agree that it would be made directly liable for any claims or liabilities arising from its failure in fulfilling its obligations under such contracts;

- in respect of the contracts in relation to the Phase 2 Developments which are not required by PRC laws and regulations or by the local governing authorities to be entered into by the Hefei/Kunming PRC Property Companies, to directly enter into these contracts and solely perform the obligations stipulated therein;

- with the consent of the Hefei/Kunming PRC Property Company, to assign the development and construction right under the respective Grant Agreements to a third party developer should it decide not to undertake the development, provided that the Sponsor procures the third party developer to take over the Sponsor’s rights and obligations under the respective Grant Agreements and Purchase Option Agreements, such that the Hefei/Kunming PRC Property Company would have the same recourse to the third party developer;

- after commencement of construction of the Phase 2 Developments, provide the Hefei/Kunming PRC Property Companies and the Manager with monthly updates as to the status of the construction and provide relevant information or updates when reasonably requested for by the Manager;

- the Manager shall have the right to supervise the Sponsor in relation to the development and management of the Phase 2 Developments and shall have full access to all the relevant...
documents in relation to the Phase 2 Developments, and will have the right to engage a third party consultant to monitor, supervise and participate in management meetings in relation to the construction of the Phase 2 Developments;

- assist Sasseur REIT to obtain all necessary permits, licences and approvals required for the Phase 2 Developments and ensure compliance of Sasseur REIT with the terms of such permits, licences and approvals;

- pay for all costs of building, construction and fitting-out, equipment installation and maintenance of the Phase 2 Developments, and all the fees for obtaining the permits, licences and approvals required for the Phase 2 Developments, and produce receipts as the Manager may reasonably require to evidence payment;

- bear responsibility for the attraction of investment and management of the Phase 2 Developments and bear the operational costs, expenses and taxes and be authorised to obtain all the operation income of the Phase 2 Developments;

- ensure that the management and operation of the Phase 2 Developments shall not be in breach of the terms of the Land Use Right Grant Contracts relating to the land use right of Hefei Outlets/Kunming Outlets and any laws and regulations of the PRC; and

- to carry out development of the Phase 2 Developments by 2019 and complete the Phase 2 Developments by end of 2020, and in connection therewith, to assist Sasseur REIT to apply for further extensions of the construction completion date in the Land Use Right Grant Contract in respect of the land underlying Hefei Outlets or Kunming Outlets respectively.

Pursuant to the Grant Agreements, the Sponsor and the relevant PRC Property Company have also agreed that:

- the Sponsor will be solely responsible for all costs of building, construction and fitting-out, equipment installation and maintenance of the Phase 2 Developments, and all applicable fees for the permits, licences and approvals required for the Phase 2 Developments;

- the Manager shall have the right to supervise the Sponsor so as to maintain supervisory oversight over the Sponsor in the development and management of the Phase 2 Developments. The Sponsor will also agree to co-operate with the relevant PRC Property Company to immediately carry out any rectification that the relevant PRC Property Company may require. Periodic reporting and immediate notification obligations will also be imposed on the Sponsor to report to the relevant PRC Property Company and the Manager on the status of the developments and if there are any occurrence of such incidents on the undeveloped land.

The Sponsor has also agreed to indemnify Sasseur REIT against any penalties which Sasseur REIT or the relevant PRC Property Company may suffer or incur if the Sponsor is unable to complete construction of the undeveloped land adjacent to Hefei Outlets/Kunming Outlets prior to the lapse of the Hefei/Kunming New Completion Dates, or any subsequent extension(s), if applicable, as well as any and all claims which Sasseur REIT may suffer or incur which arises out of or in connection with the development, operation and/or management of the Phase 2 Developments by the Sponsor. Such indemnity by the Sponsor will survive for two years after the later of (a) the date of inspection and acceptance of completion of the Phase 2 Developments and (b) the obtaining of the Building Ownership Certificates of the Phase 2 Developments, so as to cover any residual liabilities that the Hefei/Kunming PRC Property Company may be exposed to or discover after completion of the acquisition of the Phase 2 Developments. (See “Risk Factors – Risks Relating to the Properties – The Hefei PRC Property Company and the Kunming PRC Property Company may be exposed to potential liability and/or forfeiture of land arising from its
non-compliance with the terms of the Land Use Right Grant Contracts in respect of Hefei Outlets or Kunming Outlets respectively." for further details on the extension of the construction completion date.)

For the avoidance of doubt, Sasseur REIT will not be liable for any costs of development that has been undertaken or incurred by the Sponsor in respect of the Phase 2 Developments, even if it exercises the Buy Back Option.

**Buy Back Options**

In view of the fact that Sasseur REIT had not paid the Sponsor for the undeveloped land, Sasseur REIT will grant the development right under the respective Grant Agreements to the Sponsor at nominal consideration. In return, under the Grant Agreements, the Sponsor will grant the Hefei PRC Property Company and the Kunming PRC Property Company the Buy Back Options, with such Buy Back Options taking effect on 1 January 2021. The Buy Back Options shall expire upon the completion of the construction and inspection and acceptance of the completion of the Phase 2 Developments.

**Conditions Precedent to exercise of Buy Back Options**

Any exercise of the respective Buy Back Options by the Hefei PRC Property Company and the Kunming PRC Property Company (as the case may be) upon the Buy Back Options becoming exercisable from 1 January 2021 will be subject to the following condition precedents:

(i) without prejudice to Sasseur REIT’s right to claim penalty interest from the Sponsor, the parties shall agree to enter into good faith discussions in respect of any extension of the completion date stipulated in the relevant Grant Agreement and any such extension granted shall be subject to the approval of the Manager (such approval not to be unreasonably withheld) and shall be for a period of not more than two years; and

(ii) where the completion date has been extended and the Sponsor fails to complete the development of the Phase 2 Developments (as extended in accordance with paragraph (i) above), the relevant PRC Property Company may exercise the Buy Back Option and with no less than six months’ notice acquire back the development right to the entire undeveloped land (including any developments that have been completed) from the Sponsor based on the aforesaid acquisition price.

**Exercise of the Buy Back Option**

Notwithstanding that the Buy Back Options shall automatically take effect on 1 January 2021, the Buy Back Options will become immediately exercisable prior to 1 January 2021 upon the occurrence of any of the following events:

• notice by the Sponsor to Sasseur REIT that the Sponsor will not continue development of the Phase 2 Developments;

• the occurrence of any events or circumstances which in the reasonable opinion of the Manager will materially and adversely affect the Sponsor’s ability to carry out its obligations under the respective Grant Agreements (i.e. the inability to complete the development of the Phase 2 Developments by 1 January 2021), provided that the Manager provides satisfactory evidence of the Sponsor’s inability to perform its obligations under the relevant Grant Agreement; or

• where the Sponsor is the subject of any winding up, bankruptcy or insolvency petition or order,
in which case the respective Buy Back Options shall become immediately exercisable and the
Manager may in its sole and absolute discretion elect to exercise the relevant Buy Back Option,
and if it elects to do so, it may with no less than six months’ notice acquire back the development
right to the entire undeveloped land (including any developments that have been completed)
based on the Buy Back Option Purchase Consideration.

Sponsor’s Indemnity

Under the Grant Agreements, the Sponsor has provided an indemnity to Sasseur REIT, the
Trustee and each of the respective PRC Property Companies (the “Indemnified Parties” and
each an “Indemnified Party”) against, among others:

• any and all losses which any Indemnified Party may suffer or incur which arises out of or in
connection with a breach of any of the warranties or representations under the Grant
Agreements;

• any and all claims by any party against any Indemnified Party which arises out of or in
connection with the development, operation and/or management of the Phase 2
Developments;

• any and all losses which any Indemnified Party may suffer or incur which arises out of or in
connection with the development, operation and/or management of the Phase 2
Developments, including but not limited to losses incurred due to (i) any breach of the terms
of the relevant permits, licences and approvals required for the Phase 2 Developments (such
as planning permits and construction permits); (ii) the lack thereof of such permits, licences
and approvals required for the Phase 2 Developments, (iii) any non-compliance of laws and
regulations in respect of the construction and development of the Phase 2 Developments,
and (iv) any non-compliance with the conditions of the land use right granted in respect of
Hefei Outlets and/or Kunming Outlets in the Sponsor’s development, management and/or
operation of the Phase 2 Developments; and

• any and all development costs, operational costs, expenses, tax liabilities (including real
estate taxes), fees for the permits, licences and approvals required for the Phase 2
Developments and any other liabilities which arises out of or in connection with the
ownership, development, operation and/or management of the Phase 2 Developments which
any Indemnified Party may incur,

The Sponsor’s Indemnity under the respective Grant Agreements shall cease upon the earlier of:

(a) the exercise of the Buy Back Options by the relevant PRC Property Company;

(b) the exercise of the purchase option under the Purchase Option Agreement by the relevant
PRC Property Company in relation to the completed Phase 2 Developments; or

(c) the completion of sub-division of the title to the land on which the Phase 2 Developments are
situated.

There is no limit to the Sponsor’s liability under the Grant Agreements in relation to the Hefei PRC
Property Company or the Kunming PRC Property Company.

Assignment of the Grant Agreements

Subject to the terms of the respective Grant Agreements, the PRC Property Companies and the
Manager are entitled to assign their rights and obligations under the respective Grant Agreements
to a third party in the event of any disposal by the relevant PRC Property Company or the Manager
of (a) the building ownership certificates of Hefei Outlets and Kunming Outlets (as the case may be) and (b) the land use right to the land underlying the Hefei Outlets and Kunming Outlets and the Phase 2 Developments to the third party, and the Sponsor shall agree to such assignment.

**Termination of the Grant Agreements**

Where the Sponsor commits a material breach of any term of the respective Grant Agreements, the relevant PRC Property Company and the Manager shall have the right to terminate the relevant Grant Agreement and/or require the Sponsor to compensate all damages.

**PURCHASE OPTION AGREEMENTS**

As stated in “Business and Properties – Arrangement in relation to Hefei Outlets and Kunming Outlets”, the Sponsor has been granted the right to develop the Phase 2 Developments.

**Grant of Purchase Option and Purchase Price**

In this regard, the Sponsor has on 1 March 2018 granted to each of the Hefei PRC Property Company and the Kunming PRC Property Company an exclusive purchase option under the respective Purchase Option Agreements, where:

- the relevant Hefei or Kunming PRC Property Company shall have a call option to purchase the completed Phase 2 Developments on a “completed basis” pursuant to the conditions for exercise of the purchase option specified in the Purchase Option Agreement; and

- the purchase price for the completed Phase 2 Developments shall be based on not more than the average of the valuations by two independent valuers from different international valuation firms (of which one shall be appointed by the Manager and the other shall be appointed by the Trustee). The valuations shall not be more than six months old from the date of the sale and purchase agreements entered into pursuant to the exercise of the respective Purchase Options.

**Exercise of the Purchase Option**

The exercise of the purchase options will be subject to the fulfillment of certain conditions (which can be waived by the Hefei PRC Property Company or the Kunming PRC Property Company at the Manager’s discretion), including but not limited to the following:

- the Phase 2 Developments having been completed and the Sponsor entering into entrusted management agreements with Sasseur REIT upon completion of the Phase 2 Developments on terms satisfactory to Sasseur REIT;

- the relevant PRC Property Company’s exercise of the respective purchase option and acquisition of the Phase 2 Developments respectively does not violate any applicable Singapore or PRC laws or regulations;

- the Phase 2 Developments being handed over to Sasseur REIT without any construction fees, salary or other disputes outstanding, and all related obligations or disputes (if any) having been resolved; and

- an extraordinary general meeting of Sasseur REIT has been convened pursuant to which the Unitholders (with the Sponsor and its associates abstaining from voting) has decided by way of an ordinary resolution to approve (as the case may be) the Hefei PRC Property Company or the Kunming PRC Property Company’s exercise of the purchase option.
The Sponsor has also undertaken under the respective Purchase Option Agreements that where the relevant PRC Property Company expressly confirms its intention not to exercise the purchase option, the Sponsor shall sell the Phase 2 Developments to a third party only if it procures the third party to take over the Sponsor’s rights and obligations under the Sponsor’s Indemnity and provided that such sale to the third party shall be on such terms and conditions no more favourable than those offered by the Sponsor to Sasseur REIT. Where sub-division of the land is required, the Sponsor shall bear the costs of sub-division of the title to the land on which the Phase 2 Developments are situated and any associated costs.

**Term of the Purchase Option**

The purchase options under the respective Purchase Option Agreements will terminate at the earlier of:

(a) the date when the right of use and economic benefits of the Phase 2 Developments held by the Sponsor has been transferred or assigned to the respective PRC Property Companies in accordance with the respective Purchase Option Agreements or Grant Agreements;

(b) the expiry date of the land use right certificate for Hefei Outlets or Kunming Outlets (as the case may be); or

(c) the date of the disposal of the right of use and economic benefits of the Phase 2 Developments by the Sponsor where the relevant PRC Property Companies have confirmed their intention not to exercise the purchase option.

**LICENCE AGREEMENT**

Pursuant to the Licence Agreement, the Sponsor has granted a non-exclusive, non-transferable licence to the Manager, in its capacity as manager of Sasseur REIT, to use the “Sasseur” name and any additional trade mark(s) which may be agreed to by the parties in writing from time to time for use in connection with the business of Sasseur REIT.

The licence became effective from the date of the Licence Agreement and may be terminated by the Sponsor (i) by giving at least three months’ notice in writing to the Manager at any time at its discretion; (ii) immediately giving written notice to the Manager in the event that the Manager or any of its related corporations ceases to be the manager of Sasseur REIT; or (iii) immediately by giving written notice to the Manager in the event that the Sponsor ceases to be a direct or indirect shareholder in the Manager.

Under the Licence Agreement, the Manager as licensee shall use its endeavours at all times during the term of the Licence Agreement to protect and promote goodwill in the businesses utilising the trademarks.

**DEED OF INDEMNITY IN RELATION TO BISHAN OUTLETS**

As stated in “Business and Properties – Bishan Outlets – Other Information Relating to Bishan Outlets – Non-compliance with the designated use of carpark spaces in Bishan Outlets”, Approximately 4,010 sq m of Bishan Outlets (comprising approximately 8.2% of Bishan Outlets’ total NLA) on the underground second floor, which was designated for carpark usage under the Fire Control Acceptance Certificate of Bishan Outlets (建设工程消防验收意见书) issued by the Bishan Fire Safety Department, have been utilised for retail store purposes and leased out to tenants.
In this regard, the Sponsor has on 27 December 2017 provided a deed of indemnity to the Bishan PRC Property Company and its subsidiaries and holding companies (the “Bishan Indemnified Parties” and each a “Bishan Indemnified Party”) against any and all losses or expenses which any of the Bishan Indemnified Parties may suffer or incur, that arises out of or in connection with the unauthorised usage of the carpark spaces (including any costs or expenses incurred to carry out rectification of the carpark spaces, if required), for so long as Sasseur REIT holds an interest (directly or indirectly) in Bishan Outlets or until such retail spaces in the carpark spaces have been fully rectified to its authorised use.

DEED OF INDEMNITY IN RELATION TO NON-REGISTRATION OF TENANCY AGREEMENTS

The Sponsor has on 1 March 2018 provided a deed of indemnity in favour of Sasseur REIT which states that in the event any of the PRC Property Companies were to be subject to the imposition of any fines for non-registration of their tenancy agreements, the Sponsor has agreed to, among others, unconditionally and irrevocably undertake to pay in full forthwith upon demand in writing any sum or sums that may from time to time be paid for by any of the PRC Property Companies and/or Sasseur REIT to the relevant local housing administrative authority as fines for non-compliance with the Measures on Administration of Lease of Commodity Buildings (商品房屋租赁管理办法) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on 1 December 2010 and effective on 1 February 2011 (the “Deed of Indemnity in relation to Non-Registration of Tenancy Agreements”).

The Deed of Indemnity in relation to Non-Registration of Tenancy Agreements is a continuing undertaking and shall remain in full force and effect for so long as the PRC Property Companies remain as subsidiaries of Sasseur REIT.
OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN THE PEOPLE’S REPUBLIC OF CHINA

THE LAND SYSTEM

In the PRC, there are two kinds of land ownership, namely, state ownership and collective ownership. The urban lands are owned by the State, and the rural and suburban lands, unless stipulated by laws to be owned by the State, are owned by collectives.

PRC law distinguishes between the ownership of land and the right to use land. On 12 April 1988, the National People’s Congress of China (the “NPC”) passed an amendment to the Constitution of the PRC (中华人民共和国宪法). The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights.

On 29 December 1988, the Standing Committee of the National People’s Congress (中华人民共和国全国人大常委会) (the “SCNPC”) also amended the Land Administration Law of the PRC (中华人民共和国土地管理法) (the “Land Administration Law”) to permit the transfer of land use rights for value. Under such system, companies set up by local or foreign investors in the PRC can acquire the right to use the land owned by the State for their business purposes.

Land in the PRC is also categorised by usage. A system of land usage control is implemented under PRC law. According to the Land Administration Law promulgated on 25 June 1986 and amended on 29 December 1988, 29 August 1998 and 28 August 2004 respectively, the State formulates overall planning of land utilisation, whereby lands are categorised as land for agriculture purpose, land for construction purpose (including but not limited to industrial, commercial, tourism, entertainment, commodity housing development) and unexploited land. Land users shall use land in accordance with approved usage.

According to the Property Rights Law of the PRC (中华人民共和国物权法) (the “Property Rights Law”), effective from 1 October 2007, users of granted State-owned land for construction purposes have the right to, in accordance with the laws, occupy, use, benefit from and mortgage the land owned by the State and to use such land to construct buildings, structures and facilities and to dispose of the land use right.

State-owned land for construction purpose can be further divided into two categories in terms of ways by which the land use right is obtained, that is, granted State-owned land for construction purpose and allocated State-owned land for construction purpose.

Under the Provisional Regulations of the PRC concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (中华人民共和国城镇国有土地使用权出让和转让暂行条例) (the “Urban Land Regulations”) promulgated on 19 May 1990, the grant of a State-owned land use right refers to the grant of a land use right by the State to a land user for a definite period subject to the payment of a land premium by the land user. Grant of land use right is further discussed in the section “Grant of Land Use Right” below.

As defined in the Provisional Rules on Administration of Allocated Land Use Right (划拨土地使用权管理暂行办法), effective from 8 March 1992, allocated land use right refers to land use right obtained by any other ways than grant of land use right. Usually the holder of allocated land use right is free from payments of land premium. However, according to the Land Administration Law and the Law of Administration of Urban Real Estate of the PRC (中华人民共和国城市房地产管理法) (the “Urban Real Estate Law”), which was passed on 5 July 1994 and revised on 30 August 2007 and 27 August 2009 respectively, allocation of land use right, subject to approval by the government, applies only when necessary and only to land use for the following purposes:

- land used for government offices and military site;
land used for urban infrastructures and public welfare;

land used for power generation, transportation, water resources and other projects which are vigorously supported by the State; and

land used for other purposes specified by laws and regulations.

In addition to acquisition of land use right, either granted or allocated, directly from competent land authorities, entities may also acquire land use right by means of transfer of land use right by current land users who have obtained land use right. For details please refer to the paragraphs titled “Transfer of Land Use Right” and “Transfer of Properties” below.

GRANT OF LAND USE RIGHT

According to the Urban Real Estate Law, grant of land use right shall be in line with overall planning of land utilisation, urban planning and annual plan on land for construction purpose. Land use right may be granted by agreement, public auction, tender or bidding.

Grant by Public Auction, Tender or Bidding (招标拍卖挂牌出让)

Under the Regulations regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (招标拍卖挂牌出让国有土地使用权规定) promulgated by the Ministry of Land and Resources on 9 May 2002 and implemented on 1 July 2002 and revised on 28 September 2007 with the name Regulations regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale (招标拍卖挂牌出让国有建设用地使用权规定) effective on 1 November 2007, grant of lands for operational use (including industrial, commercial, tourism, entertainment and commodity housing development) or a plot of land with two or more prospective purchasers shall be subject to competitive bidding, public auction or public tender.

Under public auction, the buyer that offers the highest price is the winner. Under public tender, the tenderer who could maximally meet the comprehensive evaluation standard, or the tender meeting the material requirement of the tender and offering the highest price is the winner. Under competitive bidding, the buyer who offers the highest price is the winner, and if there is more than one buyer offering the same price, the buyer first offering that price shall be the winner. The winner will sign the land use right grant contract with the competent land authority.

Upon signing of the land use right grant contract for the grant of land use right, the grantee is required to pay the land grant premium in accordance with the terms of the land use right grant contract. Once the land grant premium is paid in full, the grantee may apply for issuance of a Land Use Right Certificate from the land authority evidencing the grant of land use right.

Grant by Bilateral Agreement (协议出让)

Pursuant to the Standards for Transfer of State-owned Land Use Right by Agreement (Trial) (协议出让国有土地使用权规范(试行)) promulgated by the Ministry of Land and Resources, which was published on 31 May 2006 and became effective on 1 August 2006, land use right may be granted by way of a bilateral agreement between the relevant land authority and a grantee only if it is not required by laws, regulations or rules to be granted by means of competitive bidding, public auction or public tender. It is further provided that, if there is only one prospective land user on the plot of land which has been publicly announced to be granted and such land shall be for purposes other than those for industrial, commercial, tourism, entertainment and commodity housing development, the land authority may grant the land use rights through a bilateral agreement at a price not less than the minimum evaluated price approved by the authorised
government authority. Upon full payment of the land premium, the grantee may apply for registration with the local authority and obtain a Land Use Right Certificate evidencing the grant of land use right.

TRANSFER OF LAND USE RIGHT

According to the Property Rights Law, the Urban Land Regulations and the Provisions on the Administration of Urban Real Estate Transfer (城市房地产转让管理规定) promulgated by the Ministry of Construction on 7 August 1995, and amended on 15 August 2001 ("Provisions of Real Estate Transfer"), user of land for construction purpose has the right to transfer, exchange, contribute or donate the land use right, unless otherwise provided by PRC law. In case of transfer of land use right, buildings and other fixtures on the land shall be transferred all together.

The term of land use right for the transferred land is the original term granted under the land use right grant contract less the term which has been used by the original grantee/transferor.

A transfer of land use right must be evidenced by a written contract. Upon such transfer, all rights and obligations of the transferor contained in the original contract for the grant of land use right by the State shall be simultaneously transferred to the transferee. The transfer must be duly registered with the relevant local land authority and a new certificate of land use right will be issued and the original land use certificate of land use right will be surrendered.

Under the Urban Real Estate Law, transfer of land use right acquired by way of grant shall be subject to the following pre-conditions:

- the land grant premium must have been paid in full in accordance with the land use right grant contract and a certificate of land use right must have been obtained; and
- the investment in or development of such land must have been carried out in accordance with the land use right grant contract, evidenced by completion of 25.0% or more of total development amount in case of construction of building or by satisfaction of industrial or other use conditions in case of development of large parcel of land,

provided further that:

- where real estate is transferred with the construction of houses completed, the Building Ownership Certificate shall be acquired.

TERMINATION OF LAND USE RIGHT

A land use right will terminate upon the expiration of the term of the grant specified in the relevant land use right grant contract. Land use rights may also terminate upon reclamation of the land use right by the State or by loss of the land, etc.

Under the Urban Land Regulations, the maximum term of the grant depends on the type of use of the land. Such term is generally as follows:

- up to 70 years for residential use;
- up to 50 years for industrial use;
- up to 50 years for education, science, culture, public health or physical education uses;
- up to 40 years for commercial, tourism and entertainment uses; and
- up to 50 years for mixed or other uses.
Generally, the State shall not reclaim the granted land use right prior to expiration of the term of land use under the land use right grant contract. In exceptional circumstances, and if it is in the public interest, the State has the right to reclaim the land use right of land for construction purpose in accordance with law, meanwhile the State will offer compensation to the land user for the buildings and other fixtures on the land and refund part of the land grant premium accordingly pursuant to the Property Law and Regulations for the Expropriation of and Compensation for Housing on State-owned Land (国有土地上房屋征收与补偿条例) promulgated by the State Council on 21 January 2011.

According to the Property Rights Law, upon expiry of land use term, (i) the term of residential land use shall be automatically renewed; and (ii) the term of non-residential land use shall be handled in accordance with the laws and the ownership of buildings and other properties on such land shall be determined according to the contractual agreement; if there is no contractual agreement or it is not expressly agreed upon, the laws and administrative laws shall be applied.

According to the Urban Real Estate Law, upon expiry of the term of grant under the land use right grant contract, the user of non-residential land may apply for renewal of land use term by submitting an application at least 12 months in advance. Such application will be granted unless for public interest the land needs to be taken back by the state. If the application is granted, the land user is required to enter into a new land use right grant contract, pay a land use right grant premium and effect the necessary registration of the renewed right. If no application is made, or such application is not granted, the land use right shall revert to the State and the buildings and fixtures on the land shall be handled in accordance with the agreements set forth in the land use right grant contract.

PLANNING AND COMMENCEMENT PERMIT FOR CONSTRUCTION WORK

The SCNPC promulgated the PRC City and Countryside Planning Law (中华人民共和国城乡规划法) on 28 October 2007 and amended it on 24 April 2015, pursuant to which, a construction planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

With respect to the construction of the building (including the internal decoration, equipment of pipe lines, and finishing activities), the real estate developers shall apply for commencement permit for construction work from the relevant construction authority in accordance with the Regulations on Administration Regarding Permission for Commencement of Construction Works (建筑工程施工许可管理办法) promulgated by the Ministry of Housing and Urban-Rural Construction of the PRC on 25 June 2014.

According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects (国务院办公厅关于加强和规范新开工项目管理的通知) issued by the General Office of the State Council on 17 November 2007, before commencement of construction, all kinds of investment projects shall fulfill certain conditions, including, among other things, compliance with national industrial policy, development and construction plan, land supply policy and market access standard, completion of all approval and filing procedures, compliance with zoning plan in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction work commencement permit or construction start-up report.

ADMINISTRATION OF CONSTRUCTION PROJECT QUALITY

According to the Regulations on the Administration of Construction Project Quality (建设工程质量管理条例) promulgated by the State Council on 30 January 2000 and amended on 7 October 2017, the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of
Buildings and Municipal Infrastructure (房屋建筑和市政基础设施工程竣工验收备案管理办法) promulgated by Ministry of Housing and Urban-Rural Construction Works on 4 April 2000 and amended on 19 October 2009 and the Rules for the Confirmation of the Completion of Housing Construction and Municipal Infrastructure Projects (房屋建筑和市政基础设施工程竣工验收规定) promulgated by Ministry of Housing and Urban-Rural Construction Works and implemented on 2 December 2013, the real estate developer together with the surveying, designing, construction and engineering supervision entities shall make sure that the design, survey, building and construction shall be in compliance with the quality requirements of construction projects according to law. The real estate developer shall, within 15 days from the date on which the construction project passes the inspection for acceptance, submit the report of inspection for acceptance of the construction project and the recognised or approved documents issued by such departments as for planning, public security, firefighting and environment protection to the competent administrative department for construction or other relevant departments for the record.

ENVIRONMENTAL PROTECTION

In accordance with the Environmental Protection Law of the PRC (中华人民共和国环境保护法) promulgated on 26 December 1989 and amended on 24 April 2014 (the revision was implemented on 1 January 2015), the Law of the PRC on Environmental Impact Assessment (中华人民共和国环境影响评价法) promulgated by the SCNPC on 28 October 2002 and effective on 1 September 2003 and amended on 2 July 2016, Administration Regulations on Record-filing of the Registration Forms of Construction Projects (建设项目环境影响登记表备案管理办法) promulgated by the Ministry of Environmental Protection of the PRC on 16 November 2016 and taking effect on 1 January 2017, the Administration Regulations on Environmental Protection Acceptance of Construction Projects (建设项目竣工环境保护验收管理办法) promulgated by former State Environmental Protection Administration on 27 December 2001 and taking effect on 1 February 2002 and amended on 22 December 2010, the Regulations on the Administration of Construction Project Environmental Protection (建设项目环境保护管理条例) promulgated by the State Council and taking effect on 29 November 1998 and amended on 16 July 2017 (the revision came into effect on 1 October 2017) and other relevant environmental laws and regulations, enterprises engaging in real estate development and construction must carry out an appraisal of the impact that the construction project will have on the environment. The relevant construction project shall not commence until approval is obtained from the supervisory body for environmental protection. While the construction project is in progress, the developer shall also enforce the appraisal documents relating to the impact on the environment and implement the environmental protection measures suggested in the opinion of the supervisory body for environmental protection. Such measures must be incorporated into the design, construction and operation of the general construction. Upon completion of the construction project, construction projects which may have a significant impact on the environment shall have to prepare an environmental impact report with a full assessment of its impact on the environment while those projects which may have a less severe environmental impact are required to prepare an environmental impact statement with specific analysis or special-purpose evaluation on its environmental impact and those projects which have slight impact are required to complete the environmental impact registration form instead of the environmental assessment report or environmental impact statement. The construction project for which the environmental impact report or environmental impact statement is prepared may not commence operations or be available for use until the constructed supporting environmental protection facilities have passed the acceptance check. The facilities that have not undergone or fail to pass the acceptance check shall not commence operations or be available for use. The Environmental Protection Administration Authorities shall inspect and check the status of the design, construction, acceptance, operation and usage of the environmental protection facilities, and the implementation of the environmental protection measures confirmed by the environmental impact appraisal documents.
FIRE CONTROL REGULATIONS

According to the Provisions on the Administration of Fire Safety of State Organs, Organizations, Enterprises and Institutions (机关、团体、企业、事业单位消防安全管理规定) (the “Fire Safety Provisions”), promulgated by the Ministry of Public Security on 14 November, 2001 and taking effect on 1 May 2002, shopping malls are classified as one of the key administrative units for fire control purposes. On 1 May 2009, the Fire Prevention Law of the PRC (中华人民共和国消防法) (the “Fire Prevention Law”), which was promulgated by the SCNPC 29 April 1998 and amended on 28 October 2008, came into effect. The Fire Prevention Law, together with the Fire Safety Provisions, require public gathering places, such as shopping malls, to pass a fire prevention safety inspection conducted by the local public security fire-fighting department before the commencement of business operations.

CIVIL AIR DEFENCE PROPERTY

Pursuant to the PRC Law on National Defence (中华人民共和国国防法) promulgated by the NPC on 14 March 1997, and amended on 27 August 2009, national defence assets are owned by the State. Pursuant to the PRC Law on Civil Air Defence (中华人民共和国人民防空法) (the “Civil Air Defence Law”), promulgated by the SCNPC on 29 October 1996, and amended on 27 August 2009, civil air defence is an integral part of national defence. The Civil Air Defence Law encourages the public to invest in the construction of civil air defence property and investors in civil air defence are permitted to use, manage the civil air defence property in time of peace and profit therefrom. However, such use must not impair their functions as air defence property. The design, construction and quality of the civil air defence properties must conform to the protection and quality standards established by the State. On 1 November 2001, the National Civil Air Defence Office issued the Administrative Measures for Developing and Using the Civil Air Defence Property at Ordinary Times (人民防空工程平时开发利用管理办法) and the Administrative Measures for Maintaining the Civil Air Defence Property (人民防空工程维护管理办法), which specify how to use, manage and maintain the civil air defence property.

The Rules on Construction and Maintenance of Civil Air Defence Property of Anhui Province (安徽省人民防空工程建设与维护管理工作规定) was promulgated on 18 May 2003 and implemented on 1 July 2003 and amended on 10 August 2004, which specify the requirements, procedure and standards for the construction and maintenance of civil air defence property in Anhui Province.

DOCUMENTATION OF TITLE

According to the Property Rights Law, the creation, change, transfer or extinguishment of real property rights shall come into effect upon and at the time of registration and shall not have effect without registration unless otherwise provided by law. Nevertheless, the contracts between the parties regarding creation, change, transfer or extinguishment of real property rights shall come into effect upon offer and acceptance, and the effectiveness of the said contracts is not subject to registration of real property rights.

Local governments of the PRC are now in the process of unifying the two different systems into one real estate registration system. Pursuant to the Interim Regulations on Real Estate Registration (不动产登记暂行条例) promulgated by the State Council and effective from 1 March 2015, a unified real estate registration system will be adopted and local people’s governments at and above the county level shall each designate a department as the real estate registration authority within their respective administrative regions which shall be responsible for the work of real estate registration. Right holders and interested parties may inquire about and duplicate materials on real estate registration pursuant to the law, in which case real estate registration authorities are required to provide such materials. The real estate rights to which their holders are already legally entitled shall not be affected due to changes in registration authorities and registration procedures.
Besides, pursuant to the Property Rights Law, the registers kept by the registration authorities shall be the basis of the real property rights and the certificates issued to the owner or right holder are evidentiary documents of the real property rights; in case of any discrepancy between a register and a certificate, the register shall prevail unless it has been proven by evidence that the register does have an error.

**TRANSFER OF PROPERTY**

Pursuant to the Urban Land Regulations and the Provisions of Real Estate Transfer, a real property owner may transfer, exchange, contribute or donate the real property owned by it. Where a building is transferred, the ownership of the building and underlying land use right shall be transferred simultaneously. Transfer of ownership of the building shall also be subject to the conditions precedent as set forth in the section “Transfer of Land Use Right”. The following real property may not be transferred:

- real property for which the underlying land use right was acquired by way of grant but the pre-conditions for transfer of the granted land use right are not met;
- real property which was seized or the rights to which were restricted in any other form by a ruling or decision of judicial or administrative authorities in accordance with the law;
- jointly owned real property, if other joint owners have not given their consent;
- the title of the real property is disputable;
- real property which has not been registered and a title certificate of which has not been obtained; and
- other circumstances in which transfer is prohibited under laws and administrative regulations.

**LEASING OF PROPERTY**

Leasing of urban real properties is governed by the Contract Law of the PRC, the Urban Real Estate Law, the Measures on Administration of Lease of Commodity Buildings (商品房屋租赁管理办法) issued by the Ministry of Housing and Urban-Rural Development of China and effective from 1 February 2011, and other related laws. Under these laws and regulations, owners of buildings in the PRC are entitled to lease their buildings unless otherwise provided by law. The lease shall be filed with the real property administration authority at the municipal or county level within 30 days after the lease contract is entered into. The failure to file the lease timely may subject the parties to administrative penalties. The legal effect of the lease contracts are not subject to such filling; provided, however, absent such filing, the lease does not have any effect against third parties although it is still binding upon the parties to the lease. The term of lease may not be longer than 20 years, otherwise the excess part will be void and invalid. If the lessor intends to sell out a leased property, it shall, within a reasonable time limit before the sale, notify the lessee and the lessee shall have a right of first refusal to buy the leased property on equal terms and conditions, unless such priority right is waived by the lessee in the lease. A lessee may, subject to written consent of the lessor, sub-lease the property to a third party. The building shall not be leased in the following circumstances:

- the building is constructed illegally;
- the building does not meet the mandatory standards on safety and disaster prevention;
- the usage of the buildings is changed in violation of the provisions; or
- other situations in which leasing is prohibited by the provisions of the laws and regulations.
MORTGAGE OF PROPERTY

The grant of mortgages in the PRC is governed by the Property Rights Law, the Security Law of the PRC (中华人民共和国担保法) promulgated by the SCNPC on 30 June 1995 and implemented on 1 October 1995 and the Administrative Measures on Mortgage of Urban Real Estate (城市房地产抵押管理办法) issued by the Ministry of Construction on 9 May 1997 and revised on 15 August 2001. Under these laws, all mortgage agreements must be in writing.

The validity of a mortgage depends on the validity of the mortgage contract, the validity of the secured principle contract unless otherwise stipulated in the mortgage contract and registration of the mortgage with the relevant authorities. Where ownership rights to a lawfully acquired building are mortgaged, the land use right for such building within the area of its occupancy shall be deemed to have been mortgaged together with the building/property simultaneously.

If a mortgage is created on the real estate in respect of which a house ownership certificate has been obtained, the registration authority shall make an entry under the “third party rights” item on the original house ownership certificate and then issue a Certificate of Third Party Rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or under construction, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the ownership of the real property.

MANAGEMENT OF PROPERTY

The State Council promulgated the Property Management Rules (物业管理条例) (“Property Management Rules”) on 8 June 2003 and revised it on 26 August 2007 and 6 February 2016. The Property Management Rules stipulate that owners in a common property management region shall organise the Owners Meeting and elect and establish the Owners Committee. However, owners will jointly exercise the duties of the Owners Meeting and the Owners Committee if there is only one owner or there are only a few owners who have unanimously agreed not to organise the Owners Meeting.

Pursuant to the Property Management Rules, the quorum for an Owners Meeting requires owners representing more than 50.0% of owners (one independent unit represents one owner) with their floor areas accounting for more than 50.0% of the GFA within the common property management region. The following matters shall only be passed by two-third of owners with their floor areas accounting for two-third of the GFA in respect of the property:

• collecting and utilising the special maintenance fund; and

• alteration, reconstruction of the building and its facilities.

Under the Measures on Administration of Qualifications of Property Service Enterprises (物业服务企业资质管理办法) promulgated by the Ministry of Construction of the PRC on 17 March 2004 and revised on 26 November 2007 and on 4 May 2015, a property service enterprise shall apply for qualification with the competent authority according to the measures. A qualified property service enterprise will be issued with qualification certificate evidencing the qualification classification by the relevant authority. No enterprise may conduct property service without such qualification. Pursuant to the Decision of the State Council on Canceling the Third Batch of Administrative Licensing Items Designated by the Central Government for Implementation by Local Governments (国务院关于第三批取消中央指定地方实施行政许可事项的决定) promulgated by the State Council on 12 January 2017, the property service enterprise qualification lower than Grade 2 (including Grade 2) is abolished. Pursuant to the Decision of the State Council on Canceling a Group of Administrative Licensing Items (Guofa [2017] No.46) (国务院关于取消一批行政许可事项的决定(国发
published and implemented on 22 September 2017, the Grade 1 property management qualification has also been abolished. According to the aforesaid decision of the State Council, the General Office of the Ministry of Housing and Urban-Rural Development published and implemented the Notice of the General Office of the Ministry of Housing and Urban-Rural Development Regarding the Implementation of Relevant Work Related to the Cancellation of Property Management Qualification Approval on 15 December 2017, and requires that the competent local housing and urban-rural authorities shall no longer accept applications regarding the change, renewal, replacement or approval of the property management qualification and shall not take the approved property management qualification as a requisite requirement for conducting property management services.

Service charges comprise the property service cost and the property service enterprise’s remuneration. The exact amount of service charges payable to a property service enterprise as remuneration may be agreed by the parties by reference to the two methods. According to the Rules on Property Service Fees jointly promulgated by the NDRC and the Ministry of Construction of the PRC on 13 November 2003 and came into effect on 1 January 2014, the extra amount of service charges payable to property service enterprise as remuneration may be entered into between the owners and property management enterprises by reference to a fixed management fee or a percentage based management fee.

FOREIGN INVESTMENT IN REAL ESTATE IN THE PRC

Under the Provisions on the Administration of Qualification for Real Estate Development Companies promulgated by the Ministry of Construction of the PRC on 29 March 2000 and revised on 4 May 2015, a company engaged in the development and operation of a real estate business shall obtain a Qualification Certificate for Real Estate Development Enterprise in the PRC.

According to the Opinions on Regulating the Access and Administration of Foreign Investment in the Real Estate Market promulgated jointly by the Ministry of Construction of the PRC, MOFCOM, the NDRC, the People’s Bank of China, the State Administration for Industry and Commerce and the SAFE on 11 July 2006 and the Notice of the Ministry of Housing and Urban-Rural Development and Other Departments on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market promulgated jointly by the Ministry of Housing and Urban-Rural Development of the PRC, MOFCOM, the NDRC, the People’s Bank of China, the State Administration for Industry and Commerce and the SAFE on 19 August 2015, (i) foreign entities and individuals shall follow the principle of commercial existence and are allowed to invest and purchase non-self-resided real estate in the PRC via their FIEs incorporated in the PRC; (ii) the ratio of registered capital to total investment of foreign investment real estate enterprises shall be governed by the relevant provisions of the Interim Provisions of the State Administration for Industry and Commerce on the Ratio of the Registered Capital to the Total Investment of a Sino-Foreign Equity Joint Venture Enterprise (Gong Shang Qi Zi [1987] No. 38) (in particular, if the total investment amount of a foreign-invested real estate development company is more than US$10.0 million but less than US$30 million, the amount of its registered capital shall not be less than 40.0% of the total investment, provided that the registered capital shall be no less than US$5 million if the total investment is less than US$12.5 million; if the total investment amount of a foreign-invested real estate development company is US$30 million or more, the amount of its registered capital shall not be less than one third of the total investment, provided that the registered capital shall be no less than US$12 million if the total investment is less than US$36 million; (iii) foreign investors shall pay off all the transfer price in a lump sum with their own funds if they acquire domestic real estate companies in the PRC; and
(iv) no offshore or onshore loan is allowed if the foreign-invested real estate company has not obtained the Land Use Right Certificate, or their capital for a property development project is less than 35% of the total investment.

The MOFCOM and the SAFE jointly issued a Notice on Further Strengthening and Regulating the Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry (关于进一步加强·规范外商直接投资房地产业审批和监管的通知) (the “No. 50 Notice”) on 23 May 2007 and the MOFCOM amended it on 28 October 2015. Under the No. 50 Notice, local commercial authorities should reinforce the approval and supervision process over foreign-invested real estate enterprises, and strictly control foreign fund from investing in high-end real estate development projects. In order to incorporate a foreign-invested real property company, the land use right and/or building ownership should have been obtained in advance, or at least a pre-transfer/purchase contract has been entered into with the relevant land administrative authorities, land developers, or the owner of the building or other constructions, otherwise the proposed incorporation of foreign-invested real estate company will not be approved by the authorities.

According to the Operation Guideline of Capital Accounts Matters (2013 Version) (资本项目外汇业务操作指引 (2013年版)) issued by the Comprehensive Department of the SAFE effective from 1 September 2013, the Administrative Measures for Foreign Debt Registration (外债登记管理办法) effective from 13 May 2013 and the Notice of the State Administration of Foreign Exchange on Repealing and Revising the Normative Documents concerning the Reform for Registered Capital Registration System (国家外汇管理局关于废止和修改涉及注册资本登记制度改革相关规范性文件的通知) effective from 4 May 2015, in respect of foreign-invested real estate companies (including new set-up and capital increase) obtaining approval certificates from authorities of commerce and passing recording with central MOFCOM on and after 1 June 2007, all SAFE branches shall not handle foreign debt registration and foreign debt conversion matters with such companies, namely, such companies are prohibited from borrowing foreign debts, including shareholder loans and offshore commercial loans. However, such restriction does not apply to the remaining quorum of foreign debts which has not been used by such companies which were established prior to 1 June 2007. Furthermore, where the foreign-invested real estate enterprise fails to obtain the Land Use Right Certificate or the capital of developing project fails to attain 35% of total amount of project investment, the enterprise shall not seek for foreign debt, and the foreign exchange bureau shall not transact the registration of foreign debt and verification of foreign exchange settlement of foreign debt.

According to the Notice of the MOFCOM on Implementing Recording Work of Foreign Investment in Real Estate Sector (商务部关于做好外商投资房地产业备案工作的通知), effective from 1 July 2008 and the Circular of the MOFCOM and the SAFE on Improving the Recording Work of Foreign Investment in Real Estate Sector (商务部·外汇局关于改进外商投资房地产备案工作通知) effective from 1 August 2014, after approving the issues of foreign investment in the real estate by law, the local competent commerce authorities submit the electronic materials which are originally reported to MOFCOM for record to the provincial competent commerce authorities for checking; and MOFCOM will randomly check on a weekly basis before the publication of foreign-invested real estate enterprises that complete the recording and thereafter each quarter whether the approval by its local counterparts are in compliance with relevant rules. According to the Circular of the MOFCOM and the SAFE on Further Improving Record Work Related to Foreign Investment in Real Estate Sector (商务部外汇局关于进一步改进外商投资房地产备案工作的通知) effective from 6 November 2015, (i) the filing procedure with the central MOFCOM is further simplified and the public announcement step for the filing with the central MOFCOM has been cancelled by the central MOFCOM, and (ii) the foreign invested real estate company may carry out foreign exchange registration procedures directly without the filing record with the central MOFCOM upon the completion of (a) approval from the local counterparts of the MOFCOM and (b) input and submission of the real estate project’s information by the local counterparts of the MOFCOM through the online management system of MOFCOM.
According to the Circular of the SAFE on Reforming Administration Method for Foreign Exchange Settlement of Foreign-invested Enterprises (国家外汇管理局关于改革外商投资企业外汇资金结算管理方式的通知) effective from 1 June 2015, except for foreign-invested real estate enterprises, foreign exchange capital and RMB converted from the same shall not be used by foreign-invested enterprises to purchase non-self-use real property in the PRC.

On 22 November 2010, the Administrative Office of the MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Recording of Foreign Investment into Real Estate Industry (商务部办公厅关于加强外商投资房地产业审批备案管理的通知), whereby it is emphasised that speculative investments shall be restrained. Among other things, a foreign-invested real property company shall be prohibited from purchasing and selling real estate properties completed or under construction within the PRC for arbitrage purposes.

Pursuant to Foreign Investment Industrial Guidance Catalogue (2017 Revision) (外商投资产业指导目录(2017年修订)) jointly enacted by MOFCOM and the NDRC on 28 June 2017 and enforced on 28 July 2017, the construction of villas and golf courses will no longer fall within the category of prohibited industries, thus, all kinds of real estate development fall within the category of industry in which foreign investment is permitted.

According to the Circular of the SAFE on Further Simplifying and Improving the Foreign Exchange Administration Policies of Foreign Direct Investment (国家外汇管理局关于进一步简化和改进直接投资外汇管理政策的通知) issued on 13 February 2015 which takes effect from 1 June 2015, the SAFE will revoke the registration requirements by its local counterparts in relation to inbound and outbound investment. Alternatively, some qualified local banks will be authorised and supervised by the SAFE and its local counterparts to carry out foreign exchange registrations from 1 June 2015.

Furthermore, according to the Notice on Cross-border Guarantees by SAFE (国家外汇管理局关于发布《跨境担保外汇管理规定》的通知) on 12 May 2014 and took effect on 1 June 2014, certain cross-border guarantees (such as overseas lending secured by domestic guarantee or domestic lending secured by overseas guarantee as defined below) shall be registered with the local branches of the SAFE or else the penalties under the PRC laws and regulations may be imposed.

**COMPANY LAW**

The Company Law of the PRC (中华人民共和国公司法) ("Company Law"), which came into effect on 1 July 1994 and was revised on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013 respectively, governs two types of companies, namely companies incorporated in the PRC with limited liability and companies incorporated in the PRC as joint stock limited companies. Both types of companies have the status of an enterprise legal person. The liability of shareholders of a limited liability company is limited to the extent of the amount of capital subscribed by them and the company is liable to its creditors to the full amount of the assets owned by it. The liability of shareholders of joint stock limited companies is limited to the extent of the amount of shares subscribed by them and the company is liable to its creditors to the full amount of the assets owned by it. The Company Law applies to FIEs, including Sino-foreign equity joint venture ("EJV"), Sino-foreign contractual joint venture and wholly foreign-owned enterprise ("WFOE") unless expressly otherwise provided by the Law of the PRC on Sino-Foreign Equity Joint Venture (中华人民共和国中外合资经营企业法), the Law of the PRC on Sino-Foreign Contractual Joint Venture (中华人民共和国中外合作经营企业法), the Law of the PRC on Wholly Foreign-owned Enterprises (中华人民共和国外资企业法) and Implementation Regulations for the Law of the People’s Republic of China on Wholly Foreign-owned Enterprises (中华人民共和国外资企业法实施细则) (hereinafter collectively "Laws on FIE").
Pursuant to the Company Law, the Laws on FIE and their respective implementation regulations or rules, the after-tax profit of a FIE for a given year shall be allocated according to the following sequences:

- if the statutory common reserve is insufficient to make up its losses of the previous years, such losses shall be made up from the profit for the current year firstly; and
- allocate certain percentage of the after-tax profit to the reserve funds, the employee incentive and welfare funds and the enterprise development funds. In the case of EJV, the percentage shall be decided by its board of directors; in the case of WFOE, it shall allocate 10.0% of the after-tax profit to its reserve fund until the aggregate amount of such reserve exceeds 50.0% of its registered capital while the percentage for the employee incentive and welfare funds and the enterprise development funds being decided by itself; and make profit distribution to its shareholder(s).
TAXATION

The following is a general discussion of the salient Singapore, BVI, Hong Kong and PRC tax consequences of the subscription, ownership and disposition of the Units and is not intended to be and does not constitute legal or tax advice. This discussion is based on laws, regulations, interpretations, rulings and decisions presently in effect, all of which are subject to change (possibly with retroactive effect). These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out in the summary below. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to subscribe for, own or dispose of the Units and does not purport to apply to all investors, some of whom may be subject to special rules either in Singapore or in the tax jurisdiction where they are resident in. Investors should consult their own tax advisers concerning the tax consequences of their particular situations, including the tax consequences arising under the laws of any other tax jurisdiction which may be applicable to their particular situations.

SINGAPORE TAXATION

Taxation of Sasseur REIT

Interest, Dividends and Other Income Receivable by Sasseur REIT

The Trustee will be subject to Singapore income tax at the prevailing corporate tax rate on income of Sasseur REIT derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore ("Taxable Income") within the meaning of the Income Tax Act, Chapter 134 of Singapore ("SITA"). Such Taxable Income would comprise interest income received from the Singapore Holdco, receipt of Minimum Rent, interest income arising from bank deposits placed with financial institutions in Singapore or interest income received in Singapore from financial institutions outside Singapore. The current Singapore corporate tax rate is 17.0%.

Dividends receivable by Sasseur REIT from the Singapore Holdco are one-tier exempt dividends. This means that the Trustee will not be taxed on dividend income distributed by the Singapore Holdco, a tax resident in Singapore.

Tax exempt dividends received from the Singapore Holdco will be referred to as Tax-Exempt Income.

Receipt of Minimum Rent is subject to income tax at the current Singapore corporate tax rate of 17.0% if it is sourced in Singapore, or sourced outside Singapore and received or deemed received in Singapore from outside Singapore. In the event receipt of Minimum Rent is sourced in Singapore, Sasseur REIT may apply for tax transparency treatment in Singapore, subject to the IRAS’ approval and meeting the prescribed conditions.

Interest income receivable by Sasseur REIT from the BVI Holding Companies will be exempt from Singapore income tax under Section 13(12A) of the SITA on such income, subject to obtaining approval from the IRAS and fulfilling certain conditions.

Return of Capital and Principal Repayment of Shareholder’s Loans by the Singapore Holdco

The amounts received by Sasseur REIT for return of capital and principal repayment of shareholder’s loans are capital in nature and are hence not taxable in the hands of the Trustee.
**Gains on disposal of shares in the Singapore Holdco**

Singapore does not impose tax on capital gains. In the event that the Trustee disposes of its shares in the Singapore Holdco, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business. Such gains may also be liable to tax in the hands of the Trustee if the shares were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes. Any gains arising from the sale of shares in the Singapore Holdco, if considered to be trading gains or gains of an income nature, will be assessed to tax, currently at 17.0%, on the Trustee.

**GST Registration of Sasseur REIT**

To the extent that Sasseur REIT only derives dividend and interest income and does not make any taxable supplies for GST purposes, it does not have a liability to register for GST in Singapore.

**Recovery of GST incurred by Sasseur REIT**

GST would be incurred by Sasseur REIT on offering-related and routine operating expenses incurred in Singapore. In the Singapore Budget 2008, the Minister for Finance announced an enhanced concession for S-REITs to claim GST incurred:

- on the setting up of their various tiers of SPVs that hold non-residential properties; and
- by their SPVs on the acquisition and holding of non-residential properties.

In the Singapore Budget 2015, the Minister for Finance announced a further enhancement on the GST concession to allow S-REITs to claim GST on expenses incurred to set up SPVs used solely to raise funds for the S-REITs, and the SPVs do not hold qualifying assets of the S-REITs, directly or indirectly. These S-REITs will also be allowed to claim GST on the business expenses of such SPVs.

The above GST concessions (“**GST Concessions**”) will expire on 31 March 2020 and is subject to meeting certain qualifying conditions.

**Taxation of the Singapore Holdco**

**Interest and Dividends Receivable by the Singapore Holdco**

Interest income receivable by the Singapore Holdco from the BVI Holding Companies will be exempt from Singapore income tax under Section 13(12A) of the SITA on such income, subject to obtaining approval from the IRAS and fulfilling certain conditions.

Dividends receivable by the Singapore Holdco from the BVI Holding Companies are one-tier exempt dividends. This means that the Singapore Holdco will not be taxed on such dividend income distributed by the BVI Holding Companies, on the basis that control and management of the BVI Holding Companies is exercised in Singapore and therefore the BVI Holding Companies are tax residents in Singapore.

**Return of Capital and Principal Repayment of Shareholder’s Loans by the BVI Holding Companies**

The amounts received by the Singapore Holdco for return of capital and principal repayment of shareholder’s loans are capital in nature and are hence not taxable in the hands of the Singapore Holdco.
**Gains on disposal of shares in the BVI Holding Companies**

Singapore does not impose tax on capital gains. In the event that the Singapore Holdco disposes of shares in the BVI Holding Companies, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business carried on in Singapore. Such gains may also be liable to tax in the hands of the Singapore Holdco if the shares were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes. Any gains arising from the sale of shares in the BVI Holding Companies, if considered to be trading gains or gains of an income nature, will be assessed to tax, currently at 17.0%, on the Singapore Holdco.

**GST Registration of the Singapore Holdco**

To the extent that the Singapore Holdco only derives dividends and interest income and does not make any taxable supplies for GST purposes, it does not have a liability to register for GST in Singapore.

Hence, any GST on expenses incurred by the Singapore Holdco in Singapore will not be recoverable if it is not registered for GST. However, if it qualifies for the above GST Concession, such expenses may be recoverable.

**Taxation of Unitholders**

**Distributions out of Taxable Income**

Unitholders will not be subject to Singapore income tax on distributions made out of Sasseur REIT’s income that has been taxed at the Trustee level. Accordingly, distributions made by Sasseur REIT out of Taxable Income to the Unitholders will not be subject to any tax deduction at source. No tax credit will be given to any Unitholder on the tax payable by the Trustee on such Taxable Income.

**Distributions out of Tax Exempt Income**

Unitholders will not be subject to Singapore income tax on distributions made out of Sasseur REIT’s Tax Exempt Income. No tax will be deducted at source on such distributions.

**Distributions out of Return of Capital from the Singapore Holdco**

Unitholders will not be subject to Singapore income tax on distributions made by Sasseur REIT out of its capital receipts, such as return of capital or principal repayment of shareholder’s loans from the Singapore Holdco. No tax will be deducted at source on such distributions.

For Unitholders who hold the Units as trading assets and are liable to Singapore income tax on gains arising from the disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain when the Units are disposed of. If the amount (being the distributions made by Sasseur REIT out of its capital receipts) exceeds the cost of the Units, the excess will be subject to tax as a trading income of such Unitholders.

**Distributions out of Gains from the Disposal of Shares in the Singapore Holdco**

Unitholders will not be subject to Singapore income tax on distributions made by Sasseur REIT out of gains from the disposal of shares in the Singapore Holdco if the gains are considered to be capital in nature.
Gains derived by the Trustee from the disposal of shares in the Singapore Holdco, if considered to be trading gains or gains of an income nature, will be assessed to tax on the Trustee. Distributions made from such gains will not be subject to further tax in the hands of the Unitholders.

**Disposal of the Units**

Singapore does not impose tax on capital gains. Therefore, any gains on disposal of the Units which are capital in nature are not liable to Singapore income tax. However, if the gains are considered income of a trade or business carried on in Singapore, such gains will be liable to Singapore income tax. Such gains may also be considered income in nature if the intention of the Unitholder was not to hold the Units as long-term investments.

As the tax status of a Unitholder may vary from another, Unitholders are advised to consult their own tax advisers on the tax consequences that may apply to the holding and disposal of the Units.

**Stamp Duty**

Stamp duty will not be imposed on instruments relating to the transfer of the Units.

**GST on Issue and Transfer of the Units**

The issue or transfer of ownership of a unit under any unit trust in Singapore is exempt from GST. Hence, the Unitholders would not incur any GST on the subscription of the Units. The subsequent disposal of the Units by a GST-registered Unitholder through the SGX-ST (where buyer’s identity is not known) or to another person belonging in Singapore is regarded as an exempt supply and not subject to GST. The disposal or transfer of the Units through an overseas exchange (where buyer’s identity is not known) or to another person belonging outside Singapore would constitute zero-rated supplies for GST purposes.

**Recovery of GST incurred by Unitholders**

Generally, services such as legal fee, brokerage, handling and clearing charges rendered by a GST-registered person to the Unitholders belonging in Singapore in connection with their purchase and sale of the Units would be subject to GST at the prevailing standard rate of 7.0%.

Similar services rendered to the Unitholders belonging outside Singapore would generally be subject to GST at zero-rate when certain conditions are met.

Where the Unitholders are registered for GST, any GST on expenses incurred in connection with the subscription/acquisition or disposal of the Units is generally not recoverable as input tax credit from the IRAS unless certain conditions are satisfied. These GST-registered Unitholders should seek the advice from their tax advisors on these conditions.

**Taxation of the BVI Holding Companies**

Dividends receivable by the BVI Holding Companies from the HK Holding Companies are one-tier exempt dividends. This means that the BVI Holding Companies will not be taxed on such dividend income distributed by the HK Holding Companies, on the basis that control and management of the HK Holding Companies is exercised in Singapore and therefore the HK Holding Companies are tax residents in Singapore.
Taxation of HK Holding Companies

HK Holding Companies are regarded as tax resident in Singapore on the basis that control and management of HK Holding Companies is exercised in Singapore.

Dividends receivable by HK Holding Companies, being tax residents in Singapore, from PRC Property Companies are foreign-sourced dividends which are subject to Singapore income tax only if received or deemed to be received in Singapore. If received or deemed to be received in Singapore, the foreign-sourced dividends will be exempt from Singapore income tax under Section 13(8) of the SITA subject to fulfilling certain conditions.

There should be no income tax, capital gains tax, stamp duty and withholding tax applicable to the BVI Holding Companies in the British Virgin Islands.

BRITISH VIRGIN ISLANDS TAXATION

There is no income tax, dividend withholding tax and capital gain tax in the British Virgin Islands. Therefore, there should be no British Virgin Islands tax implications arising from dividends receivable and payable by the BVI Holding Companies or capital gains derived by the BVI Holding Companies.

HONG KONG TAXATION

Taxation of the HK Holding Companies

Dividend Income Receivable by the HK Holding Companies

Dividends derived by the HK Holding Companies from the PRC Property Companies should not be subject to Hong Kong profits tax.

Gains on Disposal of the Properties or Shares in the PRC Property Companies

There is no capital gains tax in Hong Kong. Where the gain derived by the HK Holding Companies on any future disposal of real estate properties or shares in the PRC Property Companies are considered capital in nature or foreign sourced, they should not be subject to profits tax in Hong Kong.

Stamp Duty

Hong Kong stamp duty will be payable on any contract note for the sale and purchase of shares of the HK Holding Companies at a rate of 0.2% of the higher of the actual consideration or market value of the shares.

Distribution by the HK Holding Companies

There is no Hong Kong withholding tax applicable on dividends. In this regard, dividend payments made by the HK Holding Companies to the BVI Holding Companies should not be subject to withholding tax in Hong Kong.
PRC TAXATION

Taxation of PRC Property Companies

PRC Income Tax

Under the prevailing PRC Corporate Income Tax (“CIT”) Law which came into effect from 1 January 2008, the statutory CIT rate has been unified at 25.0% for all PRC resident enterprises, including domestic enterprises and foreign invested enterprises. Therefore, the PRC Property Companies will be subject to CIT at 25.0% on their respective taxable profits generated from the leasing of properties, sales of properties and other business operations. In general, subject to certain limitations and specific allowances, all necessary and reasonable expenses (including tax depreciation or amortisation) incurred in carrying out a business with sufficient supporting documents (e.g. invoices and/or contracts) are deductible for the purpose of computing the taxable profits. Tax losses can be carried forward for five consecutive years to offset against the future taxable profits.

In the event of a disposal of any property by the PRC Property Companies, any gains arising from the sales of the property will be included as taxable profits and be subject to CIT at 25.0%.

Value-added Tax (“VAT”)

As set out in the Notice Jointly Issued by the MOF and SAT on the Comprehensive Roll-out of the B2V Transformation Pilot Program (“Circular 36”) (财政部、国家税务总局关于全面推开营业税改征增值税试点的通知), which was promulgated on 23 March 2016, B2V Pilot Program has been rolled out to cover all the remaining industries of the program from 1 May 2016, namely the construction sector, real estate sector, financial services and consumer services, etc. Further to Circular 36, VAT treatment for general VAT taxpayers, small scale taxpayers and individuals to operate the leasing services of immovable properties, which are acquired both before and after 1 May 2016, is clarified as set out in the Public Notice Issued by the SAT Releasing the <Provisional Measures on the Value-added Tax Collection and Administration for Operation of Leasing Services for Immovable Properties> (“Public Notice 16”) (国家税务总局关于发布《纳税人提供不动产经营租赁服务增值税征收管理暂行办法》的公告), which was promulgated on 31 March 2016. Thereafter, the Notice Jointly Issued by the MOF and SAT on Simplifying the Relevant Policies on Value-added Tax Rates (“Circular 37”) (财政部、国家税务总局关于简并增值税税率有关政策的通知), which was promulgated on 28 April 2017, abolished the 13.0% VAT rate from 1 July 2017 and clarified the VAT policies afterwards (e.g. adjusting the scope of taxable sales and import activities that are subject to 11.0% VAT rate such as the sale of water and gas).

Under the VAT regime, leasing of immovable properties is generally subject to the general VAT method at a tax rate of 11.0% on the total sales considerations and additional fees received with input VAT credit claim, while for immovable properties acquired before 1 May 2016, the simplified VAT tax method can be elected at a reduced tax rate of 5.0% without input VAT credit claim. The PRC Property Companies should be subject to VAT at 5.0% on the total rental income derived from the PRC if the simplified VAT method is elected and 11.0% on the total rental income derived from the PRC with input VAT credit claim if the general VAT method is elected. Besides, for the PRC Property Companies, output VAT is generally applied on the gross turnover at applicable VAT rate (17.0% on the total sales income of goods and electricity, 11.0% on the total sales income of water and gas, 6.0% on the provision of property management services and 6.0% on the interest income, if any) while the qualified input VAT is creditable against the output VAT. Deposit interest income is exempt from VAT.
Consumption Tax

Consumption tax is levied on specified categories of luxury and environmentally unfriendly goods. The tax liability is computed based on the sales amount and/or the sales volume, depending on the goods concerned. Under the Provisional Rules of the PRC on Consumption Tax (中华人民共和国消费税暂行条例) promulgated by the State Council on 13 December 1993 and effective from 1 January 1994 and as amended on 10 November 2008, for gold and silver jewelries, platinum jewelries, diamond and diamond jewelries, the consumption tax is charged at 5% of the sales amount. According to Notice Jointly Issued by the MOF and SAT on the Adjustment of Relevant Issues Concerning Consumption Tax Payment of Gold and Silver Jewelry (财政部、国家税务总局关于调整金银首饰消费税纳税环节有关问题的通知) on 24 December 1994 (which now have been partly invalidated), consumption tax is levied on gold and silver jewelries, platinum jewelries, diamond and diamond jewelries in the process of retail.

PRC Property Companies should be liable for consumption tax on gold and silver jewelries, platinum jewelries, diamond and diamond jewelries (if any) in the retail process at the rate of 5%.

Real Estate Tax

Real estate tax is levied on the owner/landlord of real estate properties in the PRC. Subject to the local practice in the locality where the property is located, there are two types of real estate tax calculation methods depending on whether the property is for self-use or held for lease. Real estate tax on self-used property should generally be calculated by applying real estate tax rate of 1.2% per annum on 70.0% to 90.0% of the original cost of the self-used property. According to the prevailing regulations, if the property is leased out, real estate tax should generally be calculated at 12.0% per annum on the rental income. The choice of taxation method used in each locality is subject to local practice or the implementation rules issued by the local tax authorities where the real estate properties are situated.

A general guideline in the Reply Issued by the SAT on Issues Concerning Real Estate Tax in Anhui Province (国家税务总局关于安徽省若干房产税业务问题的批复) on 8 November 1993 makes reference to situations where the real estate properties are used for investment or joint management, and the parties concerned share profits and take risks together, the real estate tax should generally be calculated by applying real estate tax rate of 1.2% per annum on 70.0% to 90.0% of the original cost of the properties. Accordingly, in line with the general guideline, where the real estate properties held by the PRC Property Companies are considered “used for investment or joint management and the parties concerned share profit and take risks together”, the real estate tax would appear to be calculated by applying real estate tax rate of 1.2% per annum on 70.0% to 90.0% of the original cost of the properties, which is subject to agreement by the local tax authorities where the real estate properties are situated.

Land Use Tax

Land use tax should be applied on all enterprises which own land use rights. The annual tax rates of land use tax range from RMB 0.6 to RMB 30 per square metre depending on the location and the type of property. The exact land use tax rate depends on the detailed implementation rules issued by the relevant local governments where the real estate properties are located.

Stamp Duty

According to the relevant stamp duty regulations of the PRC, stamp duty is payable on all dutiable documents executed or used in the PRC. The applicable stamp duty rates would depend on the type of dutiable documents. For building property transfer instruments, including those in respect of property ownership transfer, the stamp duty is charged at 0.05% of the amount stated therein. For commodity transportation contracts, the stamp duty is charged at 0.05% of the amount stated
therein. For processing contracting contracts, the stamp duty is charged at 0.05% of the amount stated therein. For engineering project reconnaissance and design contracts, the stamp duty is charged at 0.05% of the amount stated therein. For permits and certificates relating to rights, including real estate title certificates and state-owned land use rights certificates, the stamp duty is levied on an item-by-item basis at RMB 5 per document. For building leases, the stamp duty rate is 0.1% of the rental. For storage and custody contracts, the stamp duty rate is 0.1% of the amount stated therein. For property insurance contracts, the stamp duty rate is 0.1% of the insured income. For loan contracts, the stamp duty rate is 0.005% of the amount stated therein. For purchase and sale contracts, the stamp duty rate is 0.03% of the amount stated therein. For technology contracts, the stamp duty rate is 0.03% of the amount stated therein. For construction and installation project contracts, the stamp duty rate is 0.03% of the amount stated therein. The stamp duty is payable by both parties to the contracts.

**Deed Tax**

Under the PRC Tentative Regulations on Deed Tax (中华人民共和国契税暂行条例) promulgated by the State Council on 7 July 1997 and effective from 1 October 1997, a deed tax is chargeable to transferees of land use rights and/or building ownership within the PRC. These taxable transfers include grant of state-owned land user rights and sale, gift and exchange of land use rights or building ownership, other than the transfer of contracting management rights of rural collective land. The rate of deed tax is 3.0% to 5.0% subject to determination by local governments at the provincial level in light of the local conditions.

**Land Appreciation Tax**

Under the PRC Tentative Regulations on Land Appreciation Tax (中华人民共和国土地增值税暂行条例) promulgated by the State Council on 13 December 1993 and effective from 1 January 1994 as amended on 8 January 2011 and its implementation rules, all income from the sale or transfer of state-owned land use rights, and buildings and their attached facilities in the PRC, is subject to land appreciation tax at progressive rates ranging from 30.0% to 60.0% of the appreciation value. The appreciation value is the amount of the sale proceeds in excess of the amount of the deductible items. Deductible items generally include costs of land use rights, development and construction costs (for self-developed property), indirect expenses (for self-developed property), taxes and fees incurred for the transfer of the real estate property and other items that may be permitted under the relevant tax laws.

Certain exemptions are available for the sale of ordinary residential houses if the appreciation value does not exceed 20.0% of the total deductible items, but this exemption does not extend to sale of commercial properties.

**Local Surcharges**

Education surcharge at 3.0%, city construction tax at 1.0%, 5.0% or 7.0% (depending on the location of the PRC Property Companies) and local education surcharge at 2.0% should be imposed on the PRC Property Companies based on their indirect tax liability payable (including VAT and Consumption Tax). Subject to local practices which may vary in different provinces or cities in the PRC, additional specific local surcharges may also be imposed at certain percentage of the VAT payable or the VAT taxable income.
Withholding Tax

Pursuant to the PRC CIT Law and its Implementation Rules, non-PRC tax resident enterprises which have no establishment or place of business in the PRC should be subject to PRC WHT at 10.0% on passive income sourced from the PRC such as dividends. The 10.0% WHT may be reduced under the tax treaty in force between the PRC and the country of residence of the non-PRC tax resident enterprise, subject to the terms and conditions of the relevant tax treaty.

Under the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (“Mainland-Hong Kong Arrangement”) and the Agreement between the Government of the Republic of Singapore and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (“PRC-Singapore DTA”), the WHT rate on PRC-sourced dividends payable to a resident of Hong Kong or Singapore, which is the beneficial owner of the dividends and holds directly at least 25% of the capital of the company paying the dividends, is reduced to 5.0% respectively.

In line with the above, it is expected where the HK Holding Companies (excluding Hong Sun Development Group Limited) may rely on either PRC-Singapore DTA as a Singapore tax resident or Mainland-Hong Kong Arrangement as a Hong Kong tax resident and are considered as the “beneficial owner” of the dividends according to Public Notice of the SAT Regarding the “Beneficial Ownership” (BO) Under DTAs (国家税务总局关于税收协定中“受益所有人”有关问题的公告) (“Public Notice 9”), the withholding tax rate for dividends would be 5.0%. Otherwise, a 10.0% withholding rate will apply to any dividends paid by the PRC Property Companies to the HK Holding Companies (excluding Hong Sun Development Group Limited). For dividends paid from Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd to Hong Sun Development Group Limited, considering the equity interest held by Hong Sun Development Group Limited on Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd is less than 25%, the withholding tax rate for dividends would be 10.0%.

Public Notice 9, Circular 601 and Public Notice 30

In order to enjoy tax treaty benefits on PRC-sourced dividends, the non-PRC resident income recipient must be the “beneficial owner” of the PRC-sourced dividends.

In this respect, since 2009, the SAT has released several circulars including the Notice Issued by the SAT Regarding Interpretation and Recognition of “Beneficial Owner” under DTAs (国家税务总局关于如何理解和认定税收协定中“受益所有人”有关问题的通知) (“Circular 601”) to set forth seven unfavourable factors in determining “beneficial owner” status and the Notice Issued by the SAT Regarding Determination of “Beneficial Owner” under DTAs (国家税务总局关于认定税收协定中“受益所有人”的公告) (“Public Notice 30”) to provide a safe harbour rule for qualified non-tax residents to enjoy treaty benefit on dividends. Public Notice 9 was promulgated on 3 February 2018 to comprehensively amend the assessment principles for the determination of “beneficial ownership”. Public Notice 9 will take effect from 1 April 2018 and apply to tax payment obligations or WHT obligations occurring on or after 1 April 2018 which are entitled to tax treaty benefits. Circular 601 and Public Notice 30 shall be abolished from the same date when Public Notice 9 takes effect.

Public Notice 9 repeals Circular 601 and Public Notice 30 in their entirety while retaining certain provisions unchanged, amending the rules on the determination of “beneficial ownership” status, granting certain exceptions with respect to dividends and clarifying the requirement of tax resident certificates for various circumstances for record filing purposes. Public Notice 9 tightens the “beneficial ownership” test as previously stipulated in Circular 601 and Public Notice 30. In particular, Public Notice 9 sets out detailed guidance regarding unfavourable factors on
substantive business activities carried out by the recipient. Whether the recipient’s business activities are “substantive” shall be assessed based on the functions performed and risks undertaken by the recipient and the recipient’s substantive investment and management activities may be construed as substantive business activities. In addition, where a recipient carries out both non-substantive investment and management activities and other business activities, if the other business activities are insignificant, the recipient’s overall business activities cannot be considered as being substantive. It is not clear whether the Chinese tax authorities will consider a REIT as having substantive business activities in the name of the REIT manager.

Having said the above, Public Notice 9 also states that where the recipient of the dividend income meets one of the following conditions with the requisite shareholding percentage being met at all times during the 12 consecutive months before dividends are received, it shall be recognised as the beneficial owner of the dividends:

- The recipient of the dividend income is a foreign resident enterprise which is a resident of and listed in the contracting country, or is 100% directly or indirectly held by an aforesaid listed company in the contracting country and any intermediate shareholders are residents of the PRC or the same contracting country. There is currently no specific guidance in prevailing PRC regulations on the interpretation of the abovementioned “listed company” and whether it could include a REIT;

- The recipient of the dividend income is a foreign resident enterprise which is 100% directly or indirectly held by a foreign resident enterprise who is qualified as beneficial owner under Public Notice 9 in the same contracting country; or

- The recipient of the dividend income is a foreign resident enterprise which is 100% directly or indirectly held by a foreign resident enterprise who is qualified as the beneficial ownership under Public Notice 9 in a third party contracting country, and both the foreign resident enterprise in the third party contracting country and all intermediate shareholders (if any) are residents from tax treaty jurisdictions which can enjoy the same or better treaty benefit with respect to dividend as compared with the recipient of the dividend income.

Circular 601 was previously issued by the SAT to provide guidance on the interpretation of “beneficial owner” for the purposes of enjoying tax treaty benefits on dividends etc. under the tax treaty network of the PRC. According to Circular 601, a “beneficial owner” should have the ownership and right of control over the income, or the rights or the properties which give rise to the income. In addition, the beneficial owner should engage in substantial business operations.

Circular 601 also states that a conduit company would not qualify as a “beneficial owner”. A conduit company refers to a company which is established for tax avoidance, reduction or deferral or for the accumulation of profits purposes. It does not engage in substantial business operations such as trading and manufacturing activities. The PRC tax authorities will adopt a substance-over-form approach in assessing beneficial ownership. Circular 601 lists out seven unfavourable factors that the PRC tax authorities will take into account for the purpose of determining the beneficial ownership.

Public Notice 30 was issued in 2012 to provide further clarification on the implementation of Circular 601. It clarified that the seven unfavourable factors listed in Circular 601 shall be “collectively” considered, which means the tax authority should not deny an application purely because of the existence of a single disadvantageous factor. Public Notice 30 further clarified that the supporting documents for determining a beneficial owner include articles of association, financial statements, cash flow statements, board meetings and board resolutions of the non-PRC resident enterprises.
Public Notice 30 also states that if a non-PRC resident enterprise is a listed company or is 100.0% directly or indirectly owned by a listed company located in the same country/jurisdiction, the PRC tax authorities could accept the applicant as the beneficial owner of the dividend income for the tax treaty purpose.

**PRC Tax Reporting Requirement and Consequences for Certain Indirect Transfers of Equity Interests**

Pursuant to Public Notice of the State Administration of Taxation Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (国家税务总局关于非居民企业间接转让财产企业所得税若干问题的公告) ("Public Notice 7") on 3 February 2015, where a non-PRC resident enterprise transfers the equity interests in a PRC resident enterprise indirectly by way of the sale of equity interests in an overseas holding company that is without a reasonable commercial purpose and resulting in the avoidance of Corporate Income Tax liability, as self-assessed, the non-PRC resident enterprise should report and pay relevant Corporate Income Tax, i.e. gains derived from such indirect transfer will be subject to PRC withholding CIT currently at the rate of 10.0%, with competent PRC tax authority. If the non-PRC resident enterprise cannot come to any position whether the transfer should be re-characterised as a “direct transfer” after its self-assessment, the non-PRC resident enterprise, the equity transferee and the indirectly transferred PRC resident enterprise may report such indirect transfer to the competent tax authority of the PRC resident enterprise. The PRC tax authority will examine the true nature of the indirect transfer, and if the PRC tax authority considers that the non-PRC resident enterprise has adopted an abusive arrangement without reasonable commercial purposes and for the purpose of avoiding PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purposes and re-characterise the indirect transfer. As a result, gains derived from such indirect transfer may be subject to PRC withholding CIT currently at the rate of 10.0%.

**Public Notice 7 and Public Notice 37**

Public Notice 7 was released on 3 February 2015 and took immediate effect. The highlights of Public Notice 7 include, but are not limited to, the following aspects:

- Public Notice 7 has set out a more detailed guideline for the commercial purpose test. It also clarifies that if an arrangement carries with it all of the designated features (such as 75.0% or more of the equity value is directly or indirectly derived from PRC taxable assets, 90.0% or more of the total assets are attributed to the PRC taxable assets at any time during the one year period preceding the indirect transfer of PRC taxable assets), it shall be directly regarded as a transaction without reasonable commercial purposes.

- Public Notice 7 also provides for safe harbour rules to apply in the following situations: (i) the indirect transfer gains were derived by a non-PRC resident enterprise from buying and selling shares of the same overseas listed company in a public securities market ("listed company exception"); or (ii) if the non-PRC resident enterprise seller otherwise directly holds and transfers the PRC taxable assets, the capital gains derived could be exempted from income tax in the PRC according to the applicable tax treaty provision. The “listed company exception” generally applies to a share transaction under which the transaction parties, volume and price are determined completely over the public stock exchange and not pre-determined by the transaction parties outside of the stock exchange.

- Qualifying intra group restructuring conducted by the non-PRC resident enterprise will also be regarded as “having reasonable commercial purposes” if certain criteria are met (e.g. share percentage of the buyer and seller, CIT/WHT burden on the subsequent indirect share transfer will not be reduced).
• The buyer who pays the proceeds (even if it is a non-PRC resident enterprise) shall be the withholding agent for the WHT liability of the transferor on the taxable indirect transfer.

Notice Issued by the State Administration of Taxation on the Matters Regarding Withholding Corporate Income Tax at Source for Non-Tax Resident Enterprises (“Public Notice 37”) (国家税务总局关于非居民企业所得税源泉扣缴有关问题的公告) was promulgated on 17 October 2017 and shall take effect from 1 December 2017 (but applies retroactively to income that has arisen but not been dealt with before the effective date). Public Notice 37 provided guidance on the collection of withholding corporate income tax at source for non-tax resident enterprises including the withholding corporate income tax on the capital gains derived by non-resident enterprises. It covers calculation of the withholding corporate income tax on the capital gains, tax filing and tax payment responsibility for the withholding agent.

In the event of a disposal of the shares in the relevant HK Holding Companies, or the BVI Holding Companies, or the Singapore Holdco which results in a transfer of the equity interests in the PRC Property Companies, the transferor may be required to report such transfers to the PRC tax authority and the gains arising from such indirect transfers may potentially be subject to tax in the PRC, currently at the rate of 10.0%. The gains arising from such disposal should generally be computed by reference to the gross sales proceeds minus the capital injected when originally invested in the PRC Property Companies or the acquisition cost of respective shares if PRC income tax has been paid for earlier share transfer.

Taxation of Unitholders

As noted above, the PRC tax reporting requirements for indirect transfers of equity interests do not apply to indirect sales of shares of PRC resident enterprises on the public securities markets which were purchased from the public securities markets. The relevant notice and announcement issued by the PRC authorities do not specify whether purchases through initial public offering would constitute “purchases from public securities market”. However, pursuant to the safe harbour rules in Public Notice 7, the initial subscription of units by unitholders would appear to be considered “purchases from public securities market”, which is subject to certain conditions (e.g., where the transaction parties, volume and price are determined completely over the public securities markets) and the agreement by the PRC authorities. Unitholders should consult their own tax advisers relating to their particular circumstances.


With the introduction of the GAA provisions under the PRC CIT regime, if an enterprise carries out any business arrangements without reasonable commercial purposes (i.e. the primary purpose is to reduce, avoid or defer PRC tax payment) which result in reduction of its taxable revenue or income, the PRC tax authorities are empowered to make adjustments using reasonable methods.

According to Guoshuifa [2009] No. 2, the PRC tax authorities can initiate a GAA investigation pursuant to the GAA provisions of the PRC CIT Law and its Implementation Rules if the following tax avoidance arrangements are identified:

(a) abusive use of tax incentives;
(b) abusive use of tax treaties;
(c) abusive use of the forms of enterprise organisations;
(d) tax avoidance through tax havens; or
(e) other business arrangements without bona fide commercial purposes.
The SAT released SAT Order [2014] No. 32 promulgating the Administrative Measures for GAA rules ("GAAR" or the "GAAR Measures") in December 2014, which empowers the PRC tax authorities to invoke the principle of "substance-over-form" to apply special tax adjustments on cross-border tax avoidance arrangements carried out by enterprises to gain tax benefits without reasonable commercial purposes. The GAAR Measures took effect from 1 February 2015 and retroactively applies to all open cases.

Anti-tax avoidance measures, including transfer pricing, thin capitalisation, cost sharing and controlled foreign corporations, are formulated to target specific tax avoidance or deferral cases. The SAT emphasised that GAAR should only be invoked if a tax avoidance arrangement is not properly dealt with by any of the above specific anti-tax avoidance measures. Two major features of a tax avoidance arrangement are specified in the GAAR Measures and they are:

- The sole or main purpose of the arrangement is to obtain tax benefit which refers to the reduction, exemption or deferral of income tax payable.
- The tax benefit is obtained using an arrangement, the form of which is permitted in accordance with tax law(s) but is not commensurate with its economic substances.

The GAAR Measures reiterate the general "substance-over-form" principle when making tax adjustments and lay out the following adjustment methods:

- re-characterising all or part of the nature of a transaction;
- disregarding the existence of the counterparty to the transaction or deeming such counterparty and other transaction party(ies) as the same entity for tax characterization purposes;
- re-characterising the nature of relevant income, deductions, tax incentives, foreign tax credits or others, or reallocating the split among the transaction parties (e.g. onshore payment settled offshore without reasonable commercial reason); and
- any other reasonable methods.

If the PRC tax authorities regard an enterprise as having entered into tax avoidance arrangements, it would deny any tax benefits associated with such arrangements. The PRC tax authorities can disregard the existence of an enterprise that does not have any economic substance, especially one established in a tax haven that leads to tax avoidance for its related and unrelated parties.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE UNITS IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.
PLAN OF DISTRIBUTION

The Manager is making an offering of 266,562,500 Units (representing 22.6% of the total number of Units in issue after the Offering and the Redemption) for subscription at the Offering Price under the Placement Tranche and the Public Offer. 252,812,500 Units will be offered under the Placement Tranche and 13,750,000 Units will be offered under the Public Offer. Units may be re-allocated between the Placement Tranche and the Public Offer at the discretion of the Joint Bookrunners and Underwriters (in consultation with the Manager, subject to the minimum unitholding and distribution requirements of the SGX-ST) in the event of an excess of applications in one and a deficit in the other.

The Public Offer is open to members of the public in Singapore. Under the Placement Tranche, the Manager intends to offer 252,812,500 Units by way of an international placement through the Joint Bookrunners and Underwriters to investors, including institutional and other investors in Singapore and elsewhere, in reliance on Regulation S.

Subject to the terms and conditions set forth in the underwriting agreement entered into between the Joint Bookrunners and Underwriters, the Manager, the Sponsor and the Unit Lender on 21 March 2018 (the “Underwriting Agreement”), the Manager is expected to effect for the account of Sasseur REIT the issue of, and the Joint Bookrunners and Underwriters are expected to severally (and not jointly and severally) subscribe, or procure subscribers for, 495,000,000 Units (being the Units to be issued pursuant to the Offering and the Cornerstone Units) at the Offering Price, in the proportions set forth opposite their respective names below.

<table>
<thead>
<tr>
<th>Joint Bookrunners and Underwriters</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>DBS Bank Ltd.</td>
<td>297,335,938</td>
</tr>
<tr>
<td>Bank of China Limited, Singapore Branch</td>
<td>13,328,125</td>
</tr>
<tr>
<td>China International Capital Corporation (Singapore) Pte. Limited</td>
<td>13,328,125</td>
</tr>
<tr>
<td>Citigroup Global Markets Singapore Pte. Ltd.</td>
<td>26,656,250</td>
</tr>
<tr>
<td>Credit Suisse (Singapore) Limited</td>
<td>32,868,750</td>
</tr>
<tr>
<td>Haitong International Securities (Singapore) Pte. Ltd.</td>
<td>89,491,406</td>
</tr>
<tr>
<td>Maybank Kim Eng Securities Pte. Ltd.</td>
<td>21,991,406</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>495,000,000</strong></td>
</tr>
</tbody>
</table>

The Units will be offered at the Offering Price. The Offering Price per Unit in the Placement Tranche and the Public Offer will be identical. As stipulated under the Underwriting Agreement, an underwriting and selling commission will be payable to the Joint Bookrunners and Underwriters for their services in connection with the Offering (the “Underwriting and Selling Commission”) and will be borne by Sasseur REIT.

The Manager, the Sponsor and the Unit Lender have agreed in the Underwriting Agreement to indemnify the Joint Bookrunners and Underwriters against certain liabilities. The indemnity in the Underwriting Agreement contains a contribution clause which provides that where the indemnification to the Joint Bookrunners and Underwriters is unavailable or insufficient, the Manager, the Sponsor or the Unit Lender, as the case may be, shall contribute to the amount paid or payable by such Joint Bookrunner and Underwriter as a result of any losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Manager, the Sponsor or the Unit Lender, as the case may be, on the one hand and the Joint Bookrunners and Underwriters on the other from the offering of the Units. If, however, such allocation provided by the immediately preceding sentence is not permitted by applicable law, then the Manager, the Sponsor or the Unit Lender, as the case may
be, shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Manager, the Sponsor or the Unit Lender, as the case may be, on the one hand and the Joint Bookrunners and Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Manager, the Sponsor or the Unit Lender on the one hand and the Joint Bookrunners and Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Units subscribed for or purchased under the Underwriting Agreement and the Cornerstone Subscription Agreements (before deducting expenses) received by the Manager, the Sponsor or the Unit Lender, as the case may be, bear to the total underwriting discounts and commissions received by the Joint Bookrunners and Underwriters with respect to the Units purchased under the Underwriting Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Manager, the Sponsor or the Unit Lender on the one hand or the Joint Bookrunners and Underwriters on the other and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. No Joint Bookrunner and Underwriter shall be required to contribute any amount in excess of the amount by which the total fees and commissions received by such Joint Bookrunner and Underwriter with respect to the Offering exceeds the amount of any damages which the Joint Bookrunner and Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The Underwriting Agreement also provides for the obligations of the Joint Bookrunners and Underwriters to, severally (but not jointly and severally), subscribe or procure the subscription for the Units in the Offering and the Cornerstone Units subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Joint Bookrunners and Underwriters at any time prior to payment being made for the Units, upon the occurrence of certain events, including, among others, any change in national or international monetary, financial, political or economic conditions, currency exchange rates, foreign exchange controls or other events in the nature of force majeure, any moratorium on trading of securities generally on the SGX-ST, or any material adverse change or development involving a prospective material adverse change in taxation in Singapore, in each case the effect of which is such as would be, in the view of the Joint Bookrunners and Underwriters, likely to prejudice materially the success of the Offering and distribution of the Units or dealings in the Units in the secondary market.

Subscribers of the Units may be required to pay brokerage (and if so required, such brokerage will be up to 1.0% of the Offering Price) and applicable stamp duties, taxes and other similar charges (if any) in accordance with the laws and practices of the country of subscription, in addition to the Offering Price.

The Joint Bookrunners and Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Joint Bookrunners and Underwriters and their respective affiliates may engage in transactions with, and perform services for, the Manager, the Trustee, the Sponsor, Sasseur REIT and substantial Unitholders in the ordinary course of business and have engaged, and may in the future engage, in commercial banking, investment banking transactions and/or other commercial transactions with the Manager, the
Trustee, the Sponsor, Sasseur REIT and certain substantial Unitholders, for which they have received or made payment of, or may in the future receive or make payment of, customary compensation.

Each of the Joint Bookrunners and Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers in the ordinary course of business, and such investment and securities activities may involve securities and/or instruments of Sasseur REIT. The Joint Bookrunners and Underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to their clients that they acquire, long and/or short positions in such securities and instruments.

OVER-ALLOTMENT AND STABILISATION

The Unit Lender has granted the Over-Allotment Option to the Joint Bookrunners and Underwriters for the purchase of up to an aggregate of 32,000,000 Units at the Offering Price. The number of Units subject to the Over-Allotment Option will not be more than 12.0% of the number of Units under the Placement Tranche and the Public Offer. The Stabilising Manager (or any of its affiliates) may exercise the Over-Allotment Option in full or in part, on one or more occasions, only from the Listing Date but no later than the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 32,000,000 Units, representing 12.0% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 32,000,000 Units (representing 12.0% of the total number of Units in the Offering), at the Offering Price. In connection with the Over-Allotment Option, the Stabilising Manager (or its affiliates) and the Unit Lender have entered into a unit lending agreement (the "Unit Lending Agreement") dated 21 March 2018 pursuant to which the Stabilising Manager (or any of its affiliates) may borrow up to an aggregate of 32,000,000 Units from the Unit Lender for the purpose of facilitating settlement of the over-allotment of Units in connection with the Offering. The Stabilising Manager (or any of its affiliates) will re-deliver to the Unit Lender such number of Units which have not been purchased pursuant to the exercise of the Over-Allotment Option.

In connection with the Offering, the Stabilising Manager (or its affiliates or other persons acting on behalf of the Stabilising Manager) may at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations.

None of the Manager, the Sponsor, the Unit Lender, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters or the Stabilising Manager (or any of its affiliates) makes any representation or prediction as to the magnitude of any effect that the transactions described above may have on the price of the Units. In addition, none of the Manager, the Sponsor, the Unit Lender, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters or the Stabilising Manager (or any of its affiliates) makes any representation that the Stabilising Manager (or any of its affiliates) will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement via SGXNET in relation to the total number of Units purchased by the Stabilising Manager (or its affiliates or other persons acting on behalf of the Stabilising Manager), not later than 12 noon on the next trading day of the SGX-ST after the transactions are effected. The Stabilising Manager will also be required to make a public
announcement through the SGX-ST in relation to the cessation of stabilising action and the number of Units in respect of which the Over-Allotment Option has been exercised not later than 8.30 a.m. on the next trading day of the SGX-ST after the cessation of stabilising action.

LOCK-UP ARRANGEMENTS

The Cayman Holdco

Subject to the exceptions described below, the Cayman Holdco has on 21 March 2018 agreed with the Joint Bookrunners and Underwriters that it will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed):

- during the First Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above; and

- during the Second Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) held by it on the Listing Date; (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any or all of its effective interest in 50.0% of the relevant Lock-up Units (including any securities convertible into or exercisable or exchangeable for any or all of its effective interest in 50.0% of the relevant Lock-up Units or which carry rights to subscribe for or purchase any or all of its effective interest in 50.0% of the relevant Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for Lock-up Units or part thereof or which carry rights to subscribe for or purchase Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit the Cayman Holdco from being able to:

- create a charge over the Lock-up Units or otherwise grant of security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the First Lock-up Period and only in respect of not more than its
effective interest in 50.0% of the Lock-up Units for the period after the end of the First Lock-up Period, or (as the case may be) in respect of all of the Lock-up Units after the Second Lock-up Period;

• enter into any unit lending arrangement with the Joint Bookrunners and Underwriters or any sale or transfer of the Lock-up Units by the Unit Lender pursuant to the exercise of the Over-Allotment Option; or

• transfer any Lock-up Units to and between wholly owned subsidiaries of the Cayman Holdco, provided that the Cayman Holdco has procured that such subsidiary has executed and delivered to the Joint Bookrunners and Underwriters an undertaking to the effect that such subsidiary will undertake to comply with the foregoing restrictions, to remain in effect for the remaining period of the First Lock-up Period (as the case may be) and the Second Lock-up Period in relation to its effective interest in 50.0% of the Lock-up Units.

If, for any reason, the Offering is not completed by 30 April 2018, the lock-up arrangements described above will be terminated.

Sponsor

Subject to the exceptions described below, the Sponsor has on 21 March 2018 agreed with the Joint Bookrunners and Underwriters that it will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed):

• during the First Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above; and

• during the Second Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any or all of its effective interest in 50.0% of the relevant Lock-up Units (including any securities convertible into or exercisable or exchangeable for any or all of its effective interest in 50.0% of the relevant Lock-up Units or which carry rights to subscribe for or purchase any or all of its effective interest in 50.0% of the relevant Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for
any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit the Sponsor from being able to:

- create a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the First Lock-up Period and only in respect of not more than its effective interest in 50.0% of the Lock-up Units for the period after the end of the First Lock-up Period, or (as the case may be) in respect of all of the Lock-up Units after the Second Lock-up Period;

- enter into any unit lending arrangement with the Joint Bookrunners and Underwriters or any sale or transfer of the Lock-up Units by the Unit Lender pursuant to the exercise of the Over-Allotment Option; or

- transfer any Lock-up Units to and between wholly owned subsidiaries of the Sponsor, provided that the Sponsor has procured that such subsidiary has executed and delivered to the Joint Bookrunners and Underwriters an undertaking to the effect that such subsidiary will undertake to comply with the foregoing restrictions, to remain in effect for the remaining period of the First Lock-up Period (as the case may be) and the Second Lock-up Period in relation to its effective interest in 50.0% of the Lock-up Units.

If, for any reason, the Offering is not completed by 30 April 2018, the lock-up arrangements described above will be terminated.

**Sasseur (BVI) Holding II Limited**

Subject to the exceptions described below, Sasseur (BVI) Holding II Limited has on 21 March 2018 agreed with the Joint Bookrunners and Underwriters that it will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed):

- during the First Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above; and
during the Second Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any or all of its effective interest in 50.0% of the relevant Lock-up Units or which carry rights to subscribe for or purchase any or all of its effective interest in 50.0% of the relevant Lock-up Units; (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit Sasseur (BVI) Holding II Limited from being able to:

- create a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the First Lock-up Period and only in respect of not more than its effective interest in 50.0% of the Lock-up Units for the period after the end of the First Lock-up Period, or (as the case may be) in respect of all of the Lock-up Units after the Second Lock-up Period; or

- transfer any Lock-up Units to and between wholly owned subsidiaries of Sasseur (BVI) Holding II Limited, provided that Sasseur (BVI) Holding II Limited has procured that such subsidiary has executed and delivered to the Joint Bookrunners and Underwriters an undertaking to the effect that such subsidiary will undertake to comply with the foregoing restrictions, to remain in effect for the remaining period of the First Lock-up Period (as the case may be) and the Second Lock-up Period in relation to its effective interest in 50.0% of the Lock-up Units.

If, for any reason, the Offering is not completed by 30 April 2018, the lock-up arrangements described above will be terminated.

**Shimmer Fair Holdings Limited**

Subject to the exceptions described below, Shimmer Fair Holdings Limited has on 21 March 2018 agreed with the Joint Bookrunners and Underwriters that it will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed):

- during the First Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units); (iii) enter into any transaction
(including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above; and

- during the Second Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any or all of its effective interest in 50.0% of the relevant Lock-up Units (including any securities convertible into or exercisable or exchangeable for any or all of its effective interest in 50.0% of the relevant Lock-up Units or which carry rights to subscribe for or purchase any or all of its effective interest in 50.0% of the relevant Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit Shimmer Fair Holdings Limited from being able to:

- create a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the First Lock-up Period and only in respect of not more than its effective interest in 50.0% of the Lock-up Units for the period after the end of the First Lock-up Period, or (as the case may be) in respect of all of the Lock-up Units after the Second Lock-up Period; or

- transfer any Lock-up Units to and between wholly owned subsidiaries of Shimmer Fair Holdings Limited, provided that Shimmer Fair Holdings Limited has procured that such subsidiary has executed and delivered to the Joint Bookrunners and Underwriters an undertaking to the effect that such subsidiary will undertake to comply with the foregoing restrictions, to remain in effect for the remaining period of the First Lock-up Period (as the case may be) and the Second Lock-up Period in relation to its effective interest in 50.0% of the Lock-up Units.

If, for any reason, the Offering is not completed by 30 April 2018, the lock-up arrangements described above will be terminated.
Xu Rongcan

Subject to the exceptions described below, Mr Xu Rongcan has on 21 March 2018 agreed with the Joint Bookrunners and Underwriters that it will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed):

- during the First Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of his effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above; and

- during the Second Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of his effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any or all of his effective interest in 50.0% of the relevant Lock-up Units (including any securities convertible into or exercisable or exchangeable for any or all of his effective interest in 50.0% of the relevant Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of his effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit Xu Rongcan from being able to:

- create a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the First Lock-up Period and only in respect of not more than his effective interest in 50.0% of the Lock-up Units for the period after the end of the First Lock-up Period, or (as the case may be) in respect of all of the Lock-up Units after the Second Lock-up Period; or
transfer any Lock-up Units to and between wholly owned companies of Xu Rongcan, provided that Xu Rongcan has procured that each such company has executed and delivered to the Joint Bookrunners and Underwriters an undertaking to the effect that such company will undertake to comply with the foregoing restrictions, to remain in effect for the remaining period of the First Lock-up Period (as the case may be) and the Second Lock-up Period in relation to his effective interest in 50.0% of the Lock-up Units.

If, for any reason, the Offering is not completed by 30 April 2018, the lock-up arrangements described above will be terminated.

Great World Shanghai Outlet Pte. Ltd.

Subject to the exceptions described below, Great World Shanghai Outlet Pte. Ltd. has on 21 March 2018 agreed with the Joint Bookrunners and Underwriters that it will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed):

- during the First Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof in any depository receipt facility); (iii) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above; and

- during the Second Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any or all of its effective interest in 50.0% of the relevant Lock-up Units (including any securities convertible into or exercisable or exchangeable for any or all of its effective interest in 50.0% of the relevant Lock-up Units or which carry rights to subscribe for or purchase any or all of its effective interest in 50.0% of the relevant Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

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The restrictions described in the preceding paragraph do not apply to prohibit Great World Shanghai Outlet Pte. Ltd. from being able to:

- create a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the First Lock-up Period and only in respect of not more than its effective interest in 50.0% of the Lock-up Units for the period after the end of the First Lock-up Period, or (as the case may be) in respect of all of the Lock-up Units after the Second Lock-up Period; or

- transfer any Lock-up Units to and between wholly owned subsidiaries of Great World Shanghai Outlet Pte. Ltd., provided that Great World Shanghai Outlet Pte. Ltd. has procured that such subsidiary has executed and delivered to the Joint Bookrunners and Underwriters an undertaking to the effect that such subsidiary will undertake to comply with the foregoing restrictions, to remain in effect for the remaining period of the First Lock-up Period (as the case may be) and the Second Lock-up Period in relation to its effective interest in 50.0% of the Lock-up Units.

If, for any reason, the Offering is not completed by 30 April 2018, the lock-up arrangements described above will be terminated.

L Capital Asia 2 Pte. Ltd.

Subject to the exceptions described below, L Capital Asia 2 Pte. Ltd. has on 21 March 2018 agreed with the Joint Bookrunners and Underwriters that it will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed):

- during the First Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above; and

- during the Second Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any or all of its effective interest in 50.0% of the relevant Lock-up Units (including any securities convertible into or exercisable or exchangeable for any or all of its effective interest in 50.0% of the relevant Lock-up Units or which carry rights to subscribe for or purchase any or all of its effective interest in 50.0%
of the relevant Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit L Capital Asia 2 Pte. Ltd. from being able to:

• create a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the First Lock-up Period and only in respect of not more than its effective interest in 50.0% of the Lock-up Units for the period after the end of the First Lock-up Period, or (as the case may be) in respect of all of the Lock-up Units after the Second Lock-up Period; or

• transfer any Lock-up Units to and between wholly owned subsidiaries of L Capital Asia 2 Pte. Ltd., provided that L Capital Asia 2 Pte. Ltd. has procured that such subsidiary has executed and delivered to the Joint Bookrunners and Underwriters an undertaking to the effect that such subsidiary will undertake to comply with the foregoing restrictions, to remain in effect for the remaining period of the First Lock-up Period (as the case may be) and the Second Lock-up Period in relation to its effective interest in 50.0% of the Lock-up Units.

If, for any reason, the Offering is not completed by 30 April 2018, the lock-up arrangements described above will be terminated.

L Catterton Singapore Pte. Ltd.

Subject to the exceptions described below, L Catterton Singapore Pte. Ltd., as the manager of Great World Shanghai Outlet Pte. Ltd. and L Capital Asia 2 Pte. Ltd. has on 21 March 2018 agreed with the Joint Bookrunners and Underwriters that it will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed):

• during the First Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of L Capital Asia 2 Pte. Ltd. or Great World Shanghai Outlet Pte. Ltd.’s effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of L Capital Asia 2 Pte. Ltd. or Great World Shanghai Outlet Pte. Ltd.’s effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above; and
• during the Second Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of L Capital Asia 2 Pte. Ltd. or Great World Shanghai Outlet Pte. Ltd.’s effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any or all of its effective interest in 50.0% of the relevant Lock-up Units (including any securities convertible into or exercisable or exchangeable for any or all of its effective interest in 50.0% of the relevant Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of L Capital Asia 2 Pte. Ltd. or Great World Shanghai Outlet Pte. Ltd.’s effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit L Catterton Singapore Pte. Ltd. from being able to:

• create a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the First Lock-up Period and only in respect of not more than its effective interest in 50.0% of the Lock-up Units for the period after the end of the First Lock-up Period, or (as the case may be) in respect of all of the Lock-up Units after the Second Lock-up Period; or

• transfer any Lock-up Units to and between wholly owned subsidiaries of L Catterton Singapore Pte. Ltd., provided that L Catterton Singapore Pte. Ltd. has procured that such subsidiary has executed and delivered to the Joint Bookrunners and Underwriters an undertaking to the effect that such subsidiary will undertake to comply with the foregoing restrictions, to remain in effect for the remaining period of the First Lock-up Period (as the case may be) and the Second Lock-up Period in relation to its effective interest in 50.0% of the Lock-up Units.

If, for any reason, the Offering is not completed by 30 April 2018, the lock-up arrangements described above will be terminated.

Sparkling Gateway Pte. Ltd.

Subject to the exceptions described below, Sparkling Gateway Pte. Ltd. has on 21 March 2018 agreed with the Joint Bookrunners and Underwriters that it will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed):

• during the First Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities
convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units; (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above; and

- during the Second Lock-up Period, directly or indirectly, (i) offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any or all of its effective interest in 50.0% of the relevant Lock-up Units (including any securities convertible into or exercisable or exchangeable for any or all of its effective interest in 50.0% of the relevant Lock-up Units or which carry rights to subscribe for or purchase any or all of its effective interest in 50.0% of the relevant Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its effective interest in 50.0% of the relevant Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit Sparkling Gateway Pte. Ltd. from being able to:

- create a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the First Lock-up Period and only in respect of not more than its effective interest in 50.0% of the Lock-up Units for the period after the end of the First Lock-up Period, or (as the case may be) in respect of all of the Lock-up Units after the Second Lock-up Period; or

- transfer any Lock-up Units to and between wholly owned subsidiaries of Sparkling Gateway Pte. Ltd., provided that Sparkling Gateway Pte. Ltd. has procured that such subsidiary has executed and delivered to the Joint Bookrunners and Underwriters an undertaking to the effect that such subsidiary will undertake to comply with the foregoing restrictions, to remain in effect for the remaining period of the First Lock-up Period (as the case may be) and the Second Lock-up Period in relation to its effective interest in 50.0% of the Lock-up Units.

If, for any reason, the Offering is not completed by 30 April 2018, the lock-up arrangements described above will be terminated.
The Manager

Subject to the exceptions described below, the Manager has agreed with the Joint Bookrunners and Underwriters that it will not (and will not cause or permit Sasseur REIT to), for the First Lock-up Period, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed), directly or indirectly:

- allot, offer, pledge, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any Units (or any securities convertible into or exchangeable for the Units or part thereof or which carry rights to subscribe for or purchase any Units or part thereof);

- enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Units or any other securities of Sasseur REIT or any of its subsidiaries or any interest in any of the foregoing (including any securities convertible into or exercisable or exchangeable for any Units or which carry rights to subscribe for or purchase Units or any other securities of Sasseur REIT or any of its subsidiaries);

- enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing;

- deposit any or all of its effective interest in the Units (or any securities convertible into or exchangeable for any Units or part thereof or which carry rights to subscribe for or purchase any such Units or part thereof) in any depository receipt facility;

- enter into a transaction which is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above; or

- publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to the issuance of (i) Units to be offered under the Offering; (ii) the Cornerstone Units; and (iii) Units to the Manager in payment of any fees payable to the Manager under the Trust Deed.

Additionally, the restrictions described in the preceding paragraphs do not prohibit the Manager from selling, contracting to sell, granting security over, encumbering or otherwise disposing of any Units issued to it in satisfaction of any fees payable to the Manager under the Trust Deed and the Units held by the Cayman Holdco which are expected to be fully redeemed in cash by the Manager on the Listing Date.

If, for any reason, the Offering is not completed by 30 April 2018, the lock-up arrangements described above will be terminated.
DBS Bank Ltd.

DBS Bank Ltd. has agreed with the Manager that, subject to the exceptions set out below, it will not without the prior consent of the Manager (such consent not to be unreasonably withheld), during the First Lock-up Period, directly or indirectly:

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise dispose of or transfer, any or all of its effective interest in the DBS Cornerstone Units (including any interests or securities convertible into or exercisable or exchangeable for any DBS Cornerstone Units or which carry rights to subscribe for or purchase any such DBS Cornerstone Units);

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the DBS Cornerstone Units (including any securities convertible into or exercisable or exchangeable for any DBS Cornerstone Units or which carry rights to subscribe for or purchase any such DBS Cornerstone Units);

(c) enter into any transaction (including a derivative transaction) or other arrangement with a similar economic effect to the foregoing sub-paragraph (a) or (b);

(d) deposit any of its effective interest in the DBS Cornerstone Units (including any securities convertible into or exercisable or exchangeable for any DBS Cornerstone Units or which carry rights to subscribe for or purchase any such DBS Cornerstone Units) in any depository receipt facility;

(e) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(f) publicly announce any intention to do any of the above, whether any such transaction described in sub-paragraphs (a) to (e) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within or after the First Lock-up Period).

The restrictions described in the preceding paragraph do not apply to prohibit DBS Bank Ltd. from being able to:

(i) create a charge over the DBS Cornerstone Units or otherwise grant of security over or creation of any encumbrance over the DBS Cornerstone Units, provided that such charge, security or encumbrance cannot be enforced over any DBS Cornerstone Units during the First Lock-up Period. The charge, security or encumbrance will only be created if the chargee (such as a bank or financial institution) agrees that the charge, security or encumbrance over the DBS Cornerstone Units cannot be enforced over 100.0% of the DBS Cornerstone Units during the First Lock-up Period; and

(ii) transfer the DBS Cornerstone Units to and between wholly-owned subsidiaries of DBS Bank Ltd., provided that DBS Bank Ltd. has procured that such subsidiaries have executed and delivered to the Manager an undertaking to the effect that such subsidiaries will comply with such restrictions for the unexpired period of the First Lock-up Period.

The lock-up arrangements described above will be terminated in the event that the subscription agreement in respect of DBS Bank Ltd.'s investment as a Cornerstone Investor is terminated.
SGX-ST LISTING

Sasseur REIT has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, Sasseur REIT, the Manager, the Trustee or the Units. It is expected that the Units will commence trading on the SGX-ST on a “ready” basis on or about 28 March 2018.

Prior to this Offering, there has been no trading market for the Units. There can be no assurance that an active trading market will develop for the Units, or that the Units will trade in the public market subsequent to this Offering at or above the Offering Price.

(See “Risk Factors – Risks Relating to an Investment in the Units – The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units.” for further details.)

ISSUE EXPENSES AND OTHER TRANSACTION COSTS

The estimated amount of expenses payable in relation to the Offering and the issuance of the Cornerstone Units include the Underwriting and Selling Commission, professional and other fees and all other incidental expenses in relation to the Offering and the issuance of the Cornerstone Units, and will be approximately S$54.3 million, which will be borne by Sasseur REIT.

A breakdown of these estimated expenses is as follows (1):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (S$ million)</th>
<th>As a percentage of the Total Proceeds</th>
<th>As a dollar amount for each S$ of the Total Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting and Selling Commission(2)</td>
<td>13.8</td>
<td>1.5%</td>
<td>0.015</td>
</tr>
<tr>
<td>Professional and other fees(3)</td>
<td>39.2</td>
<td>4.3%</td>
<td>0.043</td>
</tr>
<tr>
<td>Miscellaneous Offering expenses(4)</td>
<td>1.3</td>
<td>0.1%</td>
<td>0.001</td>
</tr>
<tr>
<td><strong>Total estimated expenses of the Offering(5)</strong></td>
<td><strong>54.3</strong></td>
<td><strong>5.9%</strong></td>
<td><strong>0.059</strong></td>
</tr>
</tbody>
</table>

Notes:
(1) Amounts include GST or VAT, where applicable.
(2) Such commission (including incentive fee) represents a maximum of 3.25% of the total proceeds of the Offering (based on the Offering Price) and the proceeds raised from the issuance of the Cornerstone Units, assuming the Over-Allotment Option is not exercised. The amount of total commission payable by the Manager will be pegged to the Offering Price.
(3) Includes debt upfront fees, financial advisory fees, solicitors’ fees and fees for the Reporting Accountant, the Independent Tax Adviser, the Independent Valuers, the Independent Market Research Consultant and other professionals’ fees (including consultancy fees payable to the IPO consultant).
(4) Includes cost of prospectus production, road show expenses and certain other expenses incurred or to be incurred in connection with the Offering and the issuance of the Cornerstone Units.
(5) The total expenses in relation to the Offering will be ultimately borne by the investors subscribing for the Units pursuant to the Offering.
DISTRIBUTION AND SELLING RESTRICTIONS

None of the Manager, the Sponsor, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have taken any action, or will take any action, in any jurisdiction other than Singapore that would permit a public offering of Units, or the possession, circulation or distribution of this Prospectus or any other material relating to the Offering in any jurisdiction other than Singapore where action for that purpose is required.

Accordingly, each purchaser of the Units may not offer or sell, directly or indirectly, any Units and may not distribute or publish this Prospectus or any other offering material or advertisements in connection with the Units in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

Each purchaser of the Units is deemed to have represented and agreed that it will comply with the selling restrictions set out below for each of the following jurisdictions:

Selling restrictions

Hong Kong

The contents of this Prospectus are not, and have not been registered as, a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “CWUMPO”), and this Prospectus is not required to be authorised, and has not been authorised under Section 103 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong, and no action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any document issued in connection with it. You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

Sasseur REIT has not been authorised by the Securities and Futures Commission in Hong Kong. This Prospectus has not been approved by the Securities and Futures Commission in Hong Kong, and accordingly, (i) the Units have not been and will not be offered or sold in Hong Kong by means of this Prospectus or any other document other than (a) to “professional investors” as defined in the SFO and any rules made thereunder or (b) in other circumstances that do not result in the document being a “prospectus” as defined in the CWUMPO or that do not constitute an offer to the public within the meaning of the CWUMPO and (ii) no advertisement, invitation or document relating to the Units has been or will be issued in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to the Units that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under the SFO.

The PRC

The Units may not be offered or sold, and will not be offered or sold to any person in the PRC as part of the initial distribution of the Units, except pursuant to applicable laws and regulations of the PRC. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.
The Manager makes no representation that this Prospectus may be lawfully distributed, or that any Units may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Manager which would permit a public offering of any Units or distribution of this Prospectus in the PRC. Accordingly, the Units are not being offered or sold within the PRC by means of this Prospectus or any other document. Neither this Prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

**Thailand**

The offer or sale, whether directly or indirectly, of any Units in the Kingdom of Thailand, any invitation to subscribe for the Units in the Kingdom of Thailand, and the circulation or distribution of the prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Units, whether directly or indirectly, to any persons in the Kingdom of Thailand, are not permitted except in compliance with the approval and filing requirements of the Securities and Exchange Act B.E. 2535 (1992), as amended and any other applicable rules and regulations issued thereunder.

**United States**

The Units have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Units are being offered and sold outside of the United States in reliance on Regulation S.

**Transfer Restrictions**

Each purchaser of the Units offered hereby in reliance on Regulation S will be deemed to have acknowledged, represented, warranted and agreed that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

(i) it and the person, if any, for whose account it is acquiring the Units (or such subsequent purchaser, as the case may be) is aware and understands that the Units have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;

(ii) it and the person, if any, for whose account it is acquiring the Units (or such subsequent purchaser, as the case may be) (a) is located outside the United States (within the meaning of Regulation S); (b) is not acquiring the Units for the account or benefit of a person in the United States; and (c) is purchasing the Units in an offshore transaction meeting the requirements of Regulation S;

(iii) it and the person, if any, for whose account it is acquiring the Units (or such subsequent purchaser, as the case may be) will not offer, sell, pledge or otherwise transfer any Units except (a) outside the United States in accordance with Regulation S; (b) pursuant to another available exemption from the registration requirements of the Securities Act; or (c) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable laws of any state of the United States and any other jurisdiction;

(iv) if it is acquiring any of the Units as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and has full power to make the foregoing acknowledgments, representations, warranties and agreements on behalf of each such account;
(v) if any of the representations or warranties of the purchaser deemed to have been made by virtue of the purchase of the Units by it or any person for whose account it is acquiring Units is no longer accurate, it should promptly notify Sasseur REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters;

(vi) any offer, sale, pledge or other transfer made other than in compliance with the above-stated restrictions will not be recognised in respect of the Units; and

(vii) Sasseur REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters and others will rely upon the truth and accuracy of such purchaser’s acknowledgments, representations, warranties and agreements set forth above.

General

Each applicant for Units in the Offering will be deemed to have represented and agreed that it is relying on this Prospectus and not on any other information or representation not contained in this Prospectus and none of Sasseur REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters or any other person responsible for this Prospectus or any part of it will have any liability for any such other information or representation.
CLEARANCE AND SETTLEMENT

INTRODUCTION

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation on the Mainboard of the SGX-ST of (i) the Sponsor Initial Unit; (ii) the Consideration Units; (iii) all Units comprised in the Offering; (iv) the Cornerstone Units; and (v) the Units which will be issued to the Manager from time to time in full or part payment of the Manager’s fees. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 100 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account-holders and facilitates the clearance and settlement of securities transactions between account-holders through electronic book-entry changes in the Securities Accounts maintained by such account holders with CDP.

CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller’s Securities Account being debited with the number of Units sold and the buyer’s Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S$10.00 transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

CLEARING FEE

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.0325% of the transaction value. The clearing fee, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.
EXPERTS

Ernst & Young LLP, the Reporting Accountant, was responsible for preparing the Reporting Accountant’s Report on the Profit Forecast and Profit Projection and the Reporting Accountant’s Report on the Unaudited Pro Forma Financial Information of Sasseur REIT for the purpose of incorporation as Appendix A and Appendix B of this Prospectus respectively.

PricewaterhouseCoopers Singapore Pte. Ltd., the Independent Tax Adviser, was responsible for preparing the Independent Taxation Report for the purpose of incorporation in Appendix D of this Prospectus.

Savills Real Estate Valuation (Beijing) Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the Independent Valuers, were responsible for preparing the Independent Property Valuation Summary Reports for the purpose of incorporation in Appendix E of this Prospectus.

China Insights Consultancy, the Independent Market Research Consultant, was responsible for preparing the Independent Market Research Report for the purpose of incorporation in Appendix F of this Prospectus.

KPMG Corporate Finance Pte Ltd, the Independent Financial Adviser, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of (a) its opinion as set out in “Business and Properties – Overview – Entrusted Management Agreements in relation to the Initial Portfolio” of this Prospectus and all references thereto; and (b) the “Opinion of the Independent Financial Adviser” as set out in Appendix I of this Prospectus in the form and context in which it is included and references to its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

The Reporting Accountant, the Independent Tax Adviser, the Independent Valuers and the Independent Market Research Consultant have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and their respective write-ups and reports and all references thereto in the form and context in which they respectively appear in this Prospectus, and to act in such capacity in relation to this Prospectus.

None of WongPartnership LLP, Allen & Gledhill LLP, Shook Lin & Bok LLP and Slaughter and May, makes, or purports to make, any statement in this Prospectus and none of them is aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.

Save for the statements attributed to Jingtian & Gongcheng in the sections “Overview of the Acquisition of the Initial Portfolio”, “Risk Factors” and “Business and Properties”, Jingtian & Gongcheng does not make, or purport to make, any statement in this Prospectus and it is not aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.

King & Wood Mallesons does not make, or purport to make, any statement in this Prospectus and it is not aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.
REPORTING ACCOUNTANT

Ernst & Young LLP, the Reporting Accountant, has given and has not withdrawn its consent to the issue of this Prospectus for the inclusion herein of:

• its name;
• the Reporting Accountant's Report on the Unaudited Pro Forma Financial Information; and
• the Reporting Accountant's Report on the Profit Forecast and Profit Projection,

in the form and context in which they appear in this Prospectus, and references to its name and such reports in the form and context which they appear in this Prospectus and to act in such capacity in relation to this Prospectus.
GENERAL INFORMATION

RESPONSIBILITY STATEMENT BY THE DIRECTORS

(1) The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, Sasseur REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Prospectus misleading, and the Directors are satisfied that the Profit Forecast and Profit Projection contained in “Profit Forecast and Profit Projection” have been stated after due and careful enquiry. Where information in the Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

MATERIAL BACKGROUND INFORMATION

(2) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Manager the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position of the Manager.

(3) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against Sasseur REIT the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position (on a pro forma basis) of Sasseur REIT.

(4) The name, age and address of each of the Directors are set out in “The Manager and Corporate Governance – Corporate Governance of the Manager – Board of Directors of the Manager”. A list of the present and past directorships of each Director and Executive Officer of the Manager over the last five years preceding the Latest Practicable Date is set out in “Appendix H – List of Present and Past Principal Directorships of Directors and Executive Officers”.

(5) Mr Xu Rongcan, the Chairman and Non-Executive Director of the Manager, is the spouse of Ms Yang Xue, a Non-Executive Director of the Manager. Save as disclosed, there are no other family relationships among the Directors and Executive Officers of the Manager.

(6) Save as disclosed below, none of the Directors or Executive Officers of the Manager is or was involved in any of the following events:

(i) at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

(ii) at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
(iii) any unsatisfied judgment against him;

(iv) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

(v) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

(vi) at any time during the last 10 years, judgment been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(vii) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(viii) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(ix) any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(x) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

(a) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(b) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(c) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(d) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(xi) the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

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In 2006, in Mr Boselli’s capacity as the President of the Camera Nazionale della Moda Italiana (National Chamber of Italian Fashion), he provided his opinion as an expert witness in a civil case. It was subsequently alleged by one of the parties to the civil case that the statements Mr Boselli provided as an expert witness were defamatory, and such party brought a criminal proceeding against him in 2007. However, the criminal proceeding was subsequently remitted by such party on 4 November 2010. Mr Boselli was not subject to any penalty or reprimand and this incident did not result in him being disqualified from acting as a director of a company.

When Mr Boselli was the legal representative of Centrobanca Banca di Credito Finanziario and Mobiliare (“Centrobanca”), a bank in Italy, there was a civil proceeding filed by the Italian prosecutors against him in 2006 for alleged misrepresentation of the tax returns of Centrobanca. However, Mr Boselli was acquitted by the relevant authorities on 8 June 2011 with no liability on the basis of insufficient grounds. He was therefore not subject to any penalty or reprimand and this incident did not result in him being disqualified from acting as a director of a company. For the avoidance of doubt, no action had been taken against Centrobanca by the Italian prosecutors.

There was an investigation into the collapse of several companies in the Burani Group in 2010, and Mr Boselli was requested to participate in the investigation in his capacity as President of Centrobanca. Centrobanca had granted part of the funding to the Burani Group for a takeover bid, and had been subject to investigations on its credit merit assessment process as well as alleged lack of controls in approving the loan granted to the Burani Group. However, after due investigation, no action had been taken against Mr Boselli. He was therefore not subject to any penalty or reprimand and this incident did not result in him being disqualified from acting as a director of a company. The prosecutor on the case had asked the judge to close the case and have it archived, hence the case is pending to be archived.

When Mr Boselli was the Chairman of the board of directors of Centrobanca, there was an administrative penalty of 24,000 euros imposed by the Bank of Italy in June 2011 on each member of the board for deficiencies in internal controls of the bank. The allegations were mainly on deficiencies in organisation and internal controls by the members and former members of the Board. In Mr Boselli’s defence, as chairman of the board of directors, he did not possess any executive powers, and therefore he could not have acted in the matters alleged. However, Mr Boselli decided not to contest the penalty to avoid any further media attention on the matter, and therefore paid the administrative penalty. This incident did not result in him being disqualified from acting as a director of a company.
Ms Yang Xue

Ms Yang Xue was formerly a director of a PRC-incorporated company (the “Affected Company”) whereby certain employees of the Affected Company had been investigated by the local customs authorities in relation to its review of the excise duties applicable to goods imported by the Affected Company. As at the Latest Practicable Date, no charges had been made against anyone in the Affected Company and no further action had been taken by the local customs authorities following the investigation.

Ms Yang, herself, was a non-executive director of the Affected Company and was not involved in the day to day management and operations of the Affected Company during her directorship. Prior to the investigations, Ms Yang had stepped down and was no longer a director of the Affected Company. She had also not been contacted by the relevant authorities to assist in any investigations on the matter.

Mr Anthony Ang Meng Huat

Mr Anthony Ang Meng Huat was an independent director and chairman of the audit committee of E3 Holdings Limited (“E3”) before it was delisted from the SGX-ST on 31 May 2011. In 2008, the then audit committee of E3 (spearheaded by Mr Ang who was chairman of the audit committee) commissioned a special audit due to suspected fraud for investments in the PRC. Following the findings, the SGX-ST conducted a review of the matters and issued a reprimand against E3 and six of its then directors for breaches of the SGX-ST listing rules and failures of corporate governance. For the avoidance of doubt, Mr Ang was not the subject of the reprimand issued by the SGX-ST and following the delisting of E3, Mr Ang was subsequently appointed to the board of two more listed companies on the SGX-ST as independent director in 2015 and 2016.

MATERIAL CONTRACTS

The dates of, parties to, and general nature of every material contract which the Trustee has entered into within the two years preceding the date of this Prospectus (not being contracts entered into in the ordinary course of the business of Sasseur REIT) are as follows:

(i) the Trust Deed;
(ii) the Sponsor ROFR;
(iii) the BVI Holding Companies Sale and Purchase Agreements;
(iv) the Grant Agreements;
(v) the Purchase Option Agreements;
(vi) the Master Entrusted Management Agreement;
(vii) the Individual Entrusted Management Agreements;
(viii) the Licence Agreements;
(ix) the Deed of Indemnity in relation to Bishan Outlets; and
(x) the Deed of Indemnity in relation to the Non-Registration of Tenancy Agreements.
DOCUMENTS FOR INSPECTION

(8) Copies of the following documents are available for inspection at the place of business of the Manager at 9 Temasek Boulevard, Suntec Tower Two, #09-02A, Singapore 038989\(^1\), for a period of six months from the date of this Prospectus (prior appointment would be appreciated):

(i) the material contracts referred to in paragraph 7 above, save for the Trust Deed (which will be available for inspection for so long as Sasseur REIT is in existence);
(ii) the Reporting Accountant’s Report on the Profit Forecast and Profit Projection as set out in Appendix A of this Prospectus;
(iii) the Reporting Accountant’s Report on the Unaudited Pro Forma Financial Information as set out in Appendix B of this Prospectus;
(iv) the Unaudited Pro Forma Financial Information as set out in Appendix C of this Prospectus;
(v) the Independent Taxation Report as set out in Appendix D of this Prospectus;
(vi) the Independent Property Valuation Summary Reports as set out in Appendix E of this Prospectus as well as the full valuation reports for each of the Properties;
(vii) the Independent Market Research Report set out in Appendix F of this Prospectus;
(viii) the written consents of the Reporting Accountant, the Independent Tax Adviser, the Independent Valuers, Independent Financial Adviser and the Independent Market Research Consultant (see “Experts” for further details);
(ix) the Cornerstone Subscription Agreements entered into between the Manager and the Cornerstone Investors to subscribe for the Cornerstone Units;
(x) the opinion of the Independent Financial Adviser as set out in Appendix I of this Prospectus; and
(xi) the Depository Services Terms and Conditions.


(9) DBS Bank Ltd. has given and not withdrawn its written consent to being named in this Prospectus as the Sole Financial Adviser and Issue Manager for the Offering.

(10) DBS Bank Ltd. and Bank of China Limited, Singapore Branch has each given and has not withdrawn its written consent to being named in this Prospectus as the Joint Global Coordinators.


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\(^1\) The Manager expects to relocate its place of business to 7 Temasek Boulevard, Suntec Tower One, #06-05, Singapore 038987 on or around 1 May 2018, and shall make an announcement of such relocation at the appropriate time.
APPROVALS AND WAIVERS FROM THE SGX-ST

(12) The Manager has obtained from the SGX-ST the following confirmations:

(i) confirmation that the SGX-ST has no further comments on Sasseur REIT’s compliance with Rule 222(1) of the Listing Manual, subject to disclosure in the Prospectus of (a) the remaining lease of Chongqing Outlets as a risk factor and the potential implication of the shorter remaining lease on Sasseur REIT and the Unitholders; and (b) the reason(s) for the lease balance to be less than 30 years;

(ii) confirmation that the SGX-ST will not consider L Catterton Asia Advisors and associates (including Great World Shanghai Outlet Pte. Ltd.) to be “controlling unitholders” of Sasseur REIT as defined in the Listing Manual and accordingly, the SGX-ST has no further comments as to why L Catterton Asia Advisors and its associates are not regarded as “promoters” as defined in Rule 226 of the Listing Manual;

(iii) confirmation that as provided in Rule 404(8)(b)(i) of the Listing Manual, Sasseur REIT is not required to comply with Rule 748(1) of the Listing Manual, subject to Sasseur REIT’s compliance with Rule 404(8)(b)(i) of the Listing Manual; and

(iv) confirmation that as provided in Rule 404(8)(b)(ii) of the Listing Manual, Sasseur REIT is not required to comply with Rule 748(3) of the Listing Manual, subject to Sasseur REIT’s compliance with Rule 404(8)(b)(ii) of the Listing Manual, which requires Sasseur REIT to comply with the disclosure requirements under the Property Funds Appendix and the CIS Code.

(13) The Manager has obtained from the SGX-ST waivers from compliance with the following listing rules under the Listing Manual:

(i) Rule 404(3)(a) which requires Sasseur REIT to limit its investments in companies which are related to the investment fund’s substantial shareholders, investment managers or management companies, to a maximum of 10% of gross assets; and Rule 403(3)(c) which requires Sasseur REIT to restrict investments in unlisted securities to 30% of gross assets, subject to compliance with (a) the requirements under Chapter 9 of the Listing Manual; and (b) the CIS Code;

(ii) Rule 404(5) which requires the management company (if there is no management company, the sponsor or trustee) to be reputable and have an established track record in managing investments, subject to the key executives of the Manager having the relevant experience as required under Rule 404(6) of the Listing Manual;

(iii) Rule 407(4) which requires the submission of the financial track record of the investment manager, the investment adviser and persons employed by them in the listing application, subject to the key executives of the Manager having the relevant experience as required under Rule 404(6) of the Listing Manual;

(iv) Rule 409(3) which requires the submission of the annual accounts for the last three financial years together with the new listing application, subject to the disclosure in the Prospectus of:

(a) the unaudited pro forma statements of total return for Chongqing Outlets for FY2014, FY2015 and FY2016, and Bishan Outlets for FY2015 and FY2016;
(b) the unaudited pro forma financial information of Sasseur REIT comprising the statements of total return and statements of cash flows for FY2016, and the statements of financial position as at 31 December 2016 and 30 September 2017;

(c) a profit forecast for the period from 1 March 2018 to 31 December 2018 and profit projection for FY2019; and

(d) reason(s) for not providing the pro forma financial information of Sasseur REIT for FY2014 and FY2015;

(v) Rule 609(b), which requires the disclosure in this Prospectus of the pro forma income statement or statement of comprehensive income of Sasseur REIT for the latest three financial years and for the most recent interim period as if Sasseur REIT had been in existence at the beginning of the period reported on, subject to disclosure in this Prospectus of:

(a) the unaudited pro forma statements of total return for Chongqing Outlets for FY2014, FY2015 and FY2016, and Bishan Outlets for FY2015 and FY2016;

(b) the unaudited pro forma financial information of Sasseur REIT comprising the statements of total return and statements of cash flows for FY2016, and the statements of financial position as at 31 December 2016 and 30 September 2017;

(c) a profit forecast for the period from 1 March 2018 to 31 December 2018 and profit projection for FY2019; and

(d) reason(s) for not providing the pro forma financial information of Sasseur REIT for FY2014 and FY2015;

(vi) Rule 705(1) which requires Sasseur REIT to announce the financial statements for the full financial year immediately after the figures are available, but in any event not later than 60 days after the relevant reporting period. The period included in Sasseur REIT’s first quarter results shall commence from the Listing Date to 31 March 2018; and

(vii) Rules 701(1) and 707(2) which require the holding of annual general meetings and the issuance of annual reports, subject to (i) Sasseur REIT obtaining MAS’ confirmation on the application for Sasseur REIT’s first annual general meeting to be held by 30 April 2019, and (ii) Sasseur REIT holding its first annual general meeting by 30 April 2019 and the first annual report to be issued for the financial period from Listing Date to 31 December 2018.
APPROVALS AND WAIVERS FROM THE MAS

(14) The Manager has obtained from the MAS an exemption in relation to paragraph 51 of the Third Schedule to the Securities and Futures (Offers of Investment) (Collective Investment Schemes) Regulations 2005 (the “CIS Regulations”), to the extent that paragraph 51 of the Third Schedule of the CIS Regulations prohibits the disclosure of pro forma financial information relating to Sasseur REIT, subject to the following conditions:

(i) the pro forma financial information relating to Sasseur REIT is prepared in compliance with the requirements of paragraphs 23 to 34 in Part IX of the Fifth Schedule to the CIS Regulations, as may be applicable; and

(ii) the Manager and its Directors shall ensure that the exemption and the condition imposed by the MAS as set out in sub-paragraph (i) of this paragraph are disclosed in the Prospectus.

MISCELLANEOUS

(15) The financial year-end of Sasseur REIT is 31 December. The annual audited financial statements of Sasseur REIT will be prepared and sent to Unitholders within four months of the financial year-end and at least 14 days before the annual general meeting of the Unitholders.

(16) A full valuation of each of the real estate assets held by Sasseur REIT will be carried out at least once a year in accordance with the Property Funds Appendix. Generally, where the Manager proposes to issue new Units (except in the case where new Units are being issued in payment of the Manager’s management fees) or to redeem existing Units, a valuation of the real properties held by Sasseur REIT must be carried out in accordance with the Property Funds Appendix. The Manager or the Trustee may at any other time arrange for the valuation of any of the real properties held by Sasseur REIT if it is of the opinion that it is in the best interest of Unitholders to do so.

(17) While Sasseur REIT is listed on the SGX-ST, investors may check the SGX-ST website at http://www.sgx.com for the prices at which Units are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers such as The Straits Times, The Business Times and Lianhe Zaobao, for the price range within which Units were traded on the SGX-ST on the preceding day.

(18) The Manager does not intend to receive soft dollars (as defined in the CIS Code) in respect of Sasseur REIT. Save as disclosed in this Prospectus, unless otherwise permitted under the Listing Manual, neither the Manager nor any of its Associates will be entitled to receive any part of any brokerage charged to Sasseur REIT, or any part of any fees, allowances or benefits received on purchases charged to Sasseur REIT.

CO-MANAGER

(19) Agricultural Bank of China Ltd, Singapore Branch is a co-manager to the Offering.
## GLOSSARY

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>Per centum or percentage</td>
</tr>
<tr>
<td>Adjustments</td>
<td>Adjustments as deemed appropriate by the Manager which are charged or credited to the consolidated statement of total return of Sasseur REIT for the relevant financial year or the relevant distribution period (as the case may be), including (i) unrealised income, including property revaluation gains, and reversals of impairment provisions, (ii) deferred tax charges/credits in respect of building capital allowance, fair value changes recognised on investment properties, accelerated tax depreciation and other items as deemed appropriate by the Manager, (iii) negative goodwill, (iv) differences between cash and accounting finance costs, (v) realised gains on the disposal of properties and disposal/settlement of financial instruments, (vi) the portion of the Management Fee, Acquisition Fee, Divestment Fee and Development Management Fee (where applicable) that is paid or payable, directly or indirectly, in the form of Units, (vii) costs of any public or other offering of Units or convertible instruments that are expensed but are funded by proceeds from the issuance of such Units or convertible instruments, (viii) depreciation and amortisation in respect of the properties and their ancillary machines, equipment and other fixed assets, (ix) allocation to statutory common reserve as required by applicable laws, and (x) other non-cash gains and losses (as deemed appropriate by the Manager)</td>
</tr>
<tr>
<td>Aggregate Leverage</td>
<td>The total borrowings and deferred payments (if any) as a percentage of the Deposited Property of Sasseur REIT</td>
</tr>
<tr>
<td>Application Forms</td>
<td>The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus</td>
</tr>
<tr>
<td>Application List</td>
<td>The list of applicants subscribing for Units which are the subject of the Public Offer</td>
</tr>
<tr>
<td>Associate</td>
<td>Has the meaning ascribed to it in the Listing Manual</td>
</tr>
<tr>
<td>Associated Companies</td>
<td>Chongqing West Outlets Brand Discount Commercial Co., Ltd. and Shanghai Pacific Rehouse Service Chongqing Co., Ltd.</td>
</tr>
<tr>
<td>Associated Companies Joint Venture Agreement</td>
<td>The joint venture agreement entered into between the Sponsor and Shanghai Pacific on 11 May 2007</td>
</tr>
<tr>
<td>ATM</td>
<td>Automated teller machine</td>
</tr>
<tr>
<td>Audit and Risk Committee</td>
<td>The audit and risk committee of the Board</td>
</tr>
</tbody>
</table>
Authorised Investments: Subject to the Code on Collective Investment Schemes issued by the MAS, refers to:

(i) real estate;

(ii) any improvement or extension of or addition to, or reconstruction, refurbishment, retrofitting, renovation or other development of any Real Estate or any building thereon;

(iii) listed or unlisted debt securities and listed shares of or issued by property companies or corporations, mortgage-backed securities, listed or unlisted units in business trusts, collective investment schemes, unit trusts or interests in other property funds and assets incidental to the ownership of Real Estate, including, without limitation, furniture, carpets, furnishings, machinery and plant and equipment installed or used or to be installed or used in or in association with any Real Estate or any building thereon, wherever the issuers, assets or securities are incorporated, located, issued or traded;

(iv) listed or unlisted debt securities and listed shares or stock and (if permitted by the MAS) unlisted shares or stock of or issued by local or foreign non-property companies or corporations;

(v) government securities (issued on behalf of the Singapore government or governments of other countries) and securities issued by a supra-national agency or a Singapore statutory board;

(vi) cash and any amount standing to the credit of any bank account of Sasseur REIT but does not include amounts represented by money market instruments and includes without limitation, deposits, short-term investment accounts and money market instruments and instruments and other investments of such high liquidity and safety that they are as good as cash;

(vii) financial derivatives only for the purposes of (a) hedging existing positions in Sasseur REIT’s portfolio where there is a strong correlation to the underlying investments or (b) efficient portfolio management by Sasseur REIT, provided such derivatives are not used to gear the overall portfolio of Sasseur REIT or intended to be borrowings or any form of financial indebtedness of Sasseur REIT; and
(viii) any other investment not covered by paragraphs (i) to (vii) of this definition but specified as a permissible investment in the Property Funds Appendix or otherwise permitted by the MAS and selected by the Manager for investment by Sasseur REIT and approved by the Trustee in writing

**Authority or MAS** : Monetary Authority of Singapore

**Baht** : Baht, the lawful currency of the Kingdom of Thailand

**Base Fee** : The base fee of 10.0% per annum of the Distributable Income

**Bishan BVI Company SPA** : The sale and purchase agreement in respect of the Bishan BVI Company entered into between the Cayman Holdco, the Sponsor and the Trustee on 16 November 2017

**Bishan Entrusted Management Agreement** : The Individual Entrusted Management Agreement entered into between the Bishan PRC Property Company with the Entrusted Manager and the Manager on 1 March 2018

**Bishan Indemnified Parties** : The Bishan PRC Property Company and its subsidiaries and holding companies (each a "Bishan Indemnified Party")

**Bishan PRC Property Company** : Sasseur (Chongqing) Business Co., Ltd, which holds Bishan Outlets

**Board** : The board of directors of the Manager

**Building Ownership Certificate** : A house ownership certificate (房屋所有权证) or real estate title certificate (房地产权证) issued by the local building ownership administration bureau or the local real estate administration bureau, respectively, of the PRC

**Business Day** : Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading

**BVI Holding Companies** : The subsidiaries of Sasseur REIT that are incorporated in the British Virgin Islands which hold the HK Holding Companies, being: (i) Sasseur Bishan (BVI) Limited; (ii) Sasseur Hefei Limited; and (iii) Sasseur Jinan Limited

**BVI Holding Companies Sale and Purchase Agreements** : The Bishan BVI Company SPA, Hefei BVI Company SPA and Kunming BVI Company SPA

**Cayman Holdco or Unit Lender** : Sasseur Cayman Holding II Ltd., a wholly-owned subsidiary of the Sponsor incorporated in the Cayman Islands

**CDP** : The Central Depository (Pte) Limited
Chongqing Ancheng: Chongqing Ancheng Property Management Co., Ltd. (重庆安诚物业管理有限公司), the property manager of Chongqing Outlets and Bishan Outlets

Chongqing Associated Company: Chongqing West Outlets Brand Discount Commercial Co., Ltd.

Chongqing Entrusted Management Agreement: The Individual Entrusted Management Agreement entered into between the Chongqing PRC Property Company, the Entrusted Manager and the Manager on 1 March 2018

Chongqing PRC Property Company: Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd, which holds Chongqing Outlets

CIS Code: The Code on Collective Investment Schemes issued by the MAS

CIT: Corporate income tax

CMS Licence: Capital markets services licence for REIT management

Companies Act: Companies Act, Chapter 50 of Singapore

Company Law: The Company Law of the PRC

Consideration Units: The Units issued by Sasseur REIT to the Cayman Holdco as purchase consideration for the acquisition of the BVI Holding Companies

controlling shareholder: As defined in the Listing Manual, means a person who:

(i) holds directly or indirectly 15.0% or more of the total number of issued shares (excluding treasury shares) of a company; or

(ii) in fact exercises control over a company, where “control” refers to the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company

controlling unitholder: In relation to a REIT means:

(i) a person who holds directly or indirectly 15.0% or more of the nominal account of all voting rights in the REIT; or

(ii) a person who in fact exercises control over the REIT

Cornerstone Subscription Agreements: The subscription agreements entered into between the Manager and the Cornerstone Investors to subscribe for the Cornerstone Units

Cornerstone Units: The 228,437,500 Units to be issued to the Cornerstone Investors

CPF: Central Provident Fund

CSRC: China Securities Regulatory Commission

DBS Cornerstone Units: All the Cornerstone Units which will be held by DBS Bank Ltd. on the Listing Date, except the Cornerstone Units held by investors whom DBS Vickers (Securities) Pte. Ltd. had entered into a cornerstone subscription agreement on behalf of

Deed of Indemnity in relation to Bishan Outlets: The deed of indemnity provided by the Sponsor in favour of the Bishan PRC Property Company on 27 December 2017

Deed of Indemnity in relation to the Non-Registration of Tenancy Agreements: The deed of indemnity provided by the Sponsor in favour of Sasseur REIT on 1 March 2018

Deposited Property: All assets of Sasseur REIT, including all the Authorised Investments of Sasseur REIT for the time being held or deemed to be held by Sasseur REIT under the Trust Deed

Depository Services Terms and Conditions: The CDP’s depository services terms and conditions in relation to the deposit of the Units in CDP

Development Management Fee: The fee equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of Sasseur REIT
Development Project: A project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Sasseur REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, including major development, re-development, refurbishment, retrofitting addition and alteration and renovation works.

Director: A director of the Manager.

Distributable Income: The amount calculated by the Manager (based on the audited financial statements of Sasseur REIT for that financial year) as representing the consolidated audited net profit after tax of Sasseur REIT Group for the financial year, as adjusted to eliminate the effects of Adjustments. After eliminating the effects of these Adjustments, the Distributable Income may be different from the net profit recorded for the relevant financial year.

DPU: Distribution per Unit.

EM Base Fee: The base fee component of the Entrusted Management Fee.

EM Performance Fee: The variable performance fee component of the Entrusted Management Fee.

EMA Rental Income: Income received by the REIT under the Entrusted Management Agreements.

EMA Resultant Rent: The monthly resultant rent due to the PRC Property Companies under the Entrusted Management Agreements, comprising the Fixed Component and Variable Component.

Entrusted Management Agreements: The Master Entrusted Agreement and the Individual Entrusted Management Agreements.

Entrusted Management Fee: The EM Base Fee and the EM Performance Fee.

Executive Officer: An executive officer of the Manager.

Exempted Agreements: The Trust Deed, the Sponsor ROFR, the Licence Agreement, the Entrusted Management Agreements (including reimbursements by the Sponsor of property expenses and staff costs to Sasseur REIT thereunder in respect of the Properties), the Grant Agreements, the Purchase Option Agreements, the Deed of Indemnity in relation to Bishan Outlets and the Deed of Indemnity in relation to the Non-Registration of Tenancy Agreements.
Extraordinary Resolution: A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed

Facilities: The Onshore Facilities and the Offshore Facility

Fee Arrangements: The fee arrangements of the Manager, the Trustee and the Entrusted Manager

FIE: Foreign-invested enterprise

Financial Year or FY: Financial year ended or, as the case may be, ending 31 December

First Lock-up Period: The period commencing from the Listing Date until the date falling six months thereafter (both dates inclusive)

Fixed Component: The fixed component of the EMA Resultant Rent under the Entrusted Management Agreements

Fixed Rent: Rental income received or receivable from tenants charged based on the fixed rent method, under which rent is charged at fixed pre-determined rates (after adjusting for leasing incentives such as rent rebates and rent-free periods where applicable)

Forecast Period 2018: The financial period from 1 March 2018 to 31 December 2018

FP2028: The period commencing on 1 January 2028 and ending on the day immediately preceding the 10th anniversary date of the Entrusted Management Agreements

GDP: Gross domestic product

GFA: Gross floor area

GNI: Gross national income

Grant Agreements: The grant agreements entered into between each of the Hefei PRC Property Company and the Kunming PRC Property Company with the Sponsor and the Manager on 1 March 2018 (each, a “Grant Agreement”)

Gross Revenue: Property Income plus the income received or receivable by the PRC Property Companies from investments in other permissible investments

GST: Goods and services tax
Guarantee Years: Subject to the terms of the Master Entrusted Management Agreement, Listing Date till 31 December 2018, Projection Year 2019, FY2020, FY2021, FY2022, FY2023, FY2024, FY2025, FY2026, FY2027 and FP2028 (each a “Guarantee Year”, and if two or more, “Guarantee Years”)

Hefei Anjing: Hefei Anjing Property Service Co., Ltd. (合肥安景物业服务有限责任公司), the property manager of Hefei Outlets

Hefei BVI Company SPA: The sale and purchase agreement in respect of the Hefei BVI Company entered into between the Cayman Holdco, the Sponsor and the Trustee on 16 November 2017

Hefei Entrusted Management Agreement: The Individual Entrusted Management Agreement entered into between the Hefei PRC Property Company, the Entrusted Manager and the Manager on 1 March 2018

Hefei Phase 2 Development: The undeveloped land situated adjacent to Hefei Outlets

Hefei PRC Property Company: Hefei Sasseur Commercial Management Co., Ltd., which holds Hefei Outlets

HK Holding Companies: The Hong Kong incorporated subsidiaries of Sasseur REIT which holds the PRC Property Companies, being: (i) Sasseur Bishan HK Limited; (ii) Hong Sun Development Group Limited; (iii) Sasseur Hefei HK Limited; and (iv) Sasseur Jinan HK Limited

IFRS: International Financial Reporting Standards

Income Tax Act: Income Tax Act, Chapter 134 of Singapore

Indemnified Parties: The Manager, the Trustee, Hefei PRC Property Company and Kunming PRC Property Company (each an “Indemnified Party”)

Independent Financial Adviser: KPMG Corporate Finance Pte Ltd

Independent Market Research Consultant or CIC: China Insights Consultancy


Independent Valuers: Savills and JLL
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual Entrusted Management Agreements</strong></td>
<td>The Chongqing Entrusted Management Agreement, the Bishan Entrusted Management Agreement, the Hefei Entrusted Management Agreement and the Kunming Entrusted Management Agreement dated 1 March 2018 (each, an “Individual Entrusted Management Agreement”)</td>
</tr>
<tr>
<td><strong>Initial Portfolio</strong></td>
<td>The initial portfolio held by Sasseur REIT as at the Listing Date, comprising the Properties</td>
</tr>
<tr>
<td><strong>Instruments</strong></td>
<td>Offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units</td>
</tr>
<tr>
<td><strong>Interested Party</strong></td>
<td>An “interested party” as defined in the Property Funds Appendix</td>
</tr>
<tr>
<td><strong>Interested Party Transaction</strong></td>
<td>Has the meaning ascribed to it in the Property Funds Appendix</td>
</tr>
<tr>
<td><strong>Interested Person</strong></td>
<td>An “interested person” as defined in the Listing Manual</td>
</tr>
<tr>
<td><strong>Interested Person Transaction</strong></td>
<td>Has the meaning ascribed to it in the Listing Manual</td>
</tr>
<tr>
<td><strong>IPO</strong></td>
<td>Initial public offering</td>
</tr>
<tr>
<td><strong>IRAS</strong></td>
<td>Inland Revenue Authority of Singapore</td>
</tr>
<tr>
<td><strong>JLL</strong></td>
<td>Jones Lang LaSalle Corporate Appraisal and Advisory Limited</td>
</tr>
<tr>
<td><strong>Joint Global Coordinators</strong></td>
<td>DBS Bank Ltd. and Bank of China Limited, Singapore Branch</td>
</tr>
<tr>
<td><strong>Kunming BVI Company SPA</strong></td>
<td>The sale and purchase agreement in respect of the Kunming BVI Company entered into between the Cayman Holdco, the Sponsor and the Trustee on 16 November 2017</td>
</tr>
<tr>
<td><strong>Kunming Entrusted Management Agreement</strong></td>
<td>The Individual Entrusted Management Agreement entered into between the Kunming PRC Property Company, the Entrusted Manager and the Manager on 1 March 2018</td>
</tr>
<tr>
<td><strong>Kunming Phase 2 Development</strong></td>
<td>The undeveloped land situated adjacent to Kunming Outlets</td>
</tr>
</tbody>
</table>
Kunming PRC Property Company: Kunming Sasseur Commercial Management Co., Ltd., which holds Kunming Outlets

Land Use Right: In relation to Sasseur REIT, the right of possession, use and benefit of the land, the right to construct buildings, structures and auxiliary facilities thereto, and the right to create mortgage on the land

Land Use Right Certificate: The land right certificate in which the land administration department of a county or municipal government of a city or county, as a grantor, grants the grantee as proof of the right to use the state-owned land within a certain number of years and the grantee pays the premium for grant of the Land Use Right

Latest Practicable Date: 23 February 2018, being the latest practicable date prior to the lodgement of this Prospectus with the MAS

Licence Agreement: The licence agreement entered into between the Sponsor, the Trustee and the Manager on 1 March 2018

Listing Date: The date of admission of Sasseur REIT to the Official List of the SGX-ST


Lock-up Units: All of the Units which will be legally and/or beneficially, directly or indirectly owned by each of the Sponsor, the Cayman Holdco, Sasseur (BVI) Holding II Limited, Shimmer Fair Holdings Limited, Mr Xu Rongcan, Great World Shanghai Outlet Pte. Ltd., L Capital Asia 2 Pte. Ltd., L Catterton Singapore Pte. Ltd. and Sparkling Gateway Pte. Ltd.

Manager: Sasseur Asset Management Pte. Ltd., in its capacity as manager of Sasseur REIT

Management Fees: Base Fee and Performance Fee

Market Day: A day on which the SGX-ST is open for trading in securities

Master Entrusted Management Agreement: The master entrusted management agreement entered into between the Trustee, the Manager and the Sponsor on 1 March 2018

MERS: Middle East respiratory syndrome

Minimum Rent: The stipulated amount payable by the Entrusted Manager to Sasseur REIT pursuant to the Entrusted Management Agreements

Ministry of Construction: The Ministry of Construction of the PRC
Ministry of Land and Resources: The Ministry of Land and Resources of the PRC
MOFCOM: The Ministry of Commerce of the Government of the PRC
NAV: Net asset value
NDRC: National Development and Reform Commission of the PRC
Net Lettable Area or NLA: Net area that is to be leased and for which rent is payable as stipulated in the respective tenancy agreements, including legally binding letters of offer which have been accepted for vacant area
Nominating and Remuneration Committee: The nominating and remuneration committee of the Manager
Offering: The offering of 266,562,500 Units by the Manager for subscription at the Offering Price under the Placement Tranche and the Public Offer
Offering Price: S$0.80 per Unit
Offering Proceeds: The total proceeds from the Offering, and the Cornerstone Units
Offering Units: 266,562,500 Units to be issued pursuant to the Offering
Offshore Facility: The syndicated term loan facility of up to S$125.0 million provided by the Offshore Lenders
Onshore Facilities: The syndicated term loan facilities of up to RMB 1,960.0 million provided by the Onshore Lenders
Onshore Lenders: DBS Bank (China) Limited, Chongqing Branch, Malayan Banking Berhad, Kunming Branch, Bank of China, Chongqing Jiangbei Branch, Ping An Bank Co., Ltd., Chongqing Branch, China CITIC Bank Corporation Limited, Chongqing Branch and Bank of Chongqing Co., Ltd., Bishan Branch
Ordinary Resolution: A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
Over-Allotment Option: An option granted by the Unit Lender to the Joint Bookrunners and Underwriters to purchase from the Unit Lender up to an aggregate of 32,000,000 Units at the Offering Price, solely to cover the over-allotment of Units (if any)

Pacific Associated Company: Shanghai Pacific Rehouse Service Chongqing Co., Ltd.

Pacific Master Lease: The master lease agreement entered into between the Chongqing Associated Company and Chongqing PRC Property Agreement

Participating Banks: DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited

PBOC: The People’s Bank of China

Performance Fee: The performance fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year

Performance Reserve: An amount of RMB100.0 million the Sponsor has provided to Sasseur REIT as a performance reserve as security for its obligations under the Entrusted Management Agreements

Performance Reserve Amount: The amount equal to RMB100.0 million (or the equivalent value in S$ or such other relevant foreign currency for any other currency)

Performance Reserve Bank Guarantee: Any bank guarantee(s) provided by a bank acceptable to all the Offshore Lenders (acting reasonably) and furnished by the Sponsor to the Trustee in lieu of cash payment of the Performance Reserve Amount in accordance with the provisions of the Master Entrusted Management Agreement

Phase 2 Developments: Hefei Phase 2 Development and Kunming Phase 2 Development

Pipeline Properties: The three properties which the Sponsor has been granted a right of first refusal or, as the case may be, an option to acquire, being:

(i) Sasseur (Hangzhou) Outlets;
(ii) Sasseur (Nanjing) Outlets; and
(iii) Sasseur (Zhongdong Changchun) Outlets,

(each, a “Pipeline Property”)
Placement Tranche: The international placement of 252,812,500 Units to investors, including institutional and other investors in Singapore, pursuant to the Offering.

PRC or China: The People's Republic of China, and for the purposes of this Prospectus, refers to mainland China.


PRC Holding Companies: The two PRC-incorporated holding companies, being:

(i) Sasseur (Kunming) Investment Consultancy Co., Ltd.; and
(ii) Sasseur (Hefei) Investment Consultancy Co., Ltd.

(each a “PRC Holding Company”)

PRC Property Companies: The four PRC-incorporated companies which own the Properties, being:

(i) the Hefei PRC Property Company;
(ii) the Chongqing PRC Property Company;
(iii) the Bishan PRC Property Company; and
(iv) the Kunming PRC Property Company,

(each a “PRC Property Company”)

Pre-Sold Shop Units: The 36 Shop Units which have been sold but not transferred, and which are currently held by the Hefei PRC Property Company pending completion of such transfer.

Profit Forecast: The forecast results for Forecast Period 2018.


Projection Year 2019: The financial period from 1 January 2019 to 31 December 2019.

Properties: The properties comprising the Initial Portfolio, being Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets (each a “Property”).

Property Funds Appendix: Appendix 6 of the CIS Code issued by the MAS in relation to real estate investment trusts.
Property Income: (i) The total amounts received or receivable from the tenants under the tenancy agreements which include rent as well as other income such as payments for operation and property maintenance, advertising and promotional expenses and service fees; and (ii) other income earned from the Properties including carpark income, income received or receivable from leasing of the common area.

Property Law: The Property Law of the PRC.

Property Managers: Chongqing Ancheng, the property manager of Chongqing Outlets and Bishan Outlets, and Hefei Anjing, the property manager of Hefei Outlets.

Public Offer: The offering to the public in Singapore of 13,750,000 Units.

Purchase Option Agreements: The purchase option agreements entered into between the Sponsor and each of the Hefei PRC Property Company and the Kunming PRC Property Company on 1 March 2018.

Recognised Stock Exchange: Any stock exchange of repute in any part of the world.

Redemption: The redemption of 495,000,000 Units by the Manager at the Offering Price.

Regulation S: Regulation S under the Securities Act.

REIT: Real estate investment trust.

related corporation: Has the meaning as ascribed to it in the Companies Act.

Related Party: Refers to an Interested Person and/or, as the case may be, an Interested Party.

Related Party Transactions: Interested Party Transactions and/or, as the case may be, Interested Person Transactions.

Relevant Asset: In relation to the Sponsor ROFR, means an income-producing real estate located in PRC which is used primary for retail and retail-related purposes.

Reporting Accountant: Ernst & Young LLP.

Restructuring Exercise: The structuring exercise implemented by the Sponsor in preparation of the Offering to establish Sasseur REIT (first as a private trust) and the ownership structure of the Initial Portfolio.

RMB or Renminbi: Renminbi, the lawful currency of China.
ROFR Properties: The two properties owned by the Sponsor, being:

(i) Sasseur (Xi’an) Outlets; and

(ii) Sasseur (Guiyang) Outlets,

(each, a “ROFR Property”)

SS or Singapore dollars and cents: Singapore dollars and cents, the lawful currency of the Republic of Singapore

SAFE: The State Administration of Foreign Exchange of the PRC

SAIC: The State Administration of Industry and Commerce of the PRC

Sasseur REIT: Sasseur Real Estate Investment Trust, a REIT established in Singapore and constituted by the Trust Deed

Sasseur REIT Group: The group comprising Sasseur REIT and its subsidiaries

Sasseur Shanghai or Entrusted Manager: Sasseur (Shanghai) Holding Company Limited

SARS: Severe acute respiratory syndrome

SASAC: The State-owned Assets Supervision and Administration Commission of the State Council

SAT: State Administration of Taxation of the PRC

Savills: Savills Real Estate Valuation (Beijing) Limited

Second Lock-up Period: The period commencing from the day immediately following the end of the First Lock-up Period until the date falling six months after the First Lock-up Period, both dates inclusive

Securities Account: Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP

Securities Act: U.S. Securities Act of 1933, as amended

Securities and Futures Act or SFA: Securities and Futures Act, Chapter 289 of Singapore

Settlement Date: The date and time on which the Units are issued as settlement under the Offering

SGX-ST: Singapore Exchange Securities Trading Limited

Shop Units: The 162 shop units located on the peripheral areas of Hefei Outlets which the Sponsor has sub-divided and sold
Singapore Holdco: Sasseur Singapore Holdings Pte. Ltd., a wholly-owned subsidiary of Sasseur REIT

Sole Financial Adviser and Issue Manager: DBS Bank Ltd.

Sponsor: Sasseur Cayman Holding Limited

Sponsor Initial Unit: The one Unit issued to the Cayman Holdco in connection with the constitution of Sasseur REIT

Sponsor Group: The group comprising the Sponsor and its subsidiaries

Sponsor’s Indemnity: The indemnity granted by the Sponsor to each of the Indemnified Parties pursuant to the Grant Agreements, against, among others:

(i) any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a breach of any of the warranties or representations under the Grant Agreements;

(ii) any and all claims by any party against any Indemnified Party which arises out of or in connection with the development, operation and/or management of the Phase 2 Developments;

(iii) any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with the development, operation and/or management of the Phase 2 Developments, including but not limited to liabilities and losses incurred due to (a) any breach of the terms of the relevant permits, licences and approvals required for the Phase 2 Developments (such as planning permits and construction permits), (b) the lack thereof of such permits, licences and approvals required for the Phase 2 Developments, (c) any non-compliance of laws in respect of the Phase 2 Developments, and (d) any non-compliance with the conditions of the land use right granted in respect of Hefei Outlets and/or Kunming Outlets in the Sponsor’s development, management and/or operation of the Phase 2 Developments; and

(iv) any and all development costs, operational costs, expenses, tax liabilities (including real estate taxes), fees for the permits licenses and approvals required for the Phase 2 Developments and any other liabilities which arises out of or in connection with the ownership, development, operation and/or management of the Phase 2 Developments which any Indemnified Party may incur.
Sponsor ROFR: The right of first refusal granted by the Sponsor to the Manager on 1 March 2018

SPV: Special purpose vehicle

sq ft: Square feet

sq m: Square metres

Stabilising Manager: DBS Bank Ltd.

Substantial Unitholder: Any Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue

State Council: The State Council of the PRC

Sub-division: The sub-division of the Sponsor Initial Unit and the Consideration Units into 1,180,280,000 Units

Sub-Lease: The sub-lease agreement entered into between the Pacific Associated Company and the Chongqing PRC Property Company

Subsidiary: Has the meaning as its definition in the Companies Act

Substantial Unitholder: Any Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue

Take-over Code: Singapore Code on Take-overs and Mergers

Taxable Income: Income of Sasseur REIT derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore

Total Proceeds: The Offering Proceeds and the amount drawn down from the Facilities

Total Project Costs: In relation to the Development Management Fee, means the sum of the following (where applicable):

   (i) construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;

   (ii) principal consultants’ fees, including payments to the project’s architect, civil and structural engineer, M&E engineer, quantity surveyor and project manager;

   (iii) the cost of obtaining all approvals for the project;
(iv) site staff costs;

(v) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and

(vi) any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore

**TRE**: Tax resident enterprise

**Trust Companies Act**: Trust Companies Act, Chapter 336 of Singapore

**Trust Deed**: The trust deed dated 30 October 2017 entered into between DBS Trustee Limited and Sasseur Asset Management Pte. Ltd. constituting Sasseur REIT as supplemented by a first supplemental deed dated 19 March 2018

**Trustee**: DBS Trustee Limited, in its capacity as trustee of Sasseur REIT

**Turnover Rent**: Rental Income received or receivable from tenants based on the turnover rent method, under which the rent charged is generally calculated as a pre-determined percentage of the tenant’s gross turnover

**Unaudited Pro Forma Financial Information**: Unaudited historical pro forma financial information of Sasseur REIT and its subsidiaries

**Underwriting Agreement**: The underwriting agreement dated 21 March 2018 entered into between the Manager, the Sponsor, the Unit Lender and the Joint Bookrunners and Underwriters

**Underwriting and Selling Commission**: The underwriting and selling commission payable to the Joint Bookrunners and Underwriters for their services in connection with the Offering

**Unit(s)**: An undivided interest in Sasseur REIT as provided for in the Trust Deed

**Unit Issue Mandate**: The general mandate for the Manager to issue Units within certain limits until (i) the conclusion of the first annual general meeting of Sasseur REIT or (ii) the date by which first annual general meeting of Sasseur REIT is required by applicable regulations to be held, whichever is earlier
Unit Lending Agreement: The unit lending agreement entered into between the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) and the Unit Lender dated 21 March in connection with the Over-Allotment Option.

Unitholder(s): The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units.

Unit Registrar: Boardroom Corporate & Advisory Services Pte Ltd.

United States or U.S.: United States of America.

US$: U.S. dollars and cents, the lawful currency of the United States.

VAT: Value-Added Tax.

Variable Component: The variable component for each Property which will be pegged to a percentage of their respective total sales in accordance with the following percentages:

- 4.0% of total sales with respect to Chongqing Outlets;
- 4.5% of total sales with respect to Bishan Outlets;
- 5.5% of total sales with respect to Hefei Outlets; and
- 5.0% of total sales with respect to Kunming Outlets.

WALE: Weighted average lease expiry.

WFOE: Wholly foreign-owned enterprise.

WHT: Withholding tax.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Prospectus to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Prospectus is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding.

Information contained in each of the Manager’s website and the Sponsor’s website does not constitute part of this Prospectus.
REPORTING ACCOUNTANT’S REPORT ON
THE PROFIT FORECAST AND PROFIT PROJECTION

The Board of Directors
Sasseur Asset Management Pte. Ltd.
(in its capacity as Manager of Sasseur Real Estate Investment Trust)
80 Robinson Road #02-00
Singapore 068898

DBS Trustee Limited
(in its capacity as Trustee of Sasseur Real Estate Investment Trust)
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

21 March 2018

Dear Sirs

Letter from the Reporting Accountant on the Profit Forecast for the period from 1 March 2018 to 31 December 2018 and the Profit Projection for the Year Ending 31 December 2019

This letter has been prepared for inclusion in the prospectus (the “Prospectus”) to be issued in connection with the initial public offering of the units in Sasseur Real Estate Investment Trust (the “Sasseur REIT”) and listing of the units on the Singapore Exchange Securities Trading Limited.

The directors of Sasseur Asset Management Pte. Ltd. (the “Directors”) are responsible for the preparation and presentation of the forecast statement of total return of the REIT for the period from 1 March 2018 to 31 December 2018 (the “Profit Forecast”) and the projected statement of total return of the REIT for the year ending 31 December 2019 (the “Profit Projection”) as set out on pages 170 to 171 of the Prospectus, which have been prepared on the basis of the assumptions as set out on pages 171 to 179 of the Prospectus.

We have examined the Profit Forecast of the REIT for the period from 1 March 2018 to 31 December 2018 and the Profit Projection for the year ending 31 December 2019 as set out on pages 170 to 171 of the Prospectus in accordance with Singapore Standard on Assurance Engagements (“SSAE”) 3400 The Examination of Prospective Financial Information. The Directors are solely responsible for the Profit Forecast and the Profit Projection including the assumptions set out on pages 171 to 179 of the Prospectus on which they are based.
Profit Forecast

Based on our examination of the evidence supporting the relevant assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion, the Profit Forecast, is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on pages C-42 to C-50 of the Prospectus, and is presented in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 Reporting Framework for Unit Trusts (but not all the required disclosures) issued by the Institute of Singapore Chartered Accountants ("ISCA"), which is the framework to be adopted by the REIT in the preparation of its financial statements.

Profit Projection

The Profit Projection is intended to show a possible outcome based on the stated assumptions. As the REIT is newly established without any history of activities and because the length of the period covered by the Profit Projection extends beyond the period covered by the Profit Forecast, the assumptions used in the Profit Projection (which include hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for the profit forecast. The Profit Projection does not therefore constitute a profit forecast.

Based on our examination of the evidence supporting the relevant assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Projection. Further, in our opinion, the Profit Projection is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on pages C-42 to C-50 of the Prospectus, and is presented in accordance with the Statement of RAP 7 Reporting Framework for Unit Trusts (but not all the required disclosures) issued by the ISCA, which is the framework to be adopted by the REIT in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to be different from the Profit Forecast and Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted and projected. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Profit Forecast and Profit Projection.

Attention is drawn to the risk factors set out on pages 79 to 127 of the Prospectus which describe the principal risks associated with the initial public offering, to which the Profit Forecast and Profit Projection relate and the sensitivity analysis of the Profit Forecast and Profit Projection set out on pages 180 and 182 of the Prospectus.

Yours faithfully

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge: Low Yen Mei
REPORTING ACCOUNTANT’S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Board of Directors
Sasseur Asset Management Pte. Ltd.
(in its capacity as Manager of Sasseur Real Estate Investment Trust)
80 Robinson Road #02-00
Singapore 068898

DBS Trustee Limited
(in its capacity as Trustee of Sasseur Real Estate Investment Trust)
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

21 March 2018

Dear Sirs

Letter from the Reporting Accountant on the Unaudited Pro Forma Financial Information

We have completed our assurance engagement to report on the unaudited pro forma financial information of:

(i) Sasseur Real Estate Investment Trust (the “Sasseur REIT”) and its subsidiaries (the “Sasseur REIT Group”)

The unaudited pro forma financial information of the Sasseur REIT Group that was compiled by Sasseur Asset Management Pte. Ltd. (the “Manager”) consists of the unaudited pro forma statements of total return of the Sasseur REIT Group for the financial year ended 31 December 2016 and the nine-month periods ended 30 September 2016 and 30 September 2017, the unaudited pro forma statements of financial position of the Sasseur REIT Group as at 31 December 2016 and 30 September 2017, the unaudited pro forma statements of cash flows of the Sasseur REIT Group for the financial year ended 31 December 2016 and the nine-month period ended 30 September 2017, and related notes, as set out on pages C-1 to C-67 of the prospectus (the “Prospectus”) to be issued in connection with the offering of units in the REIT.

(ii) Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd. which holds Chongqing Outlets and Sasseur (Chongqing) Business Co., Ltd. which holds Bishan Outlets (the “PRC Property Companies of Chongqing Outlets and Bishan Outlets”)

The unaudited pro forma financial information of the PRC Property Companies of Chongqing Outlets and Bishan Outlets that was compiled by the Manager consists of the unaudited pro forma statements of total return for Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the unaudited pro forma statements of total return of Bishan Outlets for the financial years ended 31 December 2015 and 31 December 2016 and related notes, as set out on pages C-32 to C-41 of the Prospectus.
The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and is based on certain assumptions, after making certain adjustments. The applicable criteria (the “Criteria”) on the basis of which the Manager has compiled the Unaudited Pro Forma Financial Information are described in Section C of Appendix C.

The Unaudited Pro Forma Financial Information has been compiled by the Manager to illustrate the impact of:

The Sasseur REIT Group

(a) the acquisitions of 100% interests in Sasseur (Chongqing) Business Co., Ltd., Hefei Sasseur Commercial Management Co., Ltd., Kunming Sasseur Commercial Management Co., Ltd. and Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd. (the “PRC Property Companies”), which holds Bishan Outlets, Hefei Outlets, Kunming Outlets and Chongqing Outlets (the “Properties”) respectively on the financial performance of the REIT for the financial year ended 31 December 2016 and the nine-month periods ended 30 September 2016 and 30 September 2017, as if the acquisitions had taken place on the later of 1 January 2016 or the date of commencement of the operation of each of the Property, pursuant to the terms set out in the Prospectus. The Properties are acquired through the PRC Property Companies, which are in turn held by intermediate holding companies incorporated in PRC ("the PRC Holding Companies"), intermediate holding companies incorporated in Hong Kong ("the HK Holding Companies") and intermediate holding companies incorporated in British Virgin Islands (the “BVI Holding Companies”) (see “Structure of Sasseur REIT” in prospectus).

(b) the acquisitions of the PRC Property Companies on the financial position of the REIT as at 31 December 2016 and 30 September 2017, as if the acquisitions had taken place on 31 December 2016 and 30 September 2017 respectively, pursuant to the terms set out in the Prospectus.

(c) the acquisitions of the PRC Property Companies on the cash flows of the REIT for the financial year ended 31 December 2016 and the nine-month period ended 30 September 2017, as if the acquisition of the 100% interests in Sasseur (Chongqing) Business Co., Ltd., Hefei Sasseur Commercial Management Co., Ltd., Kunming Sasseur Commercial Management Co., Ltd. and Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd. had taken place on the later of 1 January 2016 or the date of commencement of the operation of each of the Property, pursuant to the terms set out in the Prospectus.

The PRC Property Companies of Chongqing Outlets and Bishan Outlets

(a) the acquisition of 100% interests in Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd., which holds Chongqing Outlets on the financial performance of the Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016, as if the acquisition had taken place on 1 January 2014, pursuant to the terms set out in the Prospectus.

(b) the acquisition of 100% interests in Sasseur (Chongqing) Business Co., Ltd., which holds Bishan Outlets on the financial performance of the Bishan Outlets for the financial years ended 31 December 2015 and 31 December 2016, as if the acquisition had taken place on 1 January 2015, pursuant to the terms set out in the Prospectus.

The dates on which the transactions described above are assumed to have been undertaken, are hereinafter collectively referred to as the Relevant Dates.
As part of this process, information about the Unaudited Pro Forma Financial Information has been extracted by the Manager from:

(i) the financial statements of Sasseur Cayman Holding Limited, which owned the Properties prior to their acquisitions by Sasseur REIT for the years ended 31 December 2014, 31 December 2015 and 31 December 2016, on which separate audit reports have been issued; and

(ii) the unaudited interim financial information of the BVI Holding Companies and their subsidiaries for the nine-month periods ended 30 September 2016 and 30 September 2017.

The aforementioned financial information is hereinafter collectively referred to as the “Relevant Financial Information”.

The financial statements of Sasseur Cayman Holding Limited for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 were audited by Ernst & Young Hua Ming LLP, located in Shanghai, China in accordance with the International Financial Reporting Standards and restated to Singapore Financial Reporting Standards. These financial information were not subject to any qualifications, modifications or disclaimers.

The Manager’s responsibility for the Unaudited Pro Forma Financial Information

The Manager is responsible for compiling the Unaudited Pro Forma Financial Information on the basis of the Criteria.

Reporting Accountant’s responsibility

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by the Manager on the basis of the Criteria.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 34, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Institute of Singapore Chartered Accountants (the “ISCA”). This standard requires that the Reporting Accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Manager has compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of the Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at each of the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Criteria involves performing procedures to assess whether the Criteria used by the Manager in the compilation of
the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those Criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Reporting Accountant’s judgement, having regard to the Reporting Accountant’s understanding of the nature of the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been compiled:

   (i) from the information in the Relevant Financial Information and is presented in accordance with the Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the ISCA which is the accounting framework to be adopted by the Sasseur REIT Group;

   (ii) in a manner consistent with the accounting policies to be adopted by the Sasseur REIT Group; and

   (iii) on the basis of the Criteria stated in Section C of Appendix C of the Prospectus; and

(b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Financial Information is appropriate for the purpose of preparing such unaudited financial information.

This letter has been prepared for inclusion in the Prospectus of the REIT to be issued in connection with the initial public offering of the units by the REIT.

Yours faithfully

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  

Partner-in-charge: Low Yen Mei
A INTRODUCTION

The Unaudited Pro Forma Financial Information has been prepared for inclusion in the prospectus (the “Prospectus”) to be issued in connection with the proposed listing of Sasseur REIT on the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

In preparation for the listing of Sasseur REIT, Sasseur Cayman Holding Limited (the “Sponsor”) had undertaken a restructuring exercise (“Restructuring Exercise”). As part of the Restructuring Exercise, Sasseur REIT is constituted as a private trust (“Sasseur Trust”) by a trust deed dated 30 October 2017, as supplemented by a first supplemental deed dated 19 March 2018 (“the Trust Deed”), with DBS Trustee Limited as the trustee (“the Trustee”) and Sasseur Cayman Holding II Ltd. (“Cayman Holdco”), a wholly-owned subsidiary of the Sponsor, as the initial unitholder. Sasseur Trust was established to acquire an initial portfolio (“Initial Portfolio”) of four retail outlet malls located in the People’s Republic of China (“PRC”), comprising Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets (collectively, the “Properties”) with the intention that it would eventually be converted into a listed REIT.

The Properties in the Initial Portfolio were initially indirectly held by the Sponsor through four property holding companies established in the PRC (collectively, the “PRC Property Companies”). Prior to Sasseur REIT’s admission to the Official List of the SGX-ST (the “Listing Date”), it acquired 100% of the interests in:

• Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd. (the “Chongqing PRC Property Company”), which owns Chongqing Outlets;
• Sasseur (Chongqing) Business Co., Ltd. (the “Bishan PRC Property Company”), which owns Bishan Outlets;
• Hefei Sasseur Commercial Management Co., Ltd. (the “Hefei PRC Property Company”), which owns Hefei Outlets; and
• Kunming Sasseur Commercial Management Co., Ltd. (the “Kunming PRC Property Company”), which owns Kunming Outlets.

The acquisitions as described above are collectively referred to as the “Acquisitions”.

A series of steps were undertaken in compliance with the relevant PRC laws and regulations in relation to the Restructuring Exercise. On 16 November 2017, Sasseur Trust entered into sale and purchase agreements to acquire Hefei BVI Company, Bishan BVI Company and Kunming BVI Company (collectively, the “BVI Holding Companies”), which indirectly held the PRC Property Companies, from the Sponsor, with the purchase consideration for the acquisitions being satisfied through the issuance of 1,062,289 Units (the “Consideration Units”) by Sasseur Trust to Cayman Holdco. The Kunming PRC Property Company is wholly held by Sasseur (Kunming) Investment Consultancy Co., Ltd., a wholly foreign-owned enterprise (“WFOE”) established in the PRC, and the Hefei PRC Property Company is wholly held by Sasseur (Hefei) Investment Consultancy Co., Ltd., a WFOE established in the PRC (collectively, the “PRC Holding Companies”). The PRC Holding Companies and the Bishan PRC Property Company are in turn held by intermediate holding companies incorporated in Hong Kong (the “HK Holding Companies”), which are in turn held by the BVI Holding Companies incorporated in the British Virgin Islands.
A INTRODUCTION (cont’d)

Sasseur Trust then incorporated a wholly-owned subsidiary in Singapore, Sasseur Singapore Holdings Pte. Ltd., (the “Singapore Holdco”) and transferred the shares of the BVI Holding Companies to the Singapore Holdco, with the purchase consideration for the transfer being satisfied through the issuance of shares in the Singapore Holdco to Sasseur Trust.

A portion of the Units will be redeemed at the Offering Price out of the listing proceeds on the Listing Date following the listing and trading of the Units on SGX-ST.

In connection with the listing, Sasseur REIT proposes to issue 495,000,000 new Units at an offering price of S$0.80 per Unit (the “Offering Price”). The Offering consists of (i) an international placement of 252,812,500 Units to investors, including institutional and other investors in Singapore and (ii) an offering of 13,750,000 Units to the public in Singapore.

In addition, concurrently with, but separate from the Offering, cornerstone investors have entered into a conditional subscription agreement to subscribe for an aggregate of 228,437,500 Units (the “Cornerstone Units”) at the Offering Price.

B PRO FORMA HISTORICAL FINANCIAL INFORMATION

No pro forma historical financial information for the financial years ended 31 December 2014 and 31 December 2015 have been prepared to show the pro forma historical performance of the Sasseur REIT Group because relevant information for the preparation of meaningful pro forma historical financial statements does not exist. This is due to the following reasons:

- The soft launch of Bishan Outlets occurred in January 2014 and Zones A and B of Bishan Outlets (comprising approximately 73.0% of the total GFA of Bishan Outlets) commenced operations in October 2014, and parts of Zone C of Bishan Outlets (comprising approximately 7.0% of the total GFA of Bishan Outlets) commencing operations only in February 2016. The remaining parts of Zone C of Bishan Outlets (comprising approximately 8.5% of the total GFA of Bishan Outlets) are expected to commence operations in April 2018. Hefei Outlets commenced operations in May 2016 and Kunming Outlets commenced operations in December 2016. As full year financials for the financial year ended 31 December 2014 and 31 December 2015 are not available for three of the four Properties in the Initial Portfolio, it would not be meaningful to prepare pro forma financials for the financial year ended 31 December 2014 and 31 December 2015 without full year financials for these Properties. As such historical pro forma financial information would not be representative of Sasseur REIT’s portfolio going forward; and

- One of the main assumptions made in the preparation of the pro forma financial information of Sasseur REIT is that the Entrusted Management Agreements should be in place throughout the period covered by the pro forma financial information. However, as the Properties in the Initial Portfolio had commenced operations on different dates, the Entrusted Management Agreements can only commence from FY2014 (in respect of Chongqing Outlets), FY2015 (in respect of Bishan Outlets) and FY2016 (in respect of Hefei Outlets and Kunming Outlets). Therefore, while the FY2016 pro forma financial information of Sasseur REIT as well as the Forecast Period 2018 and Projection Year 2019 assume that the Entrusted Management Agreements for all the Properties commence in the same year, and thus providing the same basis for comparison by the investors, the pro forma financial information of Sasseur REIT for FY2014 to FY2015 will assume different commencement years of the Entrusted Management Agreements for each of the Properties due to the fact that certain Properties were completed after FY2014 and FY2015. Therefore, the presentation of pro forma financial information for FY2014 and FY2015 of Sasseur REIT is not meaningful for investors.
For the reasons stated above, the SGX-ST has granted Sasseur REIT waivers from the requirement to prepare the full three years pro forma historical financial information of the Sasseur REIT Group under Rules 609(b) of the Listing Manual, conditional upon the inclusion of the following in this Prospectus:

- The unaudited pro forma financial information, comprising:
  1. unaudited pro forma statements of total return of the Sasseur REIT Group for the financial year ended 31 December 2016 and for each of the nine-month periods ended 30 September 2016 and 30 September 2017;
  2. unaudited pro forma statements of financial position of the Sasseur REIT Group as at 31 December 2016 and 30 September 2017;
  3. unaudited pro forma statements of cash flows of the Sasseur REIT Group for the financial year ended 31 December 2016 and for the nine-month period ended 30 September 2017;
  4. unaudited pro forma statements of total return of Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 and unaudited pro forma statements of total return of Bishan Outlets for the financial years ended 31 December 2015 and 31 December 2016;
- a profit forecast for the period from 1 March 2018 to 31 December 2018 and a profit projection for the year ending 31 December 2019; and
- full disclosure of the reasons for not providing the pro forma financial information of the Sasseur REIT Group for the financial years ended 31 December 2014 and 31 December 2015.

The MAS (as defined in the Prospectus) has also granted Sasseur REIT an exemption from the requirement to prepare the full three years pro forma historical financial information conditional upon the inclusion of the abovementioned information in the Prospectus.

C  BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION

The Unaudited Pro Forma Financial Information set out in this report has been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments, and shows (a) the unaudited pro forma statements of total return of the Sasseur REIT Group for the financial year ended 31 December 2016 and each of the nine-month periods ended 30 September 2016 and 30 September 2017, (b) the unaudited pro forma statements of financial position of the Sasseur REIT Group as at 31 December 2016 and 30 September 2017, (c) the unaudited pro forma statements of cash flows of the Sasseur REIT Group for the financial year ended 31 December 2016 and nine-month period ended 30 September 2017, and (d) the unaudited pro forma statements of total return of Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the unaudited pro forma statements of total return of Bishan Outlets for the financial years ended 31 December 2015 and 31 December 2016.
C BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (cont’d)

C.1 THE SASSEUR REIT GROUP

The unaudited pro forma statements of total return of the Sas seur REIT Group for the financial year ended 31 December 2016 and each of the nine-month periods ended 30 September 2016 and 30 September 2017 illustrate the financial results of the Sas seur REIT Group had it been in place and had the Acquisitions been completed on the later of 1 January 2016 or the date of commencement of the operation of each of the Property, pursuant to the terms set out in the Prospectus.

The unaudited pro forma statements of financial position of the Sasseur REIT Group as at 31 December 2016 and 30 September 2017 illustrates the financial position of the Sasseur REIT Group had it been in place and had the Acquisitions been completed on 31 December 2016 and 30 September 2017 respectively, pursuant to the terms set out in the Prospectus.

The unaudited pro forma statements of cash flows of the Sasseur REIT Group for the financial year ended 31 December 2016 and the nine-month period ended 30 September 2017 reflect the cash flows of the Sasseur REIT Group had it been in place and had the Acquisitions been completed on the later of 1 January 2016 or the date of commencement of the Properties’ operations, pursuant to the terms set out in the Prospectus.

The unaudited pro forma statements of total return of the Sasseur REIT Group, unaudited pro forma statements of financial position of the Sasseur REIT Group and unaudited pro forma statements of cash flows of the Sasseur REIT Group have been prepared on the basis of the accounting policies set out in Section E and is to be read in conjunction with the accompanying notes.

The objective of the Unaudited Pro Forma Financial Information is to show what the financial position, financial performance and cash flows might have been, had the Sasseur REIT Group as described above existed at an earlier date. However, the Unaudited Pro Forma Financial Information is not necessarily indicative of the financial position, financial performance and cash flows that would have been attained had the Sasseur REIT Group actually existed earlier. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Sasseur REIT Group’s actual financial position, financial performance or cash flows.

The Unaudited Pro Forma Financial Information has been compiled based on:

(i) the financial statements of Sasseur Cayman Holding Limited, which owned the Properties prior to their acquisitions by Sasseur REIT, for the years ended 31 December 2014, 31 December 2015 and 31 December 2016, on which separate audit reports have been issued; and

(ii) the unaudited interim financial information of the BVI Holding Companies and their subsidiaries for the nine-month periods ended 30 September 2016 and 30 September 2017.

The aforementioned financial information are hereinafter collectively referred to as “the Relevant Financial Information”.

The financial statements of Sasseur Cayman Holding Limited for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 were audited by Ernst & Young Hua Ming LLP, located in Shanghai, China in accordance with the International Financial Reporting Standards and restated to Singapore Financial Reporting Standards. These financial information were not subject to any qualifications, modifications or disclaimers.
C BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (cont’d)

C.1 THE SASSEUR REIT GROUP (cont’d)

The Unaudited Pro Forma Financial Information has been compiled from the financial information disclosed above and is prepared on the basis of the accounting policies set out in Section E and is to be read in conjunction with the accompanying notes.

Unaudited Pro Forma Statements of Total Return of the Sasseur REIT Group

The Unaudited Pro Forma Statements of Total Return of the Sasseur REIT Group for the financial year ended 31 December 2016 and each of the nine-month periods ended 30 September 2016 and 30 September 2017 have been prepared to illustrate the financial performance of the Sasseur REIT Group had it been in place and had the Acquisitions been completed on the later of 1 January 2016 or the date of commencement of the operation of each of the Property, pursuant to the terms set out in the Prospectus.

In arriving at the Unaudited Pro Forma Statements of Total Return of the Sasseur REIT Group for the year ended 31 December 2016 and the nine-month periods ended 30 September 2016 and 30 September 2017, the following key adjustments were made:

- Adjustments to (i) reflect the financial performance of the Properties after adjusting for income and expenses which are not relevant to the Properties after acquisitions and the related tax effect; (ii) reverse the share of profits of the Associated Companies; and (iii) acquisition of non-controlling interest;
- Adjustments to reflect the rent under Entrusted Management Agreements (“EMA”);
- Adjustments to (i) reverse the finance expenses (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisitions; (ii) reflect the finance expenses (including amortisation of debt-related transaction costs) on the new borrowings drawn down by the Sasseur REIT Group; and (iii) include finance income from cash deposits in a Hong Kong financial institution and finance costs relating to working capital loans obtained from PRC financial institutions;
- Adjustments to include the fees of Sasseur Asset Management Pte. Ltd. (the “Manager”), the Trustee’s fee and administrative and other trust expenses;
- Adjustments to reverse the depreciation of investment properties and to reflect the fair value change in investment properties; and
- Adjustments to reflect income tax expense, withholding tax of 10% imposed on the undistributed profits and reversal of deferred tax assets upon utilisation of tax losses.

In addition, the following key assumptions were made:

- Finance expenses comprise interest expense incurred on borrowings and amortisation of debt-related transaction costs. The effective interest rates of the onshore loans and offshore loans are assumed to be 5.9% and 4.0% per annum respectively (inclusive of all margins, debt-related transaction costs, legal fees and commitment fees);
- The aggregate valuations of the Properties remain unchanged throughout the year/periods presented except to the extent of the assumed capital expenditures incurred, which are capitalised as part of the value of the relevant Properties;
C BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (cont’d)

C.1 THE SASSEUR REIT GROUP (cont’d)

Unaudited Pro Forma Statements of Total Return of the Sasseur REIT Group (cont’d)

- The Manager’s management fees and the Trustee’s fee were computed based on the formula as set out in Section E. All the management fees payable to the Manager are paid in the form of Units;

- No Manager’s Performance Fee has been assumed for the financial year ended 31 December 2016 and the nine-month periods ended 30 September 2016 and 30 September 2017;

- Other trust expenses comprise annual listing fee, registry fee, audit, legal and tax advisory fees, valuation fees, transaction costs of listing units, costs associated with the preparation and distribution of reports to Unitholders and miscellaneous expenses;

- A PRC dividend withholding tax rate of 10% is assumed (see PRC Taxation – Withholding Tax); and

- The exchange rates are assumed to be as follows:

<table>
<thead>
<tr>
<th></th>
<th>Average rate for Year ended 31 December 2016</th>
<th>Average rate for the nine-month period ended 30 September 2016</th>
<th>Average rate for the nine-month period ended 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$ and RMB</td>
<td>S$0.2131: RMB 1.00</td>
<td>S$0.2110: RMB 1.00</td>
<td>S$0.2064: RMB 1.00</td>
</tr>
</tbody>
</table>

Unaudited Pro Forma Statements of Financial Position of the Sasseur REIT Group

The Unaudited Pro Forma Statements of Financial Position of the Sasseur REIT Group as at 31 December 2016 and 30 September 2017 have been prepared to illustrate the financial position of the Sasseur REIT Group had it been in place and had the Acquisitions been completed on 31 December 2016 and 30 September 2017 respectively, pursuant to the terms set out in the Prospectus.

In arriving at the Unaudited Pro Forma Statements of Financial Position of the Sasseur REIT Group as at 31 December 2016 and 30 September 2017, the following key adjustments were made:

- Adjustments to (i) reverse assets and liabilities which are not acquired by Sasseur REIT; (ii) the net settlement of related party balances prior to acquisitions; and (iii) acquisition of non-controlling interest;

- Adjustments to reflect (i) the repayment of existing borrowings (including interest payable) and (ii) the drawdown of new borrowings by the Sasseur REIT Group;

- Adjustments to (i) reflect the proceeds raised from the initial public offering, net of related issuance costs and GST, and (ii) redemption of sponsor units; and

- Adjustment to reflect the acquisition of the Properties at an aggregated net purchase consideration of S$1,386,080,000.
C BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (cont’d)

C.1 THE SASSEUR REIT GROUP (cont’d)

Unaudited Pro Forma Statements of Financial Position of the Sasseur REIT Group (cont’d)

In addition, the following key assumptions were made:

- Part of the new borrowings were drawn down to refinance the old borrowings;
- The net settlement of the onshore and offshore related party balances will be settled in cash or through conversion into equity;
- The aggregate valuations of the Properties remain unchanged throughout the year/periods presented;
- No hedging of interest rate risk and foreign currency risk has been assumed for the pro forma periods; and
- The exchange rates as at 31 December 2016 and 30 September 2017 are assumed to be as follows:

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2016</th>
<th>As at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$ and Renminbi (RMB)</td>
<td>S$0.2044: RMB 1.00</td>
<td>S$0.2044: RMB 1.00</td>
</tr>
</tbody>
</table>

Unaudited Pro Forma Statements of Cash Flows of the Sasseur REIT Group

The Unaudited Pro Forma Statements of Cash Flows of the Sasseur REIT Group for the year ended 31 December 2016 and the nine-month period ended 30 September 2017 have been prepared to reflect the cash flows of the Sasseur REIT Group had it been in place and had the Acquisitions been completed on the later of 1 January 2016 or the date of commencement of the operation of each of the Property, pursuant to the terms set out in the Prospectus.

In arriving at the Unaudited Pro Forma Statements of Cash Flows of the Sasseur REIT Group for the year ended 31 December 2016 and the nine-month period ended 30 September 2017, the following key adjustments were made:

- Adjustments to (i) reflect the relevant income and expenses relating to the Properties and (ii) reverse the share of profits of the Associated Companies;
- Adjustments to reflect the rent under EMA;
- Adjustments to (i) reverse the finance costs (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisitions; (ii) reflect the finance costs (including amortisation of transaction costs) on the new borrowings drawn down by the Sasseur REIT Group; and (iii) include finance income from cash deposits in a Hong Kong financial institution and finance costs relating to working capital loans obtained from PRC financial institutions;
C BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (cont’d)

C.1 THE SASSEUR REIT GROUP (cont’d)

Unaudited Pro Forma Statements of Cash Flows of the Sasseur REIT Group (cont’d)

- Adjustments to include the Manager’s management fees, the Trustee’s fee and administrative and other trust expenses;
- Adjustments to reverse the depreciation of investment properties and to reflect the fair value change in investment properties;
- Adjustments to reflect income tax expense, withholding tax of 10% imposed on the undistributed profits and reversal of deferred tax assets upon utilisation of tax losses;
- Adjustments to reflect (i) the repayment of existing borrowings (including interest payable) prior to the acquisitions and (ii) the drawdown of new borrowings by the Sasseur REIT Group, net of related transactions costs incurred on the borrowings;
- Adjustments to (i) reflect the proceeds raised from the initial public offering, net of related issuance costs and GST, (ii) redemption of sponsor units, and (iii) distribution to holders of units;
- Other trust expenses comprise annual listing fee, registry fee, audit, legal and tax advisory fees, valuation fees, transaction costs of listing units, costs associated with the preparation and distribution of reports to Unitholders and miscellaneous expenses.

In addition, the following key assumptions were made:

- Part of the new borrowings were drawn down to refinance the old borrowings;
- Finance expenses comprise interest expense incurred on borrowings and amortisation of debt-related transaction costs. The effective interest rates of the onshore loans and offshore loans is assumed to be 5.9% and 4.0% per annum respectively (inclusive of all margins, debt-related transaction costs, legal fees and commitment fees);
- The aggregate valuations of the Properties remain unchanged throughout the year/periods presented;
- The Manager’s management fees and the Trustee’s fee were computed based on the formula as set out in Section E. All the management fees payable to the Manager are paid in the form of Units;
- No Manager’s Performance Fee has been assumed for the financial year ended 31 December 2016 and the nine-month period ended 30 September 2017; and
C BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (cont’d)

C.1 THE SASSEUR REIT GROUP (cont’d)

Unaudited Pro Forma Statements of Cash Flows of the Sasseur REIT Group (cont’d)

- The exchange rates are assumed to be as follows:

<table>
<thead>
<tr>
<th></th>
<th>Average rate for year ended 31 December 2016</th>
<th>As at 31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$ and RMB</td>
<td>S$0.2131: RMB 1.00</td>
<td>S$0.2044: RMB 1.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Average rate for period ended 30 September 2017</th>
<th>As at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$ and RMB</td>
<td>S$0.2064: RMB 1.00</td>
<td>S$0.2044: RMB 1.00</td>
</tr>
</tbody>
</table>

C.2 THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS

The unaudited pro forma statements of total return of Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the unaudited pro forma statements of total return of Bishan Outlets for the financial years ended 31 December 2015 and 31 December 2016 illustrate the financial performance of Chongqing Outlets and Bishan Outlets had these been in place and had the Acquisitions been completed on 1 January 2014 and 1 January 2015 respectively, pursuant to the terms set out in the Prospectus.

The unaudited pro forma statements of total return of Chongqing Outlets and unaudited pro forma statements of total return of Bishan Outlets have been prepared on the basis of the accounting policies set out in Section E and are to be read in conjunction with the accompanying notes.

The objective of the unaudited pro forma statements of total return are to show what the financial performances might have been, had the PRC Property Companies of Chongqing Outlets and Bishan Outlets as described above existed at an earlier date. However, the unaudited pro forma statements of total return are not necessarily indicative of the financial performance that would have been attained had the PRC Property Companies of Chongqing Outlets and Bishan Outlets actually existed earlier. The unaudited pro forma statements of total return have been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the PRC Property Companies of Chongqing Outlets’ and Bishan Outlets’ actual financial performance.

The unaudited pro forma statements of total return of Chongqing Outlets and Bishan Outlets have been compiled based on information extracted by the Manager from the financial statements of Sasseur Cayman Holding Limited, which owned the Chongqing Outlets and Bishan Outlets prior to their acquisitions by Sasseur REIT for the years ended 31 December 2014, 31 December 2015 and 31 December 2016, on which separate audit reports have been issued.
C BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (cont’d)

C.2 THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS (cont’d)

The aforementioned financial information were audited by Ernst & Young Hua Ming LLP, located in Shanghai, China in accordance with the International Financial Reporting Standards and restated to Singapore Financial Reporting Standards. These financial information were not subject to any qualifications, modifications or disclaimers.

The unaudited pro forma statements of total return have been compiled from the financial information disclosed above and are prepared on the basis of the accounting policies set out in Section E and are to be read in conjunction with the accompanying notes.

Unaudited Pro Forma Statements of Total Return of Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016

The Unaudited Pro Forma Statements of Total Return of Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 have been prepared to illustrate the financial performance of Chongqing Outlets had the acquisition of 100% interests in Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd which holds Chongqing Outlets been completed on 1 January 2014, pursuant to the terms set out in the Prospectus.

In arriving at the Unaudited Pro Forma statements of Total Return of Chongqing Outlets for each of the years presented, the following key adjustments were made:

- Adjustments to (i) incorporate revenue and expense of the Associated Companies that were derived from the investment property and the related tax effect and (ii) reverse the share of profits of the Associated Companies;

- Adjustments to (i) eliminate intra-group transactions with Associated Companies and the related tax effect and (ii) exclude corporate income and expenses and the related tax effect;

- Adjustments to reverse the depreciation of investment property and to reflect the fair value change in the investment property;

- Adjustments to (i) reverse the finance costs (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisition and (ii) reflect the finance costs (including amortisation of transaction costs) on the new borrowing drawn down by the PRC Property Company of Chongqing Outlets and (iii) include finance costs relating to working capital loans obtained from PRC financial institutions; and

- Adjustments to take into consideration the effects of the EMA arrangement, which comprise adjustments to (i) reflect the financial performance of the Property after adjusting for income and expenses which are not relevant to the Property after acquisition and the related tax effect and (ii) reflect the rent under EMA.
C BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (cont’d)

C.2 THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS (cont’d)

Unaudited Pro Forma Statements of Total Return of Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 (cont’d)

In addition, the following key assumptions were made for each of the periods presented:

• Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd. enters into leases directly with the end retail tenants and is thus able to collect the full property income derived from Chongqing Outlets, as if the foregoing lease arrangement with the two Associated Companies had taken place on 1 January 2014; and

• The exchange rates are assumed to be as follows:

<table>
<thead>
<tr>
<th></th>
<th>Average rate for</th>
<th>Average rate for</th>
<th>Average rate for</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year ended</td>
<td>Year ended</td>
<td>Year ended</td>
</tr>
<tr>
<td></td>
<td>31 December 2014</td>
<td>31 December 2015</td>
<td>31 December 2016</td>
</tr>
<tr>
<td>S$ and RMB</td>
<td>S$0.2112: RMB 1.00</td>
<td>S$0.2168: RMB 1.00</td>
<td>S$0.2131: RMB 1.00</td>
</tr>
</tbody>
</table>

Unaudited Pro Forma Statements of Total Return of Bishan Outlets for the financial years ended 31 December 2015 and 31 December 2016

The Unaudited Pro Forma Statements of Total Return of Bishan Outlets for the financial years ended 31 December 2015 and 31 December 2016 have been prepared to illustrate the financial performance of Bishan Outlets had the acquisition of 100% interests in Sasseur (Chongqing) Business Co., Ltd. which holds Bishan Outlets been completed on 1 January 2015, pursuant to the terms set out in the Prospectus.

In arriving at the Unaudited Pro Forma statements of Total Return of Bishan Outlets for each of the years presented, the following key adjustments were made:

• Adjustments to exclude corporate income and expenses and the related tax effect;

• Adjustments to reverse the depreciation of investment property and the related tax effect and to reflect the fair value change in investment property;

• Adjustments to (i) reverse the finance costs (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisition; (ii) reflect the finance costs (including amortisation of transaction costs) on the new borrowing drawn down by the PRC Property Company of Bishan Outlets; and (iii) include finance income from cash deposits in a Hong Kong financial institution and finance costs relating to working capital loans obtained from PRC financial institutions; and

• Adjustments to take into consideration the effects of the EMA arrangement, which comprise adjustments to (i) reflect the financial performance of the Property after adjusting for income and expenses which are not relevant to the Property after acquisition and the related tax effect and (ii) reflect the rent under EMA.
C BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (cont’d)

C.2 THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS (cont’d)

Unaudited Pro Forma Statements of Total Return of Bishan Outlets for the financial years ended 31 December 2015 and 31 December 2016 (cont’d)

In addition, the following key assumption was made for each of the periods presented:

- The exchange rates are assumed to be as follows:

<table>
<thead>
<tr>
<th></th>
<th>Average rate for Year ended 31 December 2015</th>
<th>Average rate for Year ended 31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$ and RMB</td>
<td>S$0.2168: RMB 1.00</td>
<td>S$0.2131: RMB 1.00</td>
</tr>
</tbody>
</table>
D UNAUDITED PRO FORMA FINANCIAL INFORMATION

D.1 THE SASSEUR REIT GROUP

Unaudited Pro Forma Statements of Total Return

The Unaudited Pro Forma statement of total return of the Sasseur REIT Group for the year ended 31 December 2016 and each of the nine-month periods ended 30 September 2016 and 30 September 2017 have been prepared for inclusion in the Prospectus and are presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation of Pro Forma Financial Information in Section C.

<table>
<thead>
<tr>
<th>Year ended 31 December 2016</th>
<th>Note</th>
<th>Aggregated Statement of Total Return</th>
<th>Note (a) $'000</th>
<th>Note (b) $'000</th>
<th>Pro Forma Adjustments</th>
<th>Note (c) $'000</th>
<th>Note (d) $'000</th>
<th>Note (e) $'000</th>
<th>Note (f) $'000</th>
<th>Unaudited Pro Forma Statement of Total Return $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMA Rental Income</td>
<td>6</td>
<td>57,522</td>
<td>(57,522)</td>
<td>89,401</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>89,401</td>
</tr>
<tr>
<td>Other income</td>
<td>3,599</td>
<td>(3,599)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Cost of property sales</td>
<td>(2,977)</td>
<td>2,977</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Cost of product sales</td>
<td>(212)</td>
<td>212</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Rental expenses</td>
<td>(967)</td>
<td>967</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Staff costs</td>
<td>(10,219)</td>
<td>10,219</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(12,228)</td>
<td>2,538</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>9,690</td>
</tr>
<tr>
<td>Manager’s management fees</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(4,810)</td>
<td>–</td>
<td>–</td>
<td>(4,810)</td>
<td>(4,810)</td>
<td></td>
</tr>
<tr>
<td>Trustee’s fee</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(290)</td>
<td>–</td>
<td>–</td>
<td>(290)</td>
<td>(290)</td>
<td></td>
</tr>
<tr>
<td>Other trust expenses</td>
<td>7</td>
<td>(35,659)</td>
<td>(35,659)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(13,491)</td>
<td>(13,491)</td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>8</td>
<td>610</td>
<td>(610)</td>
<td>–</td>
<td>–</td>
<td>636</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>636</td>
</tr>
<tr>
<td>Finance costs</td>
<td>8</td>
<td>(17,259)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(7,566)</td>
<td>–</td>
<td>–</td>
<td>(24,825)</td>
<td></td>
</tr>
<tr>
<td>Change in fair value of investment properties</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(2,523)</td>
<td>(2,523)</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Share of profits of the Associated Companies</td>
<td>5,923</td>
<td>(5,923)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Total return for the year before tax</td>
<td>9</td>
<td>(11,867)</td>
<td>(15,082)</td>
<td>89,401</td>
<td>–</td>
<td>(6,930)</td>
<td>(18,591)</td>
<td>7,167</td>
<td>44,098</td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(1,834)</td>
<td>6,148</td>
<td>–</td>
<td>(16,832)</td>
<td>(4,315)</td>
<td>–</td>
<td>–</td>
<td>(16,833)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total return for the year</td>
<td>(13,701)</td>
<td>(8,934)</td>
<td>89,401</td>
<td>(16,832)</td>
<td>(11,245)</td>
<td>(18,591)</td>
<td>7,167</td>
<td>27,265</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total return attributable to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitholders</td>
<td>(16,095)</td>
<td>(6,540)</td>
<td>89,401</td>
<td>(16,832)</td>
<td>(11,245)</td>
<td>(18,591)</td>
<td>7,167</td>
<td>27,265</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>2,394</td>
<td>(2,394)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Total (Unitholders + Non-controlling interest)</td>
<td>13,701</td>
<td>(8,934)</td>
<td>89,401</td>
<td>(16,832)</td>
<td>(11,245)</td>
<td>(18,591)</td>
<td>7,167</td>
<td>27,265</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
D.1 THE SASSEUR REIT GROUP (cont’d)

Unaudited Pro Forma Statements of Total Return (cont’d)

Notes to Pro Forma Adjustments:

(a) Adjustments to (i) reflect the financial performance of the Properties after adjusting for income and expenses which are not relevant to the Properties after acquisitions and the related tax effect; (ii) reverse the share of profits of the Associated Companies; and (iii) acquisition of non-controlling interest;

(b) Adjustments to reflect the rent under EMA;

(c) Adjustments to reflect income tax expense, withholding tax of 10% imposed on the undistributed profits and reversal of deferred tax assets upon utilisation of tax losses;

(d) Adjustments to (i) reverse the finance expenses (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisitions; (ii) reflect the finance expenses (including amortisation of debt-related transaction costs) on the new borrowings drawn down by the Sasseur REIT Group; and (iii) include finance income from cash deposits in a Hong Kong financial institution and finance costs relating to working capital loans obtained from PRC financial institutions;

(e) Adjustments to include the Manager’s management fees, the Trustee’s fee and administrative and other trust expenses; and

(f) Adjustments to reverse the depreciation of investment properties and to reflect the fair value change in investment properties.
### D. UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

#### D.1 THE SASSEUR REIT GROUP (cont’d)

Unaudited Pro Forma Statements of Total Return (cont’d)

<table>
<thead>
<tr>
<th>Nine-month period ended</th>
<th>Note</th>
<th>Aggregated Statement of Total Return</th>
<th>Note (a)</th>
<th>Note (b)</th>
<th>Note (c)</th>
<th>Note (d)</th>
<th>Note (e)</th>
<th>Note (f)</th>
<th>Unaudited Pro Forma Statement of Total Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 September 2016</td>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>6</td>
<td>36,462</td>
<td>(36,462)</td>
<td>61,334</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>61,334</td>
</tr>
<tr>
<td>Other income</td>
<td>–</td>
<td>1,302</td>
<td>(1,302)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Cost of property sales</td>
<td>(414)</td>
<td>414</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Cost of product sales</td>
<td>(210)</td>
<td>210</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Rental expenses</td>
<td>(630)</td>
<td>630</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Staff costs</td>
<td>(7,230)</td>
<td>7,230</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(9,077)</td>
<td>2,121</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>6,956</td>
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<td>Manager’s management fees</td>
<td>–</td>
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<td>–</td>
<td>–</td>
<td>(3,234)</td>
<td>–</td>
<td>(3,234)</td>
<td>(3,234)</td>
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<tr>
<td>Trustee’s fee</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(179)</td>
<td>–</td>
<td>(179)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other trust expenses</td>
<td>7</td>
<td>(17,613)</td>
<td>17,613</td>
<td>–</td>
<td>–</td>
<td>(12,909)</td>
<td>–</td>
<td>(12,909)</td>
<td>(12,909)</td>
</tr>
<tr>
<td>Finance income</td>
<td>8</td>
<td>198</td>
<td>(198)</td>
<td>–</td>
<td>56</td>
<td>–</td>
<td>–</td>
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<td>56</td>
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<tr>
<td>Finance costs</td>
<td>8</td>
<td>(12,389)</td>
<td>–</td>
<td>–</td>
<td>(5,124)</td>
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<td>–</td>
<td>–</td>
<td>(17,513)</td>
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<tr>
<td>Change in fair value of investment properties</td>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1,585)</td>
<td>(1,585)</td>
</tr>
<tr>
<td>Share of profits and losses of Associated Companies</td>
<td>4,482</td>
<td>4,482</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total return for the period before tax</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Income tax expense</td>
<td>9</td>
<td>(669)</td>
<td>3,766</td>
<td>–</td>
<td>(11,321)</td>
<td>(3,097)</td>
<td>–</td>
<td>–</td>
<td>(11,321)</td>
</tr>
<tr>
<td><strong>Total return for the period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total return attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitholders</td>
<td></td>
<td>(7,710)</td>
<td>(8,538)</td>
<td>61,334</td>
<td>(11,321)</td>
<td>(8,165)</td>
<td>(16,322)</td>
<td>5,371</td>
<td>14,649</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td></td>
<td>1,922</td>
<td>(1,922)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total return attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitholders</td>
<td></td>
<td>(5,788)</td>
<td>(10,460)</td>
<td>61,334</td>
<td>(11,321)</td>
<td>(8,165)</td>
<td>(16,322)</td>
<td>5,371</td>
<td>14,649</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td></td>
<td>(5,788)</td>
<td>(10,460)</td>
<td>61,334</td>
<td>(11,321)</td>
<td>(8,165)</td>
<td>(16,322)</td>
<td>5,371</td>
<td>14,649</td>
</tr>
</tbody>
</table>
D UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

D.1 THE SASSEUR REIT GROUP (cont’d)

Unaudited Pro Forma Statements of Total Return (cont’d)

Notes to Pro Forma Adjustments:

(a) Adjustments to (i) reflect the financial performance of the Properties after adjusting for income and expenses which are not relevant to the Properties after acquisitions and the related tax effect; (ii) reverse the share of profits of the Associated Companies; and (iii) acquisition of non-controlling interest;

(b) Adjustments to reflect the rent under EMA;

(c) Adjustments to reflect income tax expense, withholding tax of 10% imposed on the undistributed profits and reversal of deferred tax assets upon utilisation of tax losses;

(d) Adjustments to (i) reverse the finance expenses (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisitions; (ii) reflect the finance expenses (including amortisation of debt-related transaction costs) on the new borrowings drawn down by the Sasseur REIT Group; and (iii) include finance income from cash deposits in a Hong Kong financial institution and finance costs relating to working capital loans obtained from PRC financial institutions;

(e) Adjustments to include the Manager’s management fees, the Trustee’s fee and administrative and other trust expenses; and

(f) Adjustments to reverse the depreciation of investment properties and to reflect the fair value change in investment properties.
### Unaudited Pro Forma Statements of Total Return (cont’d)

<table>
<thead>
<tr>
<th>Nine-month period ended 30 September 2017</th>
<th>Note</th>
<th>Aggregated Statement of Total Return</th>
<th>Pro Forma Adjustments</th>
<th>Unaudited Pro Forma Statement of Total Return</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S$’000</td>
<td>Note (a) S$’000</td>
<td>Note (b) S$’000</td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>6</td>
<td>44,224</td>
<td>(44,224)</td>
<td>91,230</td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td>3,104</td>
<td>(3,104)</td>
<td>–</td>
</tr>
<tr>
<td>Rental expenses</td>
<td></td>
<td>(1,633)</td>
<td>1,633</td>
<td>–</td>
</tr>
<tr>
<td>Staff costs</td>
<td></td>
<td>(8,747)</td>
<td>8,747</td>
<td>–</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td></td>
<td>(14,551)</td>
<td>1,533</td>
<td>–</td>
</tr>
<tr>
<td>Manager’s management fees</td>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Trustee’s fee</td>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other trust expenses</td>
<td>7</td>
<td>(21,391)</td>
<td>21,391</td>
<td>–</td>
</tr>
<tr>
<td>Finance income</td>
<td>8</td>
<td>632</td>
<td>(632)</td>
<td>–</td>
</tr>
<tr>
<td>Finance costs</td>
<td>8</td>
<td>(15,646)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Change in fair value of investment properties</td>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share of profits and losses of Associated Companies</td>
<td></td>
<td>5,155</td>
<td>(5,155)</td>
<td>–</td>
</tr>
</tbody>
</table>

**Total return for the period before tax**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>(8,853)</th>
<th>(19,811)</th>
<th>91,230</th>
<th>–</th>
<th>(5,973)</th>
<th>(6,886)</th>
<th>16,413</th>
<th>66,120</th>
</tr>
</thead>
</table>

**Income tax expense**

<table>
<thead>
<tr>
<th></th>
<th>9</th>
<th>2,071</th>
<th>1,841</th>
<th>–</th>
<th>(19,102)</th>
<th>(3,911)</th>
<th>–</th>
<th>–</th>
<th>(19,101)</th>
</tr>
</thead>
</table>

**Total return for the period**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>(6,782)</th>
<th>(17,970)</th>
<th>91,230</th>
<th>(19,102)</th>
<th>(9,884)</th>
<th>(6,886)</th>
<th>16,413</th>
<th>47,019</th>
</tr>
</thead>
</table>

**Total return attributable to:**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>(8,649)</th>
<th>(16,103)</th>
<th>91,230</th>
<th>(19,102)</th>
<th>(9,884)</th>
<th>(6,886)</th>
<th>16,413</th>
<th>47,019</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>1,867</th>
<th>(1,867)</th>
<th>–</th>
<th>–</th>
<th>–</th>
<th>–</th>
<th>–</th>
<th>–</th>
</tr>
</thead>
</table>

|                                      |      | (6,782) | (17,970) | 91,230 | (19,102) | (9,884) | (6,886) | 16,413 | 47,019 |
D.1 THE SASSEUR REIT GROUP (cont’d)

Unaudited Pro Forma Statements of Total Return (cont’d)

Notes to Pro Forma Adjustments:

(a) Adjustments to (i) reflect the financial performance of the Properties after adjusting for income and expenses which are not relevant to the Properties after acquisitions and the related tax effect; (ii) reverse the share of profits of the Associated Companies; and (iii) acquisition of non-controlling interest;

(b) Adjustments to reflect the rent under EMA;

(c) Adjustments to reflect income tax expense, withholding tax of 10% imposed on the undistributed profits and reversal of deferred tax assets upon utilisation of tax losses;

(d) Adjustments to (i) reverse the finance expenses (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisitions; (ii) reflect the finance expenses (including amortisation of debt-related transaction costs) on the new borrowings drawn down by the Sasseur REIT Group; and (iii) include finance income from cash deposits in a Hong Kong financial institution and finance costs relating to working capital loans obtained from PRC financial institutions;

(e) Adjustments to include the Manager’s management fees, the Trustee’s fee and administrative and other trust expenses; and

(f) Adjustments to reverse the depreciation of investment properties and to reflect the fair value change in investment properties.
D. UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

D.1 THE SASSEUR REIT GROUP (cont’d)

Unaudited Pro Forma Statements of Financial Position

The Unaudited Pro Forma Statements of Financial Position of the Sasseur REIT Group as at 31 December 2016 has been prepared for inclusion in the Prospectus and is presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation of Pro Forma Financial Information in Section C.

<table>
<thead>
<tr>
<th>Note</th>
<th>Aggregated Statement of Financial Position S$’000</th>
<th>Pro Forma Adjustments Note (b) S$’000</th>
<th>Note (c) S$’000</th>
<th>Note (d) S$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>As at 31 December 2016</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Plant and equipment</td>
<td>3,461</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Investment properties</td>
<td>530,572</td>
<td>–</td>
<td>855,508</td>
</tr>
<tr>
<td></td>
<td>Intangible assets</td>
<td>1,204</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Investments in Associated Companies</td>
<td>7,918</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Prepayments, deposits and other receivables</td>
<td>2,124</td>
<td>–</td>
<td>–</td>
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<tr>
<td></td>
<td>Deferred tax assets</td>
<td>7,087</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td><strong>Total assets</strong></td>
<td>552,366</td>
<td>(19,340)</td>
<td>855,508</td>
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</table>

<table>
<thead>
<tr>
<th>Current assets</th>
<th>Aggregated Statement of Financial Position S$’000</th>
<th>Pro Forma Adjustments Note (b) S$’000</th>
<th>Note (c) S$’000</th>
<th>Note (d) S$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>As at 31 December 2016</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inventories</td>
<td>29,011</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Trade receivables</td>
<td>6,204</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Prepayments, deposits and other receivables</td>
<td>30,856</td>
<td>(25,370)</td>
<td>(1,336)</td>
</tr>
<tr>
<td></td>
<td>Amounts due from related parties</td>
<td>143,942</td>
<td>(143,942)</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Pledged deposits</td>
<td>35,875</td>
<td>–</td>
<td>43,951</td>
</tr>
<tr>
<td></td>
<td>Cash and bank balances</td>
<td>79,421</td>
<td>(74,069)</td>
<td>68,513</td>
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<tr>
<td></td>
<td><strong>Total assets</strong></td>
<td>325,309</td>
<td>(276,867)</td>
<td>118,343</td>
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<table>
<thead>
<tr>
<th>Total assets</th>
<th>Aggregated Statement of Financial Position S$’000</th>
<th>Pro Forma Adjustments Note (b) S$’000</th>
<th>Note (c) S$’000</th>
<th>Note (d) S$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>As at 31 December 2016</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>877,675</td>
<td>(296,207)</td>
<td>99,611</td>
<td>855,508</td>
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</table>

Unaudited Pro Forma Statements of Financial Position Note (a) Note (b) Note (c) Note (d)
### Unaudited Pro Forma Statements of Financial Position (cont’d)

<table>
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<tr>
<th>Note</th>
<th>Aggregated Statement of Financial Position S$’000</th>
<th>Pro Forma Adjustments S$’000</th>
<th>Unaudited Pro Forma Statement of Financial Position S$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note (a) S$’000</td>
<td>Note (b) S$’000</td>
<td>Note (c) S$’000</td>
</tr>
<tr>
<td></td>
<td>S$’000</td>
<td>S$’000</td>
<td>S$’000</td>
</tr>
</tbody>
</table>

#### As at 31 December 2016

#### Non-current liabilities

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<tr>
<th>Loans and borrowings</th>
<th>4</th>
<th>392,452</th>
<th>–</th>
<th>109,149</th>
<th>–</th>
<th>–</th>
<th>501,601</th>
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</thead>
<tbody>
<tr>
<td>Deferred tax liabilities</td>
<td>5,278</td>
<td>(5,278)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>33,805</td>
<td>(33,805)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>431,535</td>
<td>(39,083)</td>
<td>109,149</td>
<td>–</td>
<td>–</td>
<td>501,601</td>
<td></td>
</tr>
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#### Current liabilities

<table>
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<tr>
<th>Trade payables</th>
<th>13</th>
<th>17,043</th>
<th>(1,125)</th>
<th>–</th>
<th>–</th>
<th>–</th>
<th>–</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other payables and accruals</td>
<td>14</td>
<td>119,242</td>
<td>(79,854)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>4</td>
<td>65,719</td>
<td>(30,535)</td>
<td>(9,538)</td>
<td>–</td>
<td>–</td>
<td>25,646</td>
</tr>
<tr>
<td>Amounts due to related parties</td>
<td>236,774</td>
<td>(236,774)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Tax payable</td>
<td>6,118</td>
<td>(3,641)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2,477</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>444,896</td>
<td>(351,929)</td>
<td>(9,538)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>83,429</td>
</tr>
</tbody>
</table>

#### Total liabilities

| **Total** | 876,431 | (391,012) | 99,611 | – | – | 585,030 |

#### Net assets

| **Total** | 1,244 | 94,805 | – | (29,710) | 855,508 | 921,847 |

#### Attributable to:

| Unitholders | (9,565) | 105,614 | – | (29,710) | 855,508 | 921,847 |
| Non-controlling interest | 10,809 | (10,809) | – | – | – | – |
| **Total** | 1,244 | 94,805 | – | (29,710) | 855,508 | 921,847 |
D.1 THE SASSEUR REIT GROUP (cont’d)

Unaudited Pro Forma Statements of Financial Position (cont’d)

Notes to Pro Forma Adjustments:

(a) Adjustments to (i) reverse assets and liabilities which are not acquired by Sasseur REIT; (ii) the net settlement of related party balances prior to acquisitions; and (iii) acquisition of non-controlling interest;

(b) Adjustments to reflect (i) the repayment of existing borrowings (including interest payable) and (ii) the drawdown of new borrowings by the Sasseur REIT Group;

(c) Adjustments to (i) reflect the proceeds raised from the initial public offering, net of related issuance costs and GST, and (ii) redemption of sponsor units; and

(d) Adjustment to reflect the acquisition of the Properties at an aggregated net purchase consideration of S$1,386,080,000.
### Unaudited Pro Forma Statements of Financial Position (cont’d)

<table>
<thead>
<tr>
<th>Note</th>
<th>Aggregated Statement of Financial Position S$’000</th>
<th>Pro Forma Adjustments Note (a) S$’000</th>
<th>Pro Forma Adjustments Note (b) S$’000</th>
<th>Pro Forma Adjustments Note (c) S$’000</th>
<th>Pro Forma Adjustments Note (d) S$’000</th>
<th>Unaudited Pro Forma Statement of Financial Position S$’000</th>
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<td>(29,710)</td>
<td>810,559</td>
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### Unaudited Pro Forma Statements of Financial Position (cont’d)

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<th>Note</th>
<th>Aggregated Statement of Financial Position</th>
<th>Note (a) S$’000</th>
<th>Pro Forma Adjustments Note (b) S$’000</th>
<th>Note (c) S$’000</th>
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<td>Loans and borrowings</td>
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<td><strong>Net assets</strong></td>
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<td>(5,476) 146,474 100,381 (29,710) 810,559 921,847</td>
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<td>Unitholders</td>
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<td>(18,134) 159,132 (29,710) 810,559 921,847</td>
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<td>Non-controlling interest</td>
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<td>12,658 (12,658) – – – –</td>
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<td><strong>Total liabilities</strong></td>
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<td>(5,476) 146,474 (29,710) 810,559 921,847</td>
</tr>
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</table>
D  UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

D.1  THE SASSEUR REIT GROUP (cont’d)

Unaudited Pro Forma Statements of Financial Position (cont’d)

Notes to Pro Forma Adjustments:

(a) Adjustments to (i) reverse assets and liabilities which are not acquired by Sasseur REIT; (ii) the net settlement of related party balances prior to acquisitions; and (iii) acquisition of non-controlling interest;

(b) Adjustments to reflect (i) the repayment of existing borrowings (including interest payable) and (ii) the drawdown of new borrowings by the Sasseur REIT Group;

(c) Adjustments to (i) reflect the proceeds raised from the initial public offering, net of related issuance costs and GST, and (ii) redemption of sponsor units; and

(d) Adjustment to reflect the acquisition of the Properties at an aggregated net purchase consideration of S$1,386,080,000.
### D UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

#### D.1 THE SASSEUR REIT GROUP (cont’d)

**Unaudited Pro Forma Statements of Cash Flows**

The Unaudited Pro Forma Statements of Cash Flows of the Sasseur REIT Group for the year ended 31 December 2016 and the nine-month period ended 30 September 2017 have been prepared for inclusion in the Prospectus and are presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation of Pro Forma Financial Information set out in Section C.

<table>
<thead>
<tr>
<th>Year ended 31 December 2016</th>
<th>Aggregated Statement of Cash Flows S$’000</th>
<th>Note (a) S$’000</th>
<th>Note (b) S$’000</th>
<th>Note (c) S$’000</th>
<th>Note (d) S$’000</th>
<th>Note (e) S$’000</th>
<th>Note (f) S$’000</th>
<th>Note (g) S$’000</th>
<th>Note (h) S$’000</th>
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<tbody>
<tr>
<td>Cash flows from operating activities</td>
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<tr>
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<td>(15,082)</td>
<td>86,877</td>
<td>–</td>
<td>(6,930)</td>
<td>(18,590)</td>
<td>9,690</td>
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<td>Adjustments for:</td>
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<td>Finance costs</td>
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<td>Straight-line method adjustment for EMA Rental Income</td>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<tr>
<td>Interest income</td>
<td>(610)</td>
<td>610</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(636)</td>
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<td>Manager’s fee paid in units</td>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<td>Change in fair value of investment properties</td>
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<td>–</td>
<td>2,523</td>
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<td>Dividend income from Associated Companies</td>
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<td>–</td>
<td>–</td>
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<td>Loss on disposal of items of property, plant and equipment</td>
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<td>–</td>
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<td>–</td>
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<td>(9,690)</td>
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<td>–</td>
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<td>Operating cash flows before changes in working capital</td>
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<td>(10,596)</td>
<td>84,354</td>
<td>–</td>
<td>–</td>
<td>(13,780)</td>
<td>2,523</td>
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<th>Unaudited Pro Forma Statement of Cash Flows S$’000</th>
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### Unaudited Pro Forma Statements of Cash Flows (cont’d)

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<th>Year ended 31 December 2016</th>
<th>Aggregated Statement of Cash Flows $’000</th>
<th>Note (a) $’000</th>
<th>Note (b) $’000</th>
<th>Note (c) $’000</th>
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<th>Note (e) $’000</th>
<th>Note (f) $’000</th>
<th>Note (g) $’000</th>
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<td>–</td>
<td>–</td>
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<td>Cash flows from operations</td>
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<td>–</td>
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<td>(12,054)</td>
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<td>Net cash flows from operating activities</td>
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<td>84,354</td>
<td>(12,054)</td>
<td>636</td>
<td>(13,780)</td>
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## Unaudited Pro Forma Statements of Cash Flows (cont’d)

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<th>Year ended 31 December 2016</th>
<th>Aggregated Statement of Cash Flows</th>
<th>Note (a) S$’000</th>
<th>Note (b) S$’000</th>
<th>Note (c) S$’000</th>
<th>Note (d) S$’000</th>
<th>Note (e) S$’000</th>
<th>Note (f) S$’000</th>
<th>Note (g) S$’000</th>
<th>Note (h) S$’000</th>
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</thead>
<tbody>
<tr>
<td>Cash flows from financing activities</td>
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<td></td>
</tr>
<tr>
<td>Proceeds from bank loans</td>
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<td>–</td>
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<td>–</td>
<td>548,897</td>
<td>–</td>
</tr>
<tr>
<td>Repayment of bank loans</td>
<td>(133,829)</td>
<td>133,829</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(425,909)</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from issuance of units</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>416,557</td>
</tr>
<tr>
<td>Redemption of sponsor units</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(416,557)</td>
</tr>
<tr>
<td>Payment of transaction costs relating to issuance of units</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(19,365)</td>
</tr>
<tr>
<td>Payment of transaction costs relating to borrowings</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(26,084)</td>
</tr>
<tr>
<td>Distribution to Unitholders</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(18,855)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(28,904)</td>
<td>28,904</td>
<td>–</td>
<td>–</td>
<td>(21,980)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(21,980)</td>
</tr>
<tr>
<td>Increase in pledged deposit</td>
<td>(8)</td>
<td>8</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(8,417)</td>
</tr>
</tbody>
</table>

**Net cash flows (used in)/generated from financing activities**

| | (2,519) | 2,519 | – | – | (48,064) | – | – | 114,571 | (38,220) | 28,287 |

**Net increase in cash and cash equivalents**

| | (33,668) | 31,151 | 84,354 | (12,054) | (47,428) | (13,780) | 2,523 | 114,571 | (38,220) | 87,449 |

**Cash and cash equivalents at beginning of the year**

| | 5,580 |

**Cash and cash equivalents at end of the year**

| | 93,029 |
D UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

D.1 THE SASSEUR REIT GROUP (cont’d)

Unaudited Pro Forma Statements of Cash Flows (cont’d)

Notes to Pro Forma Adjustments:

(a) Adjustments to (i) reflect the financial performance of the Properties after adjusting for income and expenses which are not relevant to the Properties after acquisitions and the related tax effect; and (ii) reverse the share of profits of the Associated Companies;

(b) Adjustments to reflect the rent under EMA;

(c) Adjustments to reflect income tax expense, withholding tax of 10% imposed on the undistributed profits and reversal of deferred tax assets upon utilisation of tax losses;

(d) Adjustments to (i) reverse the finance expenses (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisitions; (ii) reflect the finance expenses (including amortisation of transaction costs) on the new borrowings drawn down by the Sasseur REIT Group; and (iii) include finance income from cash deposits in a Hong Kong financial institution and finance costs relating to working capital loans obtained from PRC financial institutions;

(e) Adjustments to include the Manager’s management fees, the Trustee’s fee and administrative and other trust expenses;

(f) Adjustments to reverse the depreciation of investment properties and to reflect the fair value change in investment properties;

(g) Adjustments to (i) reflect the repayment of existing borrowing (including interest payable) prior to the acquisitions and (ii) to reflect the drawdown of new borrowings by the Sasseur REIT Group, net of related transactions costs incurred on the borrowings; and

(h) Adjustments to (i) reflect the proceeds raised from the initial public offering, net of related issuance costs and GST, (ii) redemption of sponsor units, and (iii) distribution to holders of units.
### D UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

### D.1 THE SASSEUR REIT GROUP (cont’d)

**Unaudited Pro Forma Statements of Cash Flows (cont’d)**

<table>
<thead>
<tr>
<th>Nine-month period ended 30 September 2017</th>
<th>Aggregated Statement of Cash Flows $’000</th>
<th>Note (a) $’000</th>
<th>Note (b) $’000</th>
<th>Pro Forma Adjustments $’000</th>
<th>Note (d) $’000</th>
<th>Note (e) $’000</th>
<th>Note (f) $’000</th>
<th>Note (g) $’000</th>
<th>Unaudited Pro Forma Statement of Cash Flows $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Total return for the period before tax</td>
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<td>(19,811)</td>
<td>94,625</td>
<td></td>
<td>(5,973)</td>
<td>(6,886)</td>
<td>13,018</td>
<td></td>
<td>66,120</td>
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<td>Adjustments for:</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>23,037</td>
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<tr>
<td>Straight-line method adjustment for EMA Rental Income</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>(632)</td>
<td>632</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager’s fee paid in units</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Change in fair value of investment properties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend income from Associated Companies</td>
<td>(5,155)</td>
<td>5,155</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(3,395)</td>
</tr>
<tr>
<td>Gain on disposal of items of property, plant and equipment</td>
<td>(11)</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Depreciation and amortisation</td>
<td>14,551</td>
<td>(1,533)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>(13,018)</td>
</tr>
<tr>
<td>Government grants</td>
<td>(451)</td>
<td>451</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income before working capital changes</td>
<td>15,095</td>
<td>15,095</td>
<td>98,020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>93,257</td>
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<tr>
<td>Changes in working capital:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>660</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>660</td>
</tr>
<tr>
<td>Prepayments and deposits other receivables</td>
<td>(5,150)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(5,150)</td>
</tr>
<tr>
<td>Amount due from controlling shareholder</td>
<td>(38)</td>
<td>38</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts due from other related parties</td>
<td>(19,097)</td>
<td>19,097</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and bill payables</td>
<td>10,583</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10,583</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>2,324</td>
<td>2,353</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts due to related parties</td>
<td>(6,134)</td>
<td>6,134</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from operating activities</td>
<td>(1,757)</td>
<td>7,821</td>
<td>98,020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>99,321</td>
</tr>
<tr>
<td>Interest received</td>
<td>632</td>
<td>(632)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,418</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(3,197)</td>
<td>3,197</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(14,158)</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>(4,322)</td>
<td>10,386</td>
<td>98,020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>86,581</td>
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### Unaudited Pro Forma Statements of Cash Flows (cont’d)

<table>
<thead>
<tr>
<th>Nine-month period ended 30 September 2017</th>
<th>Aggregated Statement of Cash Flows $’000</th>
<th>Note (a) $’000</th>
<th>Note (b) $’000</th>
<th>Pro Forma Adjustments $’000</th>
<th>Note (c) $’000</th>
<th>Note (d) $’000</th>
<th>Note (e) $’000</th>
<th>Note (f) $’000</th>
<th>Note (g) $’000</th>
<th>Unaudited Pro Forma Statement of Cash Flows $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addition to investment properties</td>
<td>(33,163)</td>
<td>33,163</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td></td>
<td>(33,163)</td>
<td>33,163</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from bank loans</td>
<td>295,145</td>
<td>(295,145)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Repayment of bank loans</td>
<td>(276,270)</td>
<td>276,270</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(3,964)</td>
</tr>
<tr>
<td>Distribution to Unitholders</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(65,098)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(21,460)</td>
<td>21,460</td>
<td>–</td>
<td>–</td>
<td>(18,043)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(18,043)</td>
</tr>
<tr>
<td>Increase in pledged deposits</td>
<td>1,610</td>
<td>(1,610)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td></td>
<td>(975)</td>
<td>975</td>
<td>–</td>
<td>(18,043)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(69,062)</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td></td>
<td>(38,460)</td>
<td>44,524</td>
<td>98,020</td>
<td>(14,158)</td>
<td>(16,625)</td>
<td>(1,368)</td>
<td>(3,395)</td>
<td>(69,062)</td>
<td>(524)</td>
</tr>
</tbody>
</table>

Cash and cash equivalents at beginning of the period 93,029
Effect of exchange rate changes on cash and cash equivalents (2,926)
Cash and cash equivalents at end of the period 89,579
Notes to Pro Forma Adjustments:

(a) Adjustments to (i) reflect the financial performance of the Properties after adjusting for income and expenses which are not relevant to the Properties after acquisitions and the related tax effect; and (ii) reverse the share of profits of the Associated Companies;

(b) Adjustments to reflect the rent under EMA;

(c) Adjustments to reflect income tax expense, withholding tax of 10% imposed on the undistributed profits and reversal of deferred tax assets upon utilisation of tax losses;

(d) Adjustments to (i) reverse the finance expenses (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisitions; (ii) reflect the finance expenses (including amortisation of transaction costs) on the new borrowings drawn down by the Sasseur REIT Group; and (iii) include finance income from cash deposits in a Hong Kong financial institution and finance costs relating to working capital loans obtained from PRC financial institutions;

(e) Adjustments to include the Manager’s management fees, the Trustee’s fee and administrative and other trust expenses;

(f) Adjustments to reverse the depreciation of investment properties and to reflect the fair value change in investment properties; and

(g) Adjustments to reflect the distribution to holders of units.
D. UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

D.2 THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS

Unaudited Pro Forma Statements of Total Return for Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016

The Unaudited Pro Forma Statements of Total Return for Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 have been prepared for inclusion in the Prospectus and are presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation of Pro Forma Financial Information in Section C.

<table>
<thead>
<tr>
<th>Chongqing Outlets</th>
<th>Unaudited Statement of Total Return (without EMA)</th>
<th>Pro Forma Adjustments</th>
<th>Unaudited Statement of Total Return (with EMA)</th>
<th>Pro Forma Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year ended 31 December 2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EMA Rental Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>26,822</td>
<td>39,198</td>
<td>(14,434)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>559</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rental expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(54)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Staff costs</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>(2,624)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Depreciation and amortisation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3,355)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other expenses</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>(7,956)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finance income</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>52</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finance costs</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>(12,124)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Share of profits of Associated Companies</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>3,388</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net change in fair value of investment property</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total return for the year before tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,708</td>
<td>24,783</td>
<td>(7,764)</td>
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</tr>
<tr>
<td></td>
<td>Income tax expense</td>
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<tr>
<td></td>
<td>(418)</td>
<td>(7,043)</td>
<td>1,941</td>
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</tr>
<tr>
<td></td>
<td>Total return for the year</td>
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</tr>
<tr>
<td></td>
<td>4,290</td>
<td>17,740</td>
<td>(5,823)</td>
<td></td>
</tr>
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</table>
D UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

D.2 THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS (cont’d)

Unaudited Pro Forma Statements of Total Return for Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 (cont’d)

Notes to Pro Forma Adjustments:

(a) Adjustments to (i) incorporate revenue and expense of the Associated Companies that were derived from the investment property and the related tax effect and (ii) reverse the share of profits of the Associated Companies;

(b) Adjustments to (i) eliminate intra-group transactions with Associated Companies and the related tax effect and (ii) exclude corporate income and expenses and the related tax effect;

(c) Adjustments to reverse the depreciation of investment property and to reflect the fair value change in the investment property;

(d) Adjustments to (i) reverse the finance costs (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisition and (ii) reflect the finance costs (including amortisation of transaction costs) on the new borrowing drawn down by the PRC Property Company of Chongqing Outlets and (iii) include finance costs relating to working capital loans obtained from PRC financial institutions; and

(e) Adjustments to take into consideration the effects of the EMA arrangement, which comprise adjustments to (i) reflect the financial performance of the Property after adjusting for income and expenses which are not relevant to the Property after acquisition and the related tax effect and (ii) reflect the rent under EMA.
### D.2 THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS (cont’d)

Unaudited Pro Forma Statements of Total Return for Chongqing Outlets
for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 (cont’d)

<table>
<thead>
<tr>
<th>Chongqing Outlets</th>
<th>Unaudited Statement of Total Return</th>
<th>Pro Forma Adjustments</th>
<th>Unaudited Pro Forma Statement of Total Return (without EMA)</th>
<th>Pro Forma Adjustments</th>
<th>Unaudited Pro Forma Statement of Total Return (with EMA)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$’000</td>
<td>S$’000</td>
<td>S$’000</td>
<td>S$’000</td>
<td>S$’000</td>
</tr>
<tr>
<td></td>
<td>Note (a)</td>
<td>Note (b)</td>
<td>Note (c)</td>
<td>Note (d)</td>
<td>Note (e)(i)</td>
</tr>
<tr>
<td><strong>Year ended 31 December 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>31,077</td>
<td>45,507</td>
<td>(18,048)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other income</td>
<td>40</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>40</td>
</tr>
<tr>
<td>Rental expenses</td>
<td>–</td>
<td>(139)</td>
<td>–</td>
<td>–</td>
<td>(139)</td>
</tr>
<tr>
<td>Staff costs</td>
<td>(2,043)</td>
<td>(3,606)</td>
<td>1,419</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(3,597)</td>
<td>(972)</td>
<td>176</td>
<td>3,361</td>
<td>–</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(7,777)</td>
<td>(8,793)</td>
<td>4,566</td>
<td>–</td>
<td>(12,004)</td>
</tr>
<tr>
<td>Finance income</td>
<td>85</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(85)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(2,586)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(13,692)</td>
</tr>
<tr>
<td>Share of profits of Associated Companies</td>
<td>2,987</td>
<td>(2,987)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net change in fair value of investment property</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total return for the year before tax</strong></td>
<td>18,186</td>
<td>29,010</td>
<td>(11,887)</td>
<td>3,361</td>
<td>(13,777)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(3,927)</td>
<td>(7,999)</td>
<td>2,972</td>
<td>(840)</td>
<td>3,445</td>
</tr>
<tr>
<td><strong>Total return for the year</strong></td>
<td>14,259</td>
<td>21,011</td>
<td>(8,915)</td>
<td>(10,332)</td>
<td>18,544</td>
</tr>
</tbody>
</table>
D UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

D.2 THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS (cont’d)

Unaudited Pro Forma Statements of Total Return for Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 (cont’d)

Notes to Pro Forma Adjustments:

(a) Adjustments to (i) incorporate revenue and expense of the Associated Companies that were derived from the investment property and the related tax effect and (ii) reverse the share of profits of the Associated Companies;

(b) Adjustments to (i) eliminate intra-group transactions with Associated Companies and the related tax effect and (ii) exclude corporate income and expenses and the related tax effect;

(c) Adjustments to reverse the depreciation of investment property and to reflect the fair value change in the investment property;

(d) Adjustments to (i) reverse the finance costs (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisition and (ii) reflect the finance costs (including amortisation of transaction costs) on the new borrowing drawn down by the PRC Property Company of Chongqing Outlets and (iii) include finance costs relating to working capital loans obtained from PRC financial institutions; and

(e) Adjustments to take into consideration the effects of the EMA arrangement, which comprise adjustments to (i) reflect the financial performance of the Property after adjusting for income and expenses which are not relevant to the Property after acquisition and the related tax effect and (ii) reflect the rent under EMA.
D  UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

D.2  THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS (cont’d)

Unaudited Pro Forma Statements of Total Return for Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 (cont’d)

<table>
<thead>
<tr>
<th>Chongqing Outlets</th>
<th>Unaudited Statement of Total Return Note (a)</th>
<th>Pro Forma Adjustments Note (b)</th>
<th>Unaudited Pro Forma Statement of Total Return (without EMA) Note (c)</th>
<th>Pro Forma Adjustments Note (d)</th>
<th>Unaudited Pro Forma Statement of Total Return (with EMA) Note (e)(i)</th>
<th>Pro Forma Adjustments Note (e)(ii)</th>
<th>Unaudited Pro Forma Statement of Total Return (with EMA) Note (e)(ii)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Year ended 31 December 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>32,161</td>
<td>46,878</td>
<td>(17,920)</td>
<td>–</td>
<td>–</td>
<td>61,119</td>
<td>(61,119)</td>
</tr>
<tr>
<td>Other income</td>
<td>2</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2</td>
<td>(2)</td>
</tr>
<tr>
<td>Rental expenses</td>
<td>(3)</td>
<td>(74)</td>
<td>3</td>
<td>–</td>
<td>–</td>
<td>(74)</td>
<td>74</td>
</tr>
<tr>
<td>Staff costs</td>
<td>(2,704)</td>
<td>(3,431)</td>
<td>2,258</td>
<td>–</td>
<td>–</td>
<td>(3,877)</td>
<td>3,877</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(3,757)</td>
<td>(893)</td>
<td>262</td>
<td>3,387</td>
<td>–</td>
<td>(1,001)</td>
<td>1,001</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(7,648)</td>
<td>(7,295)</td>
<td>4,298</td>
<td>–</td>
<td>–</td>
<td>(10,645)</td>
<td>10,645</td>
</tr>
<tr>
<td>Finance income</td>
<td>76</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(76)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(4,587)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(11,309)</td>
<td>(15,896)</td>
<td>–</td>
</tr>
<tr>
<td>Share of profits of Associated Companies</td>
<td>5,923</td>
<td>(5,923)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net change in fair value of investment property</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total return for the year before tax</td>
<td>19,463</td>
<td>29,262</td>
<td>(11,099)</td>
<td>3,387</td>
<td>(11,385)</td>
<td>29,628</td>
<td>(45,524)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(3,510)</td>
<td>(8,796)</td>
<td>2,775</td>
<td>(847)</td>
<td>2,846</td>
<td>(7,532)</td>
<td>(2,204)</td>
</tr>
<tr>
<td>Total return for the year</td>
<td>15,953</td>
<td>20,466</td>
<td>(8,324)</td>
<td>2,540</td>
<td>(8,539)</td>
<td>22,096</td>
<td>(47,728)</td>
</tr>
</tbody>
</table>
D  UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

D.2  THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS (cont’d)

Unaudited Pro Forma Statements of Total Return for Chongqing Outlets for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 (cont’d)

Notes to Pro Forma Adjustments:

(a) Adjustments to (i) incorporate revenue and expense of the Associated Companies that were derived from the investment property and the related tax effect and (ii) reverse the share of profits of the Associated Companies;

(b) Adjustments to (i) eliminate intra-group transactions with Associated Companies and the related tax effect and (ii) exclude corporate income and expenses and the related tax effect;

(c) Adjustments to reverse the depreciation of investment property and to reflect the fair value change in the investment property;

(d) Adjustments to (i) reverse the finance costs (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisition and (ii) reflect the finance costs (including amortisation of transaction costs) on the new borrowing drawn down by the PRC Property Company of Chongqing Outlets and (iii) include finance costs relating to working capital loans obtained from PRC financial institutions; and

(e) Adjustments to take into consideration the effects of the EMA arrangement, which comprise adjustments to (i) reflect the financial performance of the Property after adjusting for income and expenses which are not relevant to the Property after acquisition and the related tax effect and (ii) reflect the rent under EMA.
D UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

D.2 THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS (cont’d)

Unaudited Pro Forma Statements of Total Return for Bishan Outlets
for the financial years ended 31 December 2015 and 31 December 2016

The Unaudited Pro Forma Statements of Total Return for Bishan Outlets for the financial years ended 31 December 2015 and 31 December 2016 have been prepared for inclusion in the Prospectus and are presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation of Pro Forma Financial Information in Section C.

<table>
<thead>
<tr>
<th>Bishan Outlets</th>
<th>Unaudited Statement of Total Return S$’000</th>
<th>Pro Forma Adjustments Note (a) S$’000</th>
<th>Note (b) S$’000</th>
<th>Note (c) S$’000</th>
<th>Unaudited Pro Forma Statement of Total Return (without EMA) S$’000</th>
<th>Pro Forma Adjustments Note (d)(i) S$’000</th>
<th>Note (d)(ii) S$’000</th>
<th>Unaudited Pro Forma Statement of Total Return (with EMA) S$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended 31 December 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>10,284</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>10,284</td>
<td>(10,284)</td>
<td>11,530</td>
<td>11,530</td>
</tr>
<tr>
<td>Other income</td>
<td>1,675</td>
<td>(514)</td>
<td>–</td>
<td>–</td>
<td>1,161</td>
<td>(1,161)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Purchase of goods</td>
<td>(2,161)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(2,161)</td>
<td>2,161</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Rental expenses</td>
<td>(224)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(224)</td>
<td>224</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Staff costs</td>
<td>(1,758)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1,758)</td>
<td>1,758</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(2,490)</td>
<td>–</td>
<td>2,377</td>
<td>–</td>
<td>(113)</td>
<td>113</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(4,600)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(4,600)</td>
<td>4,600</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Finance income</td>
<td>78</td>
<td>–</td>
<td>–</td>
<td>(33)</td>
<td>45</td>
<td>–</td>
<td>–</td>
<td>45</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(4,101)</td>
<td>–</td>
<td>–</td>
<td>280</td>
<td>(3,821)</td>
<td>–</td>
<td>–</td>
<td>(3,821)</td>
</tr>
<tr>
<td>Net change in fair value of investment property</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(461)</td>
<td>(461)</td>
</tr>
<tr>
<td>Total return for the year before tax</td>
<td>(3,297)</td>
<td>(514)</td>
<td>2,377</td>
<td>247</td>
<td>(1,187)</td>
<td>(2,589)</td>
<td>11,069</td>
<td>7,293</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>862</td>
<td>–</td>
<td>(498)</td>
<td>(51)</td>
<td>313</td>
<td>700</td>
<td>–</td>
<td>1,013</td>
</tr>
<tr>
<td>Total return for the year</td>
<td>(2,435)</td>
<td>(514)</td>
<td>1,879</td>
<td>196</td>
<td>(874)</td>
<td>(1,889)</td>
<td>11,069</td>
<td>8,306</td>
</tr>
</tbody>
</table>
D UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

D.2 THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS
(cont’d)

Unaudited Pro Forma Statements of Total Return for Bishan Outlets
for the financial years ended 31 December 2015 and 31 December 2016 (cont’d)

Notes to Pro Forma Adjustments:

(a) Adjustments to exclude corporate income and expenses and the related tax effect;

(b) Adjustments to reverse the depreciation of investment property and the related tax effect and to reflect the
    fair value change in investment property;

(c) Adjustments to (i) reverse the finance costs (including amortisation of debt-related transaction costs) and the
    related tax effect relating to the borrowings that existed prior to Acquisition; (ii) reflect the finance costs
    (including amortisation of transaction costs) on the new borrowing drawn down by the PRC Property Company
    of Bishan Outlets; and (iii) include finance income from cash deposits in a Hong Kong financial institution and
    finance costs relating to working capital loans obtained from PRC financial institutions; and

(d) Adjustments to take into consideration the effects of the EMA arrangement, which comprise adjustments to
    (i) reflect the financial performance of the Property after adjusting for income and expenses which are not
    relevant to the Property after acquisition and the related tax effect and (ii) reflect the rent under EMA.
### D.2 THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS (cont’d)

Unaudited Pro Forma Statements of Total Return for Bishan Outlets
for the financial years ended 31 December 2015 and 31 December 2016 (cont’d)

<table>
<thead>
<tr>
<th>Bishan Outlets</th>
<th>Unaudited Pro Forma Statement of Total Return (without EMA)</th>
<th>Pro Forma Adjustments</th>
<th>Unaudited Pro Forma Statement of Total Return (with EMA)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$’000</td>
<td>S$’000</td>
<td>S$’000</td>
</tr>
<tr>
<td><strong>Year ended 31 December 2016</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMA Rental Income</td>
<td>7,921</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other income</td>
<td>1,216</td>
<td>(506)</td>
<td>–</td>
</tr>
<tr>
<td>Rental expenses</td>
<td>(138)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Staff costs</td>
<td>(1,310)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(3,176)</td>
<td>–</td>
<td>3,037</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(4,755)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Finance income</td>
<td>139</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(2,285)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net change in fair value of investment property</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total return for the year before tax</strong></td>
<td>(2,388)</td>
<td>(506)</td>
<td>3,037</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>600</td>
<td>–</td>
<td>(640)</td>
</tr>
<tr>
<td><strong>Total return for the year</strong></td>
<td>(1,788)</td>
<td>(506)</td>
<td>2,397</td>
</tr>
</tbody>
</table>
D.2 THE PRC PROPERTY COMPANIES OF CHONGQING OUTLETS AND BISHAN OUTLETS (cont’d)

Unaudited Pro Forma Statements of Total Return for Bishan Outlets for the financial years ended 31 December 2015 and 31 December 2016 (cont’d)

Notes to Pro Forma Adjustments:
(a) Adjustments to exclude corporate income and expenses and the related tax effect;
(b) Adjustments to reverse the depreciation of investment property and the related tax effect and to reflect the fair value change in investment property;
(c) Adjustments to (i) reverse the finance costs (including amortisation of debt-related transaction costs) and the related tax effect relating to the borrowings that existed prior to Acquisition; (ii) reflect the finance costs (including amortisation of transaction costs) on the new borrowing drawn down by the PRC Property Company of Bishan Outlets; and (iii) include finance income from cash deposits in a Hong Kong financial institution and finance costs relating to working capital loans obtained from PRC financial institutions; and
(d) Adjustments to take into consideration the effects of the EMA arrangement, which comprise adjustments to (i) reflect the financial performance of the Property after adjusting for income and expenses which are not relevant to the Property after acquisition and the related tax effect and (ii) reflect the rent under EMA.
E  NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. Summary of significant accounting policies

The significant accounting policies of Sasseur REIT, which have been consistently applied in preparing the Unaudited Pro Forma Financial Information set out in this report, are as follows:

(a) Basis of preparation of the Unaudited Pro Forma Financial Information

The Unaudited Pro Forma Financial Information is prepared in accordance with the bases set out in Section C and applied to financial information prepared in accordance with the Statement of Recommended Accounting Practice 7 Reporting Framework for Unit Trusts issued by the Institute of Singapore Chartered Accountants (“ISCA”) and the applicable requirements of the Code of Collective Investment Schemes (“CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed.

The Unaudited Pro Forma Financial Information which are presented in Singapore dollars (“SGD”) and rounded to the nearest thousand, have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The preparation of the Unaudited Pro Forma Financial Information requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities. Actual results may differ from these estimates.

(b) Foreign currency

The Sasseur REIT Group’s consolidated financial statements are presented in Singapore dollars. Sasseur REIT and each entity in the Sasseur REIT Group determines its own functional currency and items included in the financial statements of each entity are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”). The functional currency of Sasseur REIT is Chinese Renminbi (“RMB”). The presentation currency is SGD as the financial statements are meant primarily for users in Singapore.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of Sasseur REIT and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Sasseur REIT Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Sasseur REIT Group on disposal of the foreign operation.
1. Summary of significant accounting policies (cont’d)

(b) Foreign currency (cont’d)

Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

(c) Basis of consolidation and business combinations

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Sasseur REIT and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the REIT. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Sasseur REIT Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Sasseur REIT Group loses control over a subsidiary, it:

- de-recognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
E  NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

1. Summary of significant accounting policies (cont’d)

(c) Basis of consolidation and business combinations (cont’d)

(i) Basis of consolidation (cont’d)

– recognises the fair value of any investment retained;
– recognises any surplus or deficit in profit or loss;
– re-classifies the Sasseur REIT Group’s share of components previously
  recognised in other comprehensive income to profit or loss or retained
  earnings, as appropriate.

(ii) Business combinations

Business combinations are accounted for by applying the acquisition method.
Identifiable assets acquired and liabilities assumed in a business combination are
measured initially at their fair values at the acquisition date. Acquisition-related
costs are recognised as expenses in the periods in which the costs are incurred
and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised
at fair value at the acquisition date. Subsequent changes to the fair value of the
contingent consideration which is deemed to be an asset or liability, will be
recognised in profit or loss.

The Sasseur REIT Group elects for each individual business combination, whether
non-controlling interest in the acquiree (if any), that are present ownership
interests and entitle their holders to a proportionate share of net assets in the
event of liquidation, is recognised on the acquisition date at fair value, or at the
non-controlling interest’s proportionate share of the acquiree’s identifiable net
assets. Other components of non-controlling interests are measured at their
acquisition date fair value, unless another measurement basis is required by
another FRS.

(d) Subsidiaries

A subsidiary is an investee that is controlled by the Sasseur REIT Group. The Sasseur
REIT Group controls an investee when it is exposed, or has rights, to variable returns
from its involvement with the investee and has the ability to affect those returns through
its power over the investee.

In Sasseur REIT’s separate financial statements, investments in subsidiaries are
accounted for at cost less impairment losses.

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital
appreciation or both. These comprise the outlet shopping malls owned by Sasseur
REIT’s subsidiaries and include the land-use rights on which the shopping malls reside.
Investment properties are not for sale in the ordinary course of business, used in the
production or supply of goods or services, or for administrative purposes.
1. Summary of significant accounting policies (cont’d)

(e) Investment properties (cont’d)

Investment properties are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the income statement. Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the Property Funds Appendix of the CIS Code issued by the MAS.

Investment properties are subject to renovations or improvements at regular interval. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are written off to the income statement.

When an investment property is disposed of, the resulting gain or loss recognised in the income statement is the difference between net disposal proceeds and the carrying amount of the property.

(f) Financial assets

Financial assets are recognised when, and only when, the Sasseur REIT Group becomes a party to the contractual provisions of the financial instrument. The Sasseur REIT Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Sasseur REIT Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(g) Cash and cash equivalent

Cash and cash equivalents comprise cash and demand deposits.
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

1. Summary of significant accounting policies (cont’d)

(h) Impairment of financial assets

The Sasseur REIT Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Sasseur REIT Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Sasseur REIT Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Sasseur REIT Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(i) Financial liabilities

Financial liabilities are recognised when, and only when, the Sasseur REIT Group becomes a party to the contractual provisions of the financial instrument. The Sasseur REIT Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.
1. Summary of significant accounting policies (cont’d)

(i) Financial liabilities (cont’d)

After initial recognition, financial liabilities other than those designated at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Unitholders’ funds

Unitholders’ funds represent the unitholders’ residual interest in the Sasseur REIT Group’s net assets upon termination and are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of units and are deducted directly against the unitholders’ fund.

(k) Revenue recognition

EMA Rental Income

EMA Rental Income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total EMA Rental Income to be received. Variable rent is recognised as income in the accounting period in which it is earned and can be reliably estimated.

Finance income

Finance income comprises interest income which is recognised as it accrues using the effective interest method.

(l) Expenses

Fees paid and payable to the Manager are recognised on an accrual basis based on the terms stipulated in the Trust Deed.

Trust expenses are recognised on an accrual basis.

Finance costs comprise interest expense on borrowings, including amortisation of transaction costs incurred on the borrowings. Finance costs are recognised in the statement of total return using the effective interest method.
E  
Notes to the Unaudited Pro Forma Financial Information (cont’d)

1. Summary of significant accounting policies (cont’d)

   (m) Taxes

   **Current tax**

   Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period. Current income taxes are recognised in profit or loss.

   **Deferred tax**

   Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

   Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

   Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

   The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

   Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

   Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.
E  NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

1. Summary of significant accounting policies (cont’d)

(m) Taxes (cont’d)

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

(i) Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(n) Related parties

A related party is defined as follows:

(a) A person or a close member of that person’s family is related to the Sasseur REIT Group and Sasseur REIT if that person:

(i) Has control or joint control over Sasseur REIT;

(ii) Has significant influence over Sasseur REIT; or

(iii) Is a member of the key management personnel of the Sasseur REIT Group or the Manager or of a parent of Sasseur REIT.

(b) An entity is related to the Sasseur REIT Group and Sasseur REIT if any of the following conditions applies:

(i) The entity and Sasseur REIT are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associated company or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third-party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to Sasseur REIT. If Sasseur REIT is itself such a plan, the sponsoring employers are also related to Sasseur REIT.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
E  NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

1. Summary of significant accounting policies (cont’d)

(o) Segment reporting

For the purpose of operating segments, the Sasseur REIT Group is organised into operating segments on a property by property basis. The properties are independently managed by the entrusted managers who are responsible for the performance of the property under their charge. Discrete financial information is provided to the Manager on a property by property basis. The Manager regularly reviews this information in order to allocate resources to the property and to assess the property performance.

2. Investment properties

<table>
<thead>
<tr>
<th>Property</th>
<th>Location</th>
<th>Underlying land tenure (years)</th>
<th>As at 31 December 2016</th>
<th>As at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chongqing Outlets</td>
<td>Chongqing, PRC</td>
<td>30</td>
<td>501,316</td>
<td>501,316</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>Chongqing, PRC</td>
<td>34</td>
<td>149,035</td>
<td>149,035</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>Anhui, PRC</td>
<td>36</td>
<td>459,855</td>
<td>459,855</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>Yunnan, PRC</td>
<td>37</td>
<td>275,874</td>
<td>275,874</td>
</tr>
</tbody>
</table>

1,386,080 1,386,080
3. Cash and bank balances

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2016</th>
<th>As at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank balances</td>
<td>68,513</td>
<td>109,412</td>
</tr>
<tr>
<td>Pledged deposits</td>
<td>43,951</td>
<td>42,356</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>112,464</strong></td>
<td><strong>151,768</strong></td>
</tr>
</tbody>
</table>

Deposits of S$42,356,000 as at 30 September 2017 (31 December 2016: S$43,951,000) are pledged to secure a portion of the Sasseur REIT Group's bank borrowings (Note 4).

4. Loans and borrowings

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2016</th>
<th>As at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured bank loans</td>
<td>25,646</td>
<td>32,590</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured bank loans</td>
<td>524,860</td>
<td>526,625</td>
</tr>
<tr>
<td>Less: Unamortised transaction costs</td>
<td>(23,259)</td>
<td>(25,024)</td>
</tr>
<tr>
<td><strong>Total loans and borrowings</strong></td>
<td>501,601</td>
<td>501,601</td>
</tr>
</tbody>
</table>

527,247  534,191
4. Loans and borrowings (cont’d)

On 30 September 2017, Sasseur REIT has in place an aggregate amount of S$380,475,000 (31 December 2016: S$380,475,000) onshore term loans (the “Onshore Facilities”) and S$121,126,000 (2016: S$121,126,000) offshore term loan (the “Offshore Facility”), net of transaction costs. The key terms of the Onshore Facilities and the Offshore Facility are as follows:

Onshore Facilities

These comprise a five-year secured term loan facilities to the PRC Property Companies (the “Onshore Loans”) and working capital loans obtained from PRC financial institutions (the “Working Capital Loans”).

The Onshore Loans bear floating interest rates based on the People’s Bank of China’s (“PBOC”) benchmark one to five years lending rate per annum. The loans are repayable in half-yearly instalment comprising of 1.0% of total outstanding principal sum and the remainder of the principal sum will be repayable 60 months after the date of the first drawdown.

The Onshore Loans 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) and 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 effective interest rates of the Onshore Loans as at 30 September 2017 are 5.9% (31 December 2016: 5.9%) per annum, which are inclusive of all margins and amortisation of transaction costs.

The Working Capital Loans as at 30 September 2017 bear interest rate at 3% (31 December 2016: 3%) per annum and are secured by pledged deposits (Note 3).
4. Loans and borrowings (cont’d)

Offshore Facility

This comprises a three-year secured term loan facility to Sasseur REIT (the “Offshore Borrowers”) (the “Offshore Loan”). The secured bank loan bears interest rate at 1.55% per annum above the Singapore Swap Offer Rate and bullet repayment on the earlier of (i) the Onshore Facility Final Repayment Date and (ii) three years from the date of the drawdown of the Offshore Facility.

The Offshore Facility is secured / guaranteed 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.

The effective interest rate of the offshore loan as at 30 September 2017 is assumed to be 4.0% (31 December 2016: 4.0%) per annum, which is inclusive of all margins and amortisation of transaction costs.
5. Unitholders’ funds

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31 December 2016 No. of units '000</th>
<th>As at 30 September 2017 No. of units '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units at date of constitution</td>
<td>_ (1)</td>
<td>_ (1)</td>
</tr>
<tr>
<td>Issuance of Consideration Units</td>
<td>1,062</td>
<td>1,062,289</td>
</tr>
<tr>
<td>Sub-division of Units</td>
<td>1,179,218</td>
<td>–</td>
</tr>
<tr>
<td>Loss arising from initial public offering</td>
<td>–</td>
<td>(110,731)</td>
</tr>
<tr>
<td>Issuance of new Units</td>
<td>495,000</td>
<td>396,000</td>
</tr>
<tr>
<td>Redemption of Units</td>
<td>(495,000)</td>
<td>(396,000)</td>
</tr>
<tr>
<td>Units in issue</td>
<td>1,180,280</td>
<td>951,558</td>
</tr>
<tr>
<td>Less: Issue costs</td>
<td>(18,580)</td>
<td>(18,580)</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>(11,131)</td>
<td>(11,131)</td>
</tr>
<tr>
<td></td>
<td>921,847</td>
<td>921,847</td>
</tr>
</tbody>
</table>

Note:
(1) Less than 1,000 units and S$1,000.

6. EMA Rental Income

The EMA Rental Income of Sasseur REIT Group during the Relevant Period is as follows:

<table>
<thead>
<tr>
<th>Year ended 31 December 2016</th>
<th>Nine-month period ended 30 September 2016</th>
<th>Nine-month period ended 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMA Rental Income</td>
<td>89,401</td>
<td>61,334</td>
</tr>
</tbody>
</table>
7. Other trust expenses

Other trust expenses includes the following:

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December 2016</th>
<th>Nine-month period ended 30 September 2016</th>
<th>Nine-month period ended 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>Audit fee</td>
<td>321</td>
<td>241</td>
<td>248</td>
</tr>
<tr>
<td>Valuation fee</td>
<td>86</td>
<td>64</td>
<td>66</td>
</tr>
</tbody>
</table>

8. Finance income and finance costs

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December 2016</th>
<th>Nine-month period ended 30 September 2016</th>
<th>Nine-month period ended 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>Finance income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>636</td>
<td>56</td>
<td>1,418</td>
</tr>
<tr>
<td>Finance costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense on borrowings</td>
<td>(20,588)</td>
<td>(14,514)</td>
<td>(19,127)</td>
</tr>
<tr>
<td>Amortisation of transaction costs</td>
<td>(4,237)</td>
<td>(2,999)</td>
<td>(3,910)</td>
</tr>
<tr>
<td></td>
<td>(24,825)</td>
<td>(17,513)</td>
<td>(23,037)</td>
</tr>
</tbody>
</table>

9. Tax expense

Major components of income tax expense

The major components of income tax expenses are:

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December 2016</th>
<th>Nine-month period ended 30 September 2016</th>
<th>Nine-month period ended 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>Overseas income tax expense</td>
<td>12,054</td>
<td>8,247</td>
<td>14,158</td>
</tr>
<tr>
<td>Withholding tax expense</td>
<td>3,972</td>
<td>2,664</td>
<td>4,240</td>
</tr>
<tr>
<td>Deferred tax expense</td>
<td>807</td>
<td>410</td>
<td>703</td>
</tr>
<tr>
<td></td>
<td>16,833</td>
<td>11,321</td>
<td>19,101</td>
</tr>
</tbody>
</table>
9. Tax expense (cont’d)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December 2016</th>
<th>Nine-month period ended 30 September 2016</th>
<th>Nine-month period ended 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>44,098</td>
<td>25,970</td>
<td>66,120</td>
</tr>
<tr>
<td>Tax using the Singapore tax rate of 17%</td>
<td>7,497</td>
<td>4,415</td>
<td>11,240</td>
</tr>
<tr>
<td>Income not subject to tax</td>
<td>(654)</td>
<td>(2,630)</td>
<td>(734)</td>
</tr>
<tr>
<td>Effect of different tax rates in foreign jurisdiction</td>
<td>2,165</td>
<td>3,638</td>
<td>2,365</td>
</tr>
<tr>
<td>Deferred tax assets not recognised</td>
<td>3,853</td>
<td>3,234</td>
<td>1,990</td>
</tr>
<tr>
<td>Withholding tax</td>
<td>3,972</td>
<td>2,664</td>
<td>4,240</td>
</tr>
<tr>
<td></td>
<td>16,833</td>
<td>11,321</td>
<td>19,101</td>
</tr>
</tbody>
</table>

10. Deferred tax assets

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2016</th>
<th>As at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax loss carried forward</td>
<td>2,454</td>
<td>5,762</td>
</tr>
</tbody>
</table>

The tax losses are subject to agreement by the tax authorities and compliance with the tax regulation in the PRC. Tax losses have an expiry date of 5 years.

11. Trade receivables

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2016</th>
<th>As at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>1,729</td>
<td>950</td>
</tr>
</tbody>
</table>
12. Prepayments, deposits and other receivables

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2016</th>
<th>As at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>Prepayments</td>
<td>209</td>
<td>991</td>
</tr>
<tr>
<td>Deposits</td>
<td>1,187</td>
<td>4,264</td>
</tr>
<tr>
<td>Other receivables</td>
<td>2,754</td>
<td>2,187</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,150</td>
<td>7,442</td>
</tr>
</tbody>
</table>

13. Trade payables

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2016</th>
<th>As at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>Trade payables</td>
<td>15,918</td>
<td>26,923</td>
</tr>
</tbody>
</table>

14. Other payables and accruals

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2016</th>
<th>As at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>Other payables</td>
<td>36,778</td>
<td>62,488</td>
</tr>
<tr>
<td>Accruals</td>
<td>2,610</td>
<td>4,180</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>39,388</td>
<td>66,668</td>
</tr>
</tbody>
</table>

Other payables include the construction cost payables by Chongqing Outlets, Bishan Outlets, Hefei Outlets and Kunming Outlets to external parties.

15. Financial risk management

The Sasseur REIT Group’s activities expose it to market risk (including currency risk and cash flow risk), credit risk, liquidity risk, interest rate risk and foreign currency risk in the normal course of its business. The Sasseur REIT Group’s overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Sasseur REIT Group’s financial performance.

The Sasseur REIT Group may use financial instruments such as currency forwards, cross currency swaps, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures.
15. Financial risk management (cont’d)

The Board of Directors of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Sasseur REIT Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager’s organisational and reporting structure, operating manuals and delegation of authority guidelines.

**Market Risk**

(i) **Currency risk**

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Sasseur REIT Group’s business is not exposed to significant currency risk as the portfolio of properties are located in China and the cash flows from the operations of the properties are denominated in RMB. The Sasseur REIT Group also borrows in the same currency as the assets in order to manage the foreign currency risk. Sasseur REIT will receive RMB distributions from the investment properties which will be passed to the Unitholders, either in RMB or converted to SGD at spot foreign exchange rate. The Sasseur REIT is exposed to fluctuations in the cross currency rates of the RMB and SGD for operating expenses incurred in Singapore, which are not material. Where appropriate, based on the prevailing market conditions, the Sasseur REIT Group may adopt suitable hedging strategies to minimise any foreign exchange risk.

(ii) **Cash flow risk**

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Sasseur REIT Group has fixed rate interest-bearing borrowings and are not exposed to significant cash flow risk.

**Credit risk**

Credit risk is the risk of financial loss to the Sasseur REIT Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Sasseur REIT Group’s receivables from customers and investment securities. In addition, tenants may experience financial difficulty and are unable to fulfil their lease commitments or tenants may fail to occupy and pay rent in accordance with lease agreements. The Sasseur REIT Group mitigates credit risk through staggered lease maturities, diversification of revenue sources by ensuring no individual tenant contributes a significant percentage of Sasseur REIT’s gross revenue and obtaining security deposits from the tenants.

Derivatives are only centered into with banks and financial counterparties with sound credit ratings.

Cash is placed with financial institutions which are regulated.

The Sasseur REIT Group believes that there is no credit risk inherent in the Sasseur REIT Group’s other receivables, based on historical payment behaviours and the security deposits held. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.
15. Financial risk management (cont’d)

Liquidity risk

Liquidity risk is the risk that the Sasseur REIT Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Sasseur REIT Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Sasseur REIT Group’s reputation.

The Sasseur REIT Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Sasseur REIT Group’s operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the Code on Collective Investment Schemes issued by the MAS concerning limits on total borrowings.

The following are the contractual maturities of financial liabilities including interest payments:

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount</th>
<th>Within 1 year</th>
<th>After 1 year but within 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$’000</td>
<td>S$’000</td>
<td>S$’000</td>
<td>S$’000</td>
</tr>
<tr>
<td><strong>As at 31 December 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>13</td>
<td>15,918</td>
<td>15,918</td>
<td>15,918</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>14</td>
<td>39,388</td>
<td>39,388</td>
<td>39,388</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>4</td>
<td>527,247</td>
<td>55,263</td>
<td>553,473</td>
</tr>
<tr>
<td></td>
<td>582,553</td>
<td>110,569</td>
<td>553,473</td>
<td>664,042</td>
</tr>
<tr>
<td><strong>As at 30 September 2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>13</td>
<td>26,923</td>
<td>26,923</td>
<td>26,923</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>14</td>
<td>66,668</td>
<td>66,668</td>
<td>66,668</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>4</td>
<td>534,191</td>
<td>63,144</td>
<td>560,782</td>
</tr>
<tr>
<td></td>
<td>627,782</td>
<td>156,735</td>
<td>560,782</td>
<td>717,517</td>
</tr>
</tbody>
</table>

The maturity analyses show the contractual undiscounted cash flows of the Sasseur REIT Group and the financial liabilities on the basis of their earliest possible contractual maturity.

Interest rate risk

The Sasseur REIT Group’s exposure to changes in interest rates relates primarily to interest-bearing financial assets and interest-bearing financial liabilities. The Manager manages net exposure to interest rate risk by maintaining sufficient lines of credit to achieve acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis and entering into hedging instruments, where appropriate.
15. Financial risk management (cont’d)

The Sasseur REIT Group’s interest rate risk arises primarily from its interest-bearing loans and borrowings which are variable rate instruments. If interest rates increase/decrease by 25 basis points with all other variables, including foreign currency exchange rates, being held constant, total returns before tax would have been higher/lower by approximately S$3,648,087 (31 December 2016: S$3,566,500).

Foreign currency risk

In order to manage the currency risk involved in investing in assets outside Singapore, the Manager will adopt currency risk management strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge;
- the use of cross currency swaps to swap a portion of debt in another currency into the currency of the asset investment to reduce the underlying currency exposure; and
- entering into currency forward contracts to hedge the foreign currency income received from its foreign subsidiaries, back into Singapore Dollars.

The transactions of entities within the Sasseur REIT Group and recognised assets and liabilities are primarily denominated in the individual entity’s functional currency and hence the Sasseur REIT Group is not significantly exposed to foreign currency risk.

Changes in foreign currency rate for Renminbi to Singapore dollars will impact the distribution income of Sasseur REIT and consequently, the distribution yield, as the distributions are paid in Singapore dollars. The effect of variation in foreign currency rates on the distribution yield is discussed in “Profit Forecast and Profit Projection”.

Capital management

Optimal capital structure strategy – The Manager aims to optimise the capital structure and cost of capital, within the borrowing limits set out in the Property Fund Appendix. The Manager’s strategy of the management of capital involves adopting and maintaining appropriate Aggregate Leverage level to ensure optimal returns to Unitholders, while maintaining flexibility in respect of future capital expenditures or acquisitions. The Manager will endeavour to employ an optimal capital structure, comprising an appropriate mix of debt and equity in financing the acquisition of properties and asset enhancement activities of its properties.
15. Financial risk management (cont’d)

Capital management (cont’d)

The Manager will, in the event that Sasseur REIT incurs any future borrowings, periodically review Sasseur REIT’s capital management policy with respect to its Aggregate Leverage and modify the policy as its management deems prudent in light of prevailing market conditions. The Manager will endeavour to match the maturity of Sasseur REIT’s indebtedness with the maturity of Sasseur REIT’s investment assets, and to employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time.

The aggregate leverage ratio is calculated as total borrowings divided by total assets. The aggregate leverage ratio is 36.0% as at 30 September 2017 (31 December 2016: 36.5%).

Accounting classifications and fair values

The carrying amounts of financial assets and liabilities shown in the Unaudited Pro Forma Statement of Financial Position as at 31 December 2016 and 30 September 2017 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>Loans and receivables S$'000</th>
<th>Other financial liabilities S$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>31 December 2016</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>11</td>
<td>1,729</td>
<td>–</td>
</tr>
<tr>
<td>Deposits and other receivables</td>
<td>12</td>
<td>3,941</td>
<td>–</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>3</td>
<td>68,513</td>
<td>–</td>
</tr>
<tr>
<td>Pledged deposits</td>
<td>3</td>
<td>43,951</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>118,134</strong></td>
<td>–</td>
</tr>
<tr>
<td>Trade payables</td>
<td>13</td>
<td>–</td>
<td>15,918</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>14</td>
<td>–</td>
<td>39,388</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>4</td>
<td>–</td>
<td>527,247</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>–</td>
<td><strong>582,553</strong></td>
</tr>
<tr>
<td><strong>30 September 2017</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>11</td>
<td>950</td>
<td>–</td>
</tr>
<tr>
<td>Deposits and other receivables</td>
<td>12</td>
<td>6,451</td>
<td>–</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>3</td>
<td>109,412</td>
<td>–</td>
</tr>
<tr>
<td>Pledged deposits</td>
<td>3</td>
<td>42,356</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>159,169</strong></td>
<td>–</td>
</tr>
<tr>
<td>Trade payables</td>
<td>13</td>
<td>–</td>
<td>26,923</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>14</td>
<td>–</td>
<td>66,668</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>4</td>
<td>–</td>
<td>534,191</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>–</td>
<td><strong>627,782</strong></td>
</tr>
</tbody>
</table>
15. Financial risk management (cont’d)

*Estimation of fair values*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including cash and bank balances) and variable rate loans and borrowings are assumed to approximately their fair values because of the short period to maturity or repricing.

*Fair value hierarchy*

The table below analyses fair value measurements for non-financial assets carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that Sasseur REIT can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the assets or liability.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows the key unobservable inputs used within the valuation report:

<table>
<thead>
<tr>
<th>Type</th>
<th>Valuation Technique</th>
<th>Unobservable Input</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment properties</td>
<td>Discounted cash flow approach</td>
<td>Discount rate</td>
<td>10.5%−11.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capitalisation rate</td>
<td>7.5%−8.5%</td>
</tr>
</tbody>
</table>

The significant unobservable input used in the fair value measurement of investment properties are discount rate and capitalisation rate. Significant increases in discount rate and capitalisation rate in isolation would result in a significantly lower fair value measurement.

The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
15. Financial risk management (cont’d)

Fair value hierarchy (cont’d)

The fair values were generally calculated using the Income Approach. The two primary income approaches that may be used are the Discounted Cash Flow (“DCF”) and the Direct Capitalisation Method (“DCM”). DCF calculates the present values of future cash flows over a specified time period, including the potential proceeds of a deemed disposition, to determine the fair value. DCM determines value by applying a capitalisation rate to the property’s stabilised net operating income, normally at the first year. Both the DCF and DCM approaches convert the earnings of a property into an estimate of value. The Market Transaction or Direct Comparison approach may also be used, which is based on sound considerations for similarity and comparability between properties that have recently been sold. Considerations may include geographic location, physical, legal, and revenue generating characteristics, market conditions and financing terms and conditions. The final step in the appraisal process involves the reconciliation of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalisation rate and capitalisation rate, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

16. Segment reporting

<table>
<thead>
<tr>
<th>Year ended 31 December 2016</th>
<th>Chongqing Outlets S$’000</th>
<th>Bishan Outlets S$’000</th>
<th>Hefei Outlets S$’000</th>
<th>Kunming Outlets S$’000</th>
<th>Unallocated S$’000</th>
<th>Total S$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMA Rental Income</td>
<td>55,616</td>
<td>11,332</td>
<td>20,494</td>
<td>1,959</td>
<td>–</td>
<td>89,401</td>
</tr>
<tr>
<td>Manager’s base fee</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(4,810)</td>
<td>(4,810)</td>
</tr>
<tr>
<td>Trustee’s fee</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(290)</td>
<td>(290)</td>
</tr>
<tr>
<td>Other trust expenses</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(13,491)</td>
<td>(13,491)</td>
</tr>
<tr>
<td>Finance income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>636</td>
<td>636</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(13,235)</td>
<td>(4,418)</td>
<td>(2,574)</td>
<td>(231)</td>
<td>(4,367)</td>
<td>(24,825)</td>
</tr>
<tr>
<td>Net change in fair value</td>
<td>(822)</td>
<td>(454)</td>
<td>(1,125)</td>
<td>(122)</td>
<td>–</td>
<td>(2,523)</td>
</tr>
<tr>
<td>of investment properties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total return for the year</td>
<td>41,559</td>
<td>6,460</td>
<td>16,795</td>
<td>1,606</td>
<td>(22,322)</td>
<td>44,098</td>
</tr>
<tr>
<td>before tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax expense</td>
<td>(722)</td>
<td>(925)</td>
<td>(500)</td>
<td>(225)</td>
<td>(14,461)</td>
<td>(16,833)</td>
</tr>
<tr>
<td>Total return for the year</td>
<td>40,837</td>
<td>5,535</td>
<td>16,295</td>
<td>1,381</td>
<td>(36,783)</td>
<td>27,265</td>
</tr>
</tbody>
</table>
### 16. Segment reporting (cont’d)

<table>
<thead>
<tr>
<th>Nine-month period ended 30 September 2016</th>
<th>Chongqing Outlets ( S’000 )</th>
<th>Bishan Outlets ( S’000 )</th>
<th>Hefei Outlets ( S’000 )</th>
<th>Kunming Outlets ( S’000 )</th>
<th>Unallocated ( S’000 )</th>
<th>Total ( S’000 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMA Rental Income</td>
<td>41,316</td>
<td>8,418</td>
<td>11,600</td>
<td>–</td>
<td>–</td>
<td>61,334</td>
</tr>
<tr>
<td>Manager’s base fee</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(3,234)</td>
<td>(3,234)</td>
</tr>
<tr>
<td>Trustee’s fee</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(179)</td>
<td>(179)</td>
</tr>
<tr>
<td>Other trust expenses</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(12,909)</td>
<td>(12,909)</td>
</tr>
<tr>
<td>Finance income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(12,909)</td>
<td>(12,909)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(9,835)</td>
<td>(3,216)</td>
<td>(1,458)</td>
<td>–</td>
<td>(3,004)</td>
<td>(17,513)</td>
</tr>
<tr>
<td>Net change in fair value of investment properties</td>
<td>(611)</td>
<td>(337)</td>
<td>(637)</td>
<td>–</td>
<td>–</td>
<td>(1,585)</td>
</tr>
<tr>
<td>Total return for the period before tax</td>
<td>30,870</td>
<td>4,865</td>
<td>9,505</td>
<td>–</td>
<td>(19,270)</td>
<td>25,970</td>
</tr>
<tr>
<td>Tax expense</td>
<td>(570)</td>
<td>(462)</td>
<td>(213)</td>
<td>–</td>
<td>(10,076)</td>
<td>(11,321)</td>
</tr>
<tr>
<td>Total return for the period</td>
<td>30,300</td>
<td>4,403</td>
<td>9,292</td>
<td>–</td>
<td>(29,346)</td>
<td>14,649</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nine-month period ended 30 September 2017</th>
<th>Chongqing Outlets ( S’000 )</th>
<th>Bishan Outlets ( S’000 )</th>
<th>Hefei Outlets ( S’000 )</th>
<th>Kunming Outlets ( S’000 )</th>
<th>Unallocated ( S’000 )</th>
<th>Total ( S’000 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMA Rental Income</td>
<td>40,401</td>
<td>8,232</td>
<td>25,521</td>
<td>17,076</td>
<td>–</td>
<td>91,230</td>
</tr>
<tr>
<td>Manager’s base fee</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(5,518)</td>
<td>(5,518)</td>
</tr>
<tr>
<td>Trustee’s fee</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(217)</td>
<td>(217)</td>
</tr>
<tr>
<td>Other trust expenses</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1,151)</td>
<td>(1,151)</td>
</tr>
<tr>
<td>Finance income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,418</td>
<td>1,418</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(10,285)</td>
<td>(2,760)</td>
<td>(3,171)</td>
<td>(1,997)</td>
<td>(4,824)</td>
<td>(23,037)</td>
</tr>
<tr>
<td>Net change in fair value of investment properties</td>
<td>597</td>
<td>330</td>
<td>1,401</td>
<td>1,067</td>
<td>–</td>
<td>3,395</td>
</tr>
<tr>
<td>Total return for the period before tax</td>
<td>30,713</td>
<td>5,802</td>
<td>23,751</td>
<td>16,146</td>
<td>(10,292)</td>
<td>66,120</td>
</tr>
<tr>
<td>Tax expense</td>
<td>(520)</td>
<td>(481)</td>
<td>(1,444)</td>
<td>(630)</td>
<td>(16,026)</td>
<td>(19,101)</td>
</tr>
<tr>
<td>Total return for the period</td>
<td>30,193</td>
<td>5,321</td>
<td>22,307</td>
<td>15,516</td>
<td>(26,318)</td>
<td>47,019</td>
</tr>
</tbody>
</table>
17. Commitments

The Sasseur REIT Group entered into commercial leases on its investment properties. These non-cancellable leases have lease terms of up to about 10 years. Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 September 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>Within 1 year</td>
<td>117,113(^{(1)})</td>
<td>120,912(^{(3)})</td>
</tr>
<tr>
<td>After 1 year but within 5 years</td>
<td>385,104(^{(2)})</td>
<td>397,596(^{(4)})</td>
</tr>
<tr>
<td>After 5 years</td>
<td>486,010</td>
<td>501,775</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Includes minimum rent of S$117,113,000.
\(^{(2)}\) Includes minimum rent of S$126,167,000.
\(^{(3)}\) Includes minimum rent of S$120,912,000.
\(^{(4)}\) Includes minimum rent of S$130,259,000.

18. Related party transactions

For the purposes of these financial information, parties are considered to be related to the Sasseur REIT Group if the Sasseur REIT Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Sasseur REIT Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year/period, other than the transactions disclosed elsewhere in the financial information, the following significant related party transactions were carried out in the normal course of business on terms agreed between the parties:

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December 2016</th>
<th>Nine-month period ended 30 September 2016</th>
<th>Nine-month period ended 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td>Manager’s management fees paid/payable to a related companies</td>
<td>4,810</td>
<td>3,234</td>
<td>5,518</td>
</tr>
<tr>
<td>EMA Rental Income received/receivable from related companies</td>
<td>(86,878)</td>
<td>(59,749)</td>
<td>(94,625)</td>
</tr>
</tbody>
</table>
## 19. Other information

Details of the significant subsidiaries of Sasseur REIT are as follows:

<table>
<thead>
<tr>
<th>Name of subsidiary</th>
<th>Country of incorporation</th>
<th>Principal activities</th>
<th>Effective equity interest held by the Sasseur REIT Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd.</td>
<td>PRC</td>
<td>Property Holding</td>
<td>100 100</td>
</tr>
<tr>
<td>Sasseur (Chongqing) Business Co., Ltd.</td>
<td>PRC</td>
<td>Property Holding</td>
<td>100 100</td>
</tr>
<tr>
<td>Hefei Sasseur Commercial Management Co., Ltd.</td>
<td>PRC</td>
<td>Property Holding</td>
<td>100 100</td>
</tr>
<tr>
<td>Kunming Sasseur Commercial Management Co., Ltd.</td>
<td>PRC</td>
<td>Property Holding</td>
<td>100 100</td>
</tr>
</tbody>
</table>

## 20. Manager’s management fees and Trustee’s fee

Unless defined in this report, capitalised terms below shall have the meanings set out in the Glossary to the Prospectus.

(i) Manager’s management fees

The Manager is entitled under the Trust Deed to management fees comprising the base fee and performance fee as follows:

(a) A base fee not exceeding the rate of 10.0% per annum of the Distributable Income (as defined in the Trust Deed); and

(b) A performance fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding full financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding full financial year, notwithstanding that the DPU in such financial year in which the performance fee is payable may be less than the DPU in the financial year prior to any preceding full financial year.
E  NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont’d)

20. Manager’s management fees and Trustee’s fee (cont’d)

(ii) Trustee’s fee

The Trustee’s fees shall not exceed 0.1% per annum of the value of the Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The Trustee’s fee is accrued daily and paid monthly in arrears in accordance with the Trust Deed.

The actual fee payable within the permitted limit will be determined between the Manager and the Trustee from time to time. The Trustee will also be paid a one-time inception fee as may be agreed between the Trustee and the Manager, subject to a maximum of S$60,000.
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INDEPENDENT TAXATION REPORT

The Board of Directors
Sasseur Asset Management Pte. Ltd.
as Manager of Sasseur Real Estate Investment Trust
80 Robinson Road #02-00
Singapore 068898

DBS Trustee Limited
as Trustee of Sasseur Real Estate Investment Trust
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

Dear Sirs

This letter has been prepared at the request of Sasseur Asset Management Pte. Ltd. (the “Manager”) for inclusion in the prospectus (“Prospectus”) to be issued in relation to the initial public offering of units (“Units”) in Sasseur Real Estate Investment Trust (“Sasseur REIT”) on Singapore Exchange Securities Trading Limited (“SGX-ST”).

The purpose of this letter is to provide prospective purchasers of the units in Sasseur REIT with an overview of the Singapore income tax consequences of the purchase, ownership and disposition of the Units. This letter principally addresses Unitholders who hold the Units as investment assets. Unitholders who hold or acquire the Units for dealing purposes should consult their own tax advisors concerning the tax consequences of their particular situations.

This letter also provides an overview of the tax consequences in the British Virgin Islands (“BVI”), Hong Kong and the People’s Republic of China (“PRC”).

This letter is not a tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units. Unitholders should consult their own tax advisors concerning the tax consequences of their particular situations. In particular, Unitholders who are not Singapore tax residents are advised to consult their own tax advisors to take into account the tax laws of their respective countries of tax residence and the existence of any tax treaty which their country of tax residence may have with Singapore.

This letter is based on Singapore, BVI, Hong Kong and PRC income tax laws and relevant interpretations thereof current as at the date of this letter, all of which are subject to change, possibly with retroactive effect.

Words and expressions defined in the Prospectus have the same meaning in this letter. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include any gender.
SINGAPORE TAXATION

Corporate Income Tax

A company is regarded as tax resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. Generally, control and management of the company is vested in its board of directors and the place where the board of directors’ meetings are held is regarded to be the place where the management and control of the company is exercised.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore, and subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore.

Foreign-sourced income in the form of branch profits, dividends and service fee income received or deemed received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax subject to meeting the following conditions:

(i) At the time the foreign-sourced income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received is at least 15%;

(ii) Such foreign-sourced income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and

(iii) The Comptroller is satisfied that the tax exemption would be beneficial to the recipient of the foreign-sourced income.

The prevailing corporate tax rate in Singapore is 17%. In addition, companies will be able to enjoy a partial tax exemption on the first S$300,000 of chargeable income as follows:

(i) 75% of the first S$10,000; and

(ii) 50% of the next S$290,000.

As announced in Budget 2018, with effect from Year of Assessment 2020, companies will enjoy a partial tax exemption on the first S$200,000 of chargeable income as follows:

(i) 75% of the first S$10,000; and

(ii) 50% of the next S$190,000.

The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate.

A start-up tax exemption scheme (“Full Tax Exemption Scheme”) is granted to newly incorporated Singapore companies for the first 3 consecutive Years of Assessment, subject to certain conditions. Under the Full Tax Exemption Scheme, the first S$300,000 of the company’s normal chargeable income will be exempted as follows:

(i) 100% of the first S$100,000 of chargeable income; and

(ii) 50% of the next S$200,000 of chargeable income.
As announced in Budget 2018, with effect from Year of Assessment 2020, under the Full Tax Exemption Scheme, the first S$200,000 of the company’s normal chargeable income will be exempted as follows:

(i) 75% of the first S$100,000; and
(ii) 50% of the next S$100,000.

The remaining chargeable income (after the tax exemptions) will be taxed at the prevailing corporate tax rate of 17%.

However, the Full Tax Exemption Scheme is no longer available to the following companies which are incorporated after 25 February 2013:

• A company whose principal activity is that of investment holding; and
• A company whose principal activity is that of developing properties for sale, for investment, or for both investment and sale.

General Principles of Taxation of a Trust

The income of a trust derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore within the meaning of the Income Tax Act, Chapter 134 of Singapore (“SITA”) will be chargeable to Singapore income tax (“Taxable Income”) unless otherwise exempted. There is no capital gains tax in Singapore. However, gains from the sale of investments are chargeable to tax if such gains are derived from carrying on a trade or business of dealing in investments in Singapore.

Singapore income tax is imposed on all income chargeable to tax after deduction of the allowable expenses.

Taxable Income of a trust is assessed to tax in the name of the trustee at the prevailing corporate tax rate. However, specified foreign-sourced income received in Singapore by real estate investment trusts (“REITs”) listed on the SGX-ST (“S-REIT”) may be granted tax exemption under Section 13(8) or Section 13(12A) of SITA where certain conditions are met.

Taxation of Sasseur REIT

Interest, Dividends and Other Income Receivable by Sasseur REIT

The Trustee will be subject to Singapore income tax at the prevailing corporate tax rate on income of Sasseur REIT derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore (“Taxable Income”) within the meaning of the Income Tax Act, Chapter 134 of Singapore (“SITA”). Such Taxable Income would comprise interest income received from the Singapore Holdco, receipt of Minimum Rent, interest income arising from bank deposits placed with financial institutions in Singapore or interest income received in Singapore from financial institutions outside Singapore. The current Singapore corporate tax rate is 17.0%.

Dividends receivable by Sasseur REIT from the Singapore Holdco are one-tier exempt dividends. This means that the Trustee will not be taxed on such dividend income distributed by the Singapore Holdco, a tax resident in Singapore.

Tax exempt dividends received from the Singapore Holdco will be referred to as Tax Exempt Income.
Receipt of Minimum Rent is subject to income tax at the current Singapore corporate tax rate of 17.0% if it is sourced in Singapore, or sourced outside Singapore and received or deemed received in Singapore from outside Singapore. In the event receipt of Minimum Rent is sourced in Singapore, Sasseur REIT may apply for tax transparency treatment in Singapore, subject to the IRAS’ approval and meeting the prescribed conditions.

Interest income receivable by Sasseur REIT from BVI Holding Companies will be exempt from Singapore income tax under Section 13(12A) of the SITA on such income, subject to obtaining approval from the IRAS and fulfilling certain conditions.

**Return of Capital and Principal Repayment of Shareholder’s Loans by the Singapore Holdco**

The amounts received by Sasseur REIT for return of capital and principal repayment of shareholder’s loans are capital in nature and are hence not taxable in the hands of the Trustee.

**Gains on disposal of shares in the Singapore Holdco**

Singapore does not impose tax on capital gains. In the event that the Trustee disposes of its shares in the Singapore Holdco, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business. Such gains may also be liable to tax in the hands of the Trustee if the shares were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes. Any gains arising from the sale of shares in the Singapore Holdco, if considered to be trading gains or gains of an income nature, will be assessed to tax, currently at 17.0%, on the Trustee.

**GST Registration of Sasseur REIT**

To the extent that Sasseur REIT only derives dividend and interest income and does not make any taxable supplies for GST purposes, it does not have a liability to register for GST in Singapore.

**Recovery of GST incurred by Sasseur REIT**

GST would be incurred by Sasseur REIT on offering-related and routine operating expenses incurred in Singapore. In the Singapore Budget 2008, the Minister for Finance announced an enhanced concession for S-REITs to claim GST incurred:

– on the setting up of their various tiers of SPVs that hold non-residential properties; and

– by their SPVs on the acquisition and holding of non-residential properties.

In the Singapore Budget 2015, the Minister for Finance announced a further enhancement on the GST concession to allow S-REITs to claim GST on expenses incurred to set up SPVs used solely to raise funds for the S-REITs, and the SPVs do not hold qualifying assets of the S-REITs, directly or indirectly. These S-REITs will also be allowed to claim GST on the business expenses of such SPVs.

The above GST concessions (“GST Concessions”) will expire on 31 March 2020 and is subject to meeting certain qualifying conditions.
Taxation of the Singapore Holdco

*Interest and Dividends Receivable by the Singapore Holdco*

Interest income receivable by the Singapore Holdco from BVI Holding Companies will be exempt from Singapore income tax under Section 13(12A) of the SITA on such income, subject to obtaining approval from the IRAS and fulfilling certain conditions.

Dividends receivable by the Singapore Holdco from BVI Holding Companies are one-tier exempt dividends. This means that the Singapore Holdco will not be taxed on such dividend income distributed by BVI Holding Companies, on the basis that control and management of BVI Holding Companies is exercised in Singapore and therefore BVI Holding Companies are tax residents in Singapore.

*Return of Capital and Principal Repayment of Shareholder’s Loans by BVI Holding Companies*

The amounts received by the Singapore Holdco for return of capital and principal repayment of shareholder’s loans are capital in nature and are hence not taxable in the hands of the Singapore Holdco.

*Gains on disposal of shares in BVI Holding Companies*

Singapore does not impose tax on capital gains. In the event that the Singapore Holdco disposes of shares in BVI Holding Companies, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business carried on in Singapore. Such gains may also be liable to tax in the hands of the Singapore Holdco if the shares were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes. Any gains arising from the sale of shares in BVI Holding Companies, if considered to be trading gains or gains of an income nature, will be assessed to tax, currently at 17.0%, on the Singapore Holdco.

*GST Registration of the Singapore Holdco*

To the extent that the Singapore Holdco only derive dividends and interest income and does not make any taxable supplies for GST purposes, it does not have a liability to register for GST in Singapore.

Hence, any GST on expenses incurred by the Singapore Holdco in Singapore will not be recoverable if it is not registered for GST. However, if it qualifies for the above GST Concession, such expenses may be recoverable.

**Taxation of Unitholders**

*Distributions out of Taxable Income*

Unitholders will not be subject to Singapore income tax on distributions made out of Sasseur REIT’s income that has been taxed at the Trustee level. Accordingly, distributions made by Sasseur REIT out of Taxable Income to the Unitholders will not be subject to any tax deduction at source. No tax credit will be given to any Unitholder on the tax payable by the Trustee on such Taxable Income.
**Distributions out of Tax Exempt Income**

Unitholders will not be subject to Singapore income tax on distributions made out of Sasseur REIT’s Tax Exempt Income. No tax will be deducted at source on such distributions.

**Distributions out of Return of Capital from the Singapore Holdco**

Unitholders will not be subject to Singapore income tax on distributions made by Sasseur REIT out of its capital receipts, such as return of capital or principal repayment of shareholder’s loans from the Singapore Holdco. No tax will be deducted at source on such distributions.

For Unitholders who hold the Units as trading assets and are liable to Singapore income tax on gains arising from the disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain when the Units are disposed of. If the amount (being the distributions made by Sasseur REIT out of its capital receipts) exceeds the cost of the Units, the excess will be subject to tax as a trading income of such Unitholders.

**Distributions out of Gains from the Disposal of Shares in the Singapore Holdco**

Unitholders will not be subject to Singapore income tax on distributions made by Sasseur REIT out of gains from the disposal of shares in the Singapore Holdco if the gains are considered to be capital in nature.

Gains derived by the Trustee from the disposal of shares in the Singapore Holdco, if considered to be trading gains or gains of an income nature, will be assessed to tax on the Trustee.

Distributions made from such gains will not be subject to further tax in the hands of the Unitholders.

**Disposal of the Units**

Singapore does not impose tax on capital gains. Therefore, any gains on disposal of the Units which are capital in nature are not liable to Singapore income tax. However, if the gains are considered income of a trade or business carried on in Singapore, such gains will be liable to Singapore income tax. Such gains may also be considered income in nature if the intention of the Unitholder was not to hold the Units as long-term investments.

As the tax status of a Unitholder may vary from another, Unitholders are advised to consult their own tax advisers on the tax consequences that may apply to the holding and disposal of the Units.

**Stamp Duty**

Stamp duty will not be imposed on instruments relating to the transfer of the Units.

**GST on Issue and Transfer of the Units**

The issue or transfer of ownership of a unit under any unit trust in Singapore is exempt from GST. Hence, the Unitholders would not incur any GST on the subscription of the Units. The subsequent disposal of the Units by a GST-registered Unitholder through the SGX-ST (where buyer’s identity is not known) or to another person belonging in Singapore is regarded as an exempt supply and not subject to GST. The disposal or transfer of the Units through an overseas exchange (where buyer’s identity is not known) or to another person belonging outside Singapore would constitute zero-rated supplies for GST purposes.
Recovery of GST incurred by Unitholders

Generally, services such as legal fee, brokerage, handling and clearing charges rendered by a GST-registered person to the Unitholders belonging in Singapore in connection with their purchase and sale of the Units would be subject to GST at the prevailing standard rate of 7.0%. Similar services rendered to the Unitholders belonging outside Singapore would generally be subject to GST at zero-rate when certain conditions are met.

Where the Unitholders are registered for GST, any GST on expenses incurred in connection with the subscription/acquisition or disposal of the Units is generally not recoverable as input tax credit from the IRAS unless certain conditions are satisfied. These GST-registered Unitholders should seek the advice from their tax advisors on these conditions.

Taxation of BVI Holding Companies

Dividends receivable by BVI Holding Companies from HK Holding Companies are one-tier exempt dividends. This means that the BVI Holding Companies will not be taxed on such dividend income distributed by HK Holding Companies, on the basis that control and management of HK Holding Companies is exercised in Singapore and therefore HK Holding Companies are tax residents in Singapore.

Taxation of HK Holding Companies

HK Holding Companies are regarded as tax resident in Singapore on the basis that control and management of HK Holding Companies is exercised in Singapore.

Dividends receivable by HK Holding Companies, being tax residents in Singapore, from PRC Property Companies are foreign-sourced dividends which are subject to Singapore income tax only if received or deemed to be received in Singapore. If received or deemed to be received in Singapore, the foreign-sourced dividends will be exempt from Singapore income tax under Section 13(8) of the SITA subject to fulfilling certain conditions.

BVI TAXATION

Taxation of BVI Holding Companies

There is no income tax, dividend withholding tax and capital gain tax in the BVI. Therefore, there should be no BVI tax implications arising from dividends receivable and payable by BVI Holding Companies or capital gains derived by BVI Holding Companies.

HONG KONG TAXATION

Taxation of the HK Holding Companies

Dividends Income Receivable by the HK Holding Companies

Dividends derived by the HK Holding Companies from the PRC Property Companies should not be subject to Hong Kong profits tax.

Gains on Disposal of the Properties or Shares in the PRC Property Companies

There is no capital gains tax in Hong Kong. Where the gain derived by the HK Holding Companies on any future disposal of real estate properties or shares in the PRC Property Companies are considered capital in nature or foreign sourced, they should not be subject to profits tax in Hong Kong.
**Stamp Duty**

Hong Kong stamp duty will be payable on any contract note for the sale and purchase of shares of the HK Holding Companies at a rate of 0.2% of the higher of the actual consideration or market value of the shares.

**Distribution by the HK Holding Companies**

There is no Hong Kong withholding tax applicable on dividends. In this regard, dividend payments made by the HK Holding Companies to the BVI Holding Companies should not be subject to withholding tax in Hong Kong.

**PRC TAXATION**

**Taxation of PRC Property Companies**

**PRC Income Tax**

Under the prevailing PRC Corporate Income Tax ("CIT") Law which came into effect from 1 January 2008, the statutory CIT rate has been unified at 25.0% for all PRC resident enterprises, including domestic enterprises and foreign invested enterprises. Therefore, the PRC Property Companies will be subject to CIT at 25.0% on their respective taxable profits generated from the leasing of properties, sales of properties and other business operations. In general, subject to certain limitations and specific allowances, all necessary and reasonable expenses (including tax depreciation or amortization) incurred in carrying out a business with sufficient supporting documents (e.g. invoices and/or contracts) are deductible for the purpose of computing the taxable profits. Tax losses can be carried forward for five consecutive years to offset against the future taxable profits.

In the event of a disposal of any property by the PRC Property Companies, any gains arising from the sales of the property will be included as taxable profits and be subject to CIT at 25.0%.

**Value-added Tax**

As set out in the Notice Jointly Issued by the MOF and SAT on the Comprehensive Roll-out of the B2V Transformation Pilot Program ("Circular 36") (财政部、国家税务总局关于全面推开营业税改增值税试点的通知), which was promulgated on 23 March 2016, B2V Pilot Program has been rolled out to cover all the remaining industries of the program from 01 May 2016, namely the construction sector, real estate sector, financial services and consumer services, etc. Further to Circular 36, value-added tax treatment for general value-added tax taxpayers, small scale tax payers and individuals to operate the leasing services of immovable properties, which are acquired both before and after 1 May 2016, is clarified as set out in the Public Notice Issued by the SAT Releasing the <Provisional Measures on the Value-added Tax Collection and Administration for Operation of Leasing Services for Immovable Properties> ("Public Notice 16") (国家税务总局关于发布《纳税人提供不动产经营租赁服务增值税征收管理暂行办法》的公告), which was promulgated on 31 March 2016. Thereafter, the Notice Jointly Issued by the MOF and SAT on Simplifying the Relevant Policies on Value-added Tax Rates ("Circular 37") (财政部、国家税务总局关于简并增值税税率有关政策的通 通知), which was promulgated on 28 April 2017, abolished the 13% VAT rate from 1 July 2017 and clarified the VAT policies afterwards (e.g. adjusting the scope of taxable sales and import activities that are subject to 11% VAT rate such as sale of water, gas).

Under the value-added tax regime, leasing of immovable properties is generally subject to the general value-added tax method at a tax rate of 11.0% on the total sales considerations and additional fees received with input value-added tax credit claim, while for immovable properties acquired before 1 May 2016, the simplified value-added tax method can be elected at a reduced...
tax rate of 5.0% without input value-added tax credit claim. PRC Property Companies should be subject to value-added tax at 5.0% on the total rental income derived from PRC if the simplified value-added tax method is elected and 11.0% on the total rental income derived from PRC with input value-added tax credit claim if the general value-added tax method is elected. Besides, for PRC Property Companies, output value-added tax is generally applied on the gross turnover at applicable VAT rate (17.0% on the total sales income of goods and electricity, 11.0% on the total sales income of water and gas, and 6.0% on the provision of property management services, 6.0% on the interest income, if any) while the qualified input value-added tax is creditable against the output value-added tax. Deposit interest income is exempt from value-added tax.

Consumption Tax

Consumption tax is levied on specified categories of luxury and environmentally unfriendly goods. The tax liability is computed based on the sales amount and/or the sales volume, depending on the goods concerned. Under the Provisional Rules of the PRC on Consumption Tax (中华人民共和国消费税暂行条例) promulgated by the State Council on 13 December 1993 and effective from 1 January 1994 and as amended on 10 November 2008, for gold and silver jewelries, platinum jewelries, diamond and diamond jewelries, the consumption tax is charged at 5% of the sales amount. According to Notice Jointly Issued by the MOF and SAT on the Adjustment of Relevant Issues Concerning Consumption Tax Payment of Gold and Silver Jewelry (财政部、国家税务总局关于调整金银首饰消费税纳税环节有关问题的通知) on 24 December 1994 (which now have been partly invalidated), consumption tax is levied on gold and silver jewelries, platinum jewelries, diamond and diamond jewelries in the process of retail.

PRC Property Companies should be liable for consumption tax on gold and silver jewelries, platinum jewelries, diamond and diamond jewelries (if any) in the retail process at the rate of 5%.

Real Estate Tax

Real estate tax is levied on the owner/landlord of real estate properties in the PRC. Subject to the local practice in the locality where the property is located, there are two types of real estate tax calculation methods depending on whether the property is for self-use or held for lease. Real estate tax on self-used property should generally be calculated by applying real estate tax rate of 1.2% per annum on 70.0% to 90.0% of the original cost of the self-used property. According to the prevailing regulations, if the property is leased out, real estate tax should generally be calculated at 12.0% per annum on the rental income. The choice of taxation method used in each locality is subject to local practice or the implementation rules issued by the local tax authorities where the real estate properties are situated.

A general guideline in the Reply Issued by the SAT on Issues Concerning Real Estate Tax in Anhui Province (国家税务总局关于安徽省若干房产税业务问题的批复) on 8 November 1993 makes reference to situations where the real estate properties are used for investment or joint management, and the parties concerned share profits and take risks together, the real estate tax should generally be calculated by applying real estate tax rate of 1.2% per annum on 70.0% to 90.0% of the original cost of the properties. Accordingly, in line with the general guideline, where the real estate properties held by the PRC Property Companies are considered “used for investment or joint management and the parties concerned share profit and take risks together”, the real estate tax would appear to be calculated by applying real estate tax rate of 1.2% per annum on 70.0% to 90.0% of the original cost of the properties, which is subject to agreement by the local tax authorities where the real estate properties are situated.
**Land Use Tax**

Land use tax should be applied on all enterprises which own land use rights. The annual tax rates of land use tax range from RMB0.6 to RMB30 per square metre depending on the location and the type of property. The exact land use tax rate depends on the detailed implementation rules issued by the relevant local governments where the real estate properties are located.

**Stamp Duty**

According to the relevant stamp duty regulations of PRC, stamp duty is payable on all dutiable documents executed or used in PRC. The applicable stamp duty rates would depend on the type of dutiable documents. For building property transfer instruments, including those in respect of property ownership transfer, the stamp duty is charged at 0.05% of the amount stated therein. For commodity transportation contracts, the stamp duty is charged at 0.05% of the amount stated therein. For processing contracting contracts, the stamp duty is charged at 0.05% of the amount stated therein. For engineering project reconnaissance and design contracts, the stamp duty is charged at 0.05% of the amount stated therein. For permits and certificates relating to rights, including real estate title certificates and state-owned land use rights certificates, the stamp duty is levied on an item-by-item basis at RMB5 per document. For building leases, the stamp duty rate is 0.1% of the rental. For storage and custody contracts, the stamp duty rate is 0.1% of the amount stated therein. For property insurance contracts, the stamp duty rate is 0.1% of the insured income. For loan contracts, the stamp duty rate is 0.005% of the amount stated therein. For purchase and sale contracts, the stamp duty rate is 0.03% of the amount stated therein. For technology contracts, the stamp duty rate is 0.03% of the amount stated therein. For construction and installation project contracts, the stamp duty rate is 0.03% of the amount stated therein. The stamp duty is payable by both parties to the contracts.

**Deed Tax**

Under the PRC Tentative Regulations on Deed Tax (中华人民共和国契税暂行条例) promulgated by the State Council on 7 July 1997 and effective from 1 October 1997, a deed tax is chargeable to transferees of land use rights and/or building ownership within the PRC. These taxable transfers include grant of state-owned land user rights and sale, gift and exchange of land use rights or building ownership, other than the transfer of contracting management rights of rural collective land. The rate of deed tax is 3.0% to 5.0% subject to determination by local governments at the provincial level in light of the local conditions.

**Land Appreciation Tax**

Under the PRC Tentative Regulations on Land Appreciation Tax (中华人民共和国土地增值税暂行条例) promulgated by the State Council on 13 December 1993 and effective from 1 January 1994 as amended on 8 January 2011 and its implementation rules, all income from the sale or transfer of state-owned land use rights, and buildings and their attached facilities in the PRC, is subject to land appreciation tax at progressive rates ranging from 30.0% to 60.0% of the appreciation value. The appreciation value is the amount of the sale proceeds in excess of the amount of the deductible items. Deductible items generally include costs of land use rights, development and construction costs (for self-developed property), indirect expenses (for self-developed property), taxes and fees incurred for the transfer of the real estate property and other items that may be permitted under the relevant tax laws.

Certain exemptions are available for the sale of ordinary residential houses if the appreciation value does not exceed 20.0% of the total deductible items, but this exemption does not extend to sale of commercial properties.
**Local Surcharges**

Education surcharge at 3.0%, city construction tax at 1.0%, 5.0% or 7.0% (depending on the location of the PRC Property Companies) and local education surcharge at 2.0% should be imposed on the PRC Property Companies based on their indirect tax liability payable (including value-added tax and Consumption Tax). Subject to local practices which may vary in different provinces or cities in the PRC, additional specific local surcharges may also be imposed at certain percentage of the value-added tax payable or the VAT taxable income.

**Withholding Tax**

Pursuant to the PRC CIT Law and its Implementation Rules, non-PRC tax resident enterprises which have no establishment or place of business in PRC should be subject to PRC WHT at 10.0% on passive income sourced from the PRC such as dividends. The 10.0% WHT may be reduced under the tax treaty in force between PRC and the country of residence of the non-PRC tax resident enterprise, subject to the terms and conditions of the relevant tax treaty.

Under the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (“Mainland-Hong Kong Arrangement”) and the Agreement between the Government of the Republic of Singapore and the Government of the People’s Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (“PRC-Singapore DTA”), the WHT rate on PRC-sourced dividends payable to a resident of Hong Kong or Singapore, which is the beneficial owner of the dividends and holds directly at least 25% of the capital of the company paying the dividends, is reduced to 5.0% respectively.

In line with the above, it is expected where the HK Holding Companies (excluding Hong Sun Development Group Limited) may rely on either PRC-Singapore DTA as a Singapore tax resident or Mainland-Hong Kong Arrangement as a Hong Kong tax resident and are considered as the “beneficial owner” of the dividends according to Public Notice of the SAT Regarding the “Beneficial Ownership” (BO) Under DTAs (国家税务总局关于税收协定中“受益所有人”有关问题的公告) (“Public Notice 9”), the withholding tax rate for dividends would be 5.0%. Otherwise, a 10.0% withholding rate will apply to any dividends paid by the PRC Property Companies to the HK Holding Companies (excluding Hong Sun Development Group Limited). For dividends paid from Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd to Hong Sun Development Group Limited, considering the equity interest held by Hong Sun Development Group Limited on Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd is less than 25%, the withholding tax rate for dividends would be 10.0%.

**Public Notice 9, Circular 601 and Public Notice 30**

In order to enjoy tax treaty benefits on PRC-sourced dividends, the non-PRC resident income recipient must be the “beneficial owner” of the PRC-sourced dividends.

In this respect, since 2009, the SAT has released several circulars including the Notice Issued by the SAT Regarding Interpretation and Recognition of “Beneficial Owner” under DTAs (国家税务总局关于如何理解和认定税收协定中“受益所有人”的通知) (“Circular 601”) to set forth seven unfavourable factors in determining “beneficial owner” status and the Notice Issued by the SAT Regarding Determination of “Beneficial Owner” under DTAs (国家税务总局关于认定税收协定中“受益所有人”的公告) (“Public Notice 30”) to provide a safe harbour rule for qualified non-tax residents to enjoy treaty benefit on dividends. Public Notice 9 was promulgated on 3 February 2018 to comprehensively amend the assessment principles for the determination of “beneficial ownership”. Public Notice 9 will take effect from 1 April 2018 and apply to tax payment obligations.
or WHT obligations occurring on or after 1 April 2018 which are entitled to tax treaty benefits. Circular 601 and Public Notice 30 shall be abolished from the same date when Public Notice 9 takes effect.

Public Notice 9 repeals Circular 601 and Public Notice 30 in their entirety while retaining certain provisions unchanged, amending the rules on the determination of “beneficial ownership” status, granting certain exceptions with respect to dividends and clarifying the requirement of tax resident certificates for various circumstances for record filing purposes. Public Notice 9 tightens the “beneficial ownership” test as previously stipulated in Circular 601 and Public Notice 30. In particular, Public Notice 9 sets out detailed guidance regarding unfavourable factors on substantive business activities carried out by the recipient. Whether the recipient’s business activities are “substantive” shall be assessed based on the functions performed and risks undertaken by the recipient and the recipient’s substantive investment and management activities may be construed as substantive business activities. In addition, where a recipient carries out both non-substantive investment and management activities and other business activities, if the other business activities are insignificant, the recipient’s overall business activities cannot be considered as being substantive. It is not clear whether the Chinese tax authorities will consider a REIT as having substantive business activities in the name of the REIT manager.

Having said the above, Public Notice 9 also states that where the recipient of the dividend income meets one of the following conditions with the requisite shareholding percentage being met at all times during the 12 consecutive months before dividends are received, it shall be recognised as the beneficial owner of the dividends:

- The recipient of the dividend income is a foreign resident enterprise which is a resident of and listed in the contracting country, or is 100% directly or indirectly held by an aforesaid listed company in the contracting country and any intermediate shareholders are residents of China or the same contracting country. There is currently no specific guidance in prevailing PRC regulations on the interpretation of the abovementioned “listed company” and whether it could include a REIT;

- The recipient of the dividend income is a foreign resident enterprise which is 100% directly or indirectly held by a foreign resident enterprise who is qualified as beneficial owner under Public Notice 9 in the same contracting country; or

- The recipient of the dividend income is a foreign resident enterprise which is 100% directly or indirectly held by a foreign resident enterprise who is qualified as the beneficial ownership under Public Notice 9 in a third party contracting country, and both the foreign resident enterprise in the third party contracting country and all intermediate shareholders (if any) are residents from tax treaty jurisdictions which can enjoy the same or better treaty benefit with respect to dividend as compared with the recipient of the dividend income.

Circular 601 was previously issued by the SAT to provide guidance on the interpretation of “beneficial owner” for the purposes of enjoying tax treaty benefits on dividends etc. under the tax treaty network of PRC. According to Circular 601, a “beneficial owner” should have the ownership and right of control over the income, or the rights or the properties which give rise to the income. In addition, the beneficial owner should engage in substantial business operations.

Circular 601 also states that a conduit company would not qualify as a “beneficial owner”. A conduit company refers to a company which is established for tax avoidance, reduction or deferral or for the accumulation of profits purposes. It does not engage in substantial business operations such as trading and manufacturing activities. The PRC tax authorities will adopt a substance-over-form approach in assessing beneficial ownership. Circular 601 lists out seven unfavourable factors that the PRC tax authorities will take into account for the purpose of determining the beneficial ownership.
Public Notice 30 was issued in 2012 to provide further clarification on the implementation of Circular 601. It clarified that the seven unfavourable factors listed in Circular 601 shall be “collectively” considered, which means the tax authority should not deny an application purely because of the existence of a single disadvantageous factor. Public Notice 30 further clarified that the supporting documents for determining a beneficial owner include articles of association, financial statements, cash flow statements, board meetings and board resolutions of the non-PRC resident enterprises.

Public Notice 30 also states that if a non-PRC resident enterprise is a listed company or is 100.0% directly or indirectly owned by a listed company located in the same country/jurisdiction, the PRC tax authorities could accept the applicant as the beneficial owner of the dividend income for the tax treaty purpose.

PrC Tax Reporting Requirement and Consequences for Certain Indirect Transfers of Equity Interests

Pursuant to Public Notice of the State Administration of Taxation Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (国家税务总局关于非居民企业间接转让财产企业所得税若干问题的公告) (“Public Notice 7”) on 3 February 2015, where a non-PRC resident enterprise transfers the equity interests in a PRC resident enterprise indirectly by way of the sale of equity interests in an overseas holding company that is without a reasonable commercial purpose and resulting in the avoidance of Corporate Income Tax liability, as self-assessed, the non-PRC resident enterprise should report and pay relevant Corporate Income Tax, i.e. gains derived from such indirect transfer will be subject to PRC withholding CIT currently at the rate of 10.0%, with competent China tax authority. If the non-PRC resident enterprise cannot come to any position whether the transfer should be re-characterised as a “direct transfer” after its self-assessment, the non-PRC resident enterprise, the equity transferee and the indirectly transferred PRC resident enterprise may report such indirect transfer to the competent tax authority of the PRC resident enterprise. The PRC tax authority will examine the true nature of the indirect transfer, and if the PRC tax authority considers that the non-PRC resident enterprise has adopted an abusive arrangement without reasonable commercial purposes and for the purpose of avoiding PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purposes and re-characterise the indirect transfer. As a result, gains derived from such indirect transfer may be subject to PRC withholding CIT currently at the rate of 10.0%.

Public Notice 7 and Public Notice 37

Public Notice 7 was released on 3 February 2015 and took immediate effect. The highlights of Public Notice 7 include, but are not limited to, the following aspects:

- Public Notice 7 has set out a more detailed guideline for the commercial purpose test. It also clarifies that if an arrangement carries with it all of the designated features (such as 75.0% or more of the equity value is directly or indirectly derived from PRC taxable assets, 90.0% or more of the total assets are attributed to the PRC taxable assets at any time during the one year period preceding the indirect transfer of PRC taxable assets), it shall be directly regarded as a transaction without reasonable commercial purposes.

- Public Notice 7 also provides for safe harbour rules to apply in the following situations: (i) the indirect transfer gains were derived by a non-PRC resident enterprise from buying and selling shares of the same overseas listed company in a public securities market (“listed company exception”); or (ii) if the non-PRC resident enterprise seller otherwise directly holds and transfers the PRC taxable assets, the capital gains derived could be exempted from income tax in PRC according to the applicable tax treaty provision. The “listed company exception” would apply if the relevant proceeds of the non-PRC resident enterprise seller are reinvested into the transferee company within one year of the indirect transfer.
exception” generally applies to a share transaction under which the transaction parties, volume and price are determined completely over the public stock exchange and not pre-determined by the transaction parties outside of the stock exchange.

- Qualifying intra group restructuring conducted by the non-PRC resident enterprise will also be regarded as “having reasonable commercial purposes” if certain criteria are met (e.g., share percentage of the buyer and seller, CIT/WHT burden on the subsequent indirect share transfer will not be reduced).

- The buyer who pays the proceeds (even if it is a non-PRC resident enterprise) shall be the withholding agent for the WHT liability of the transferor on the taxable indirect transfer.

Notice Issued by the State Administration of Taxation on the Matters Regarding Withholding Corporate Income Tax at Source for Non-Tax Resident Enterprises (“Public Notice 37”) was promulgated on 17 October 2017 and shall take effect from 1 December 2017 (but applies retroactively to income that has arisen but not been dealt with before the effective date). Public Notice 37 provided guidance on the collection of withholding corporate income tax at source for non-tax resident enterprises including the withholding corporate income tax on the capital gains derived by non-resident enterprises. It covers calculation of the withholding corporate income tax on the capital gains, tax filing and tax payment responsibility for the withholding agent.

In the event of a disposal of the shares in the relevant HK Holding Companies, or BVI Holding Companies, or the Singapore Holdco which results in a transfer of the equity interests in the PRC Property Companies, the transferor may be required to report such transfers to the PRC tax authority and the gains arising from such indirect transfers may potentially be subject to tax in the PRC, currently at the rate of 10.0%. The gains arising from such disposal should generally be computed by reference to the gross sales proceeds minus the capital injected when originally invested in the PRC Property Companies or the acquisition cost of respective shares if China income tax has been paid for earlier share transfer.

**Taxation of Unitholders**

As noted above, the PRC tax reporting requirements for indirect transfers of equity interests do not apply to indirect sales of shares of PRC resident enterprises on the public securities markets which were purchased from the public securities markets. The relevant notice and announcement issued by the PRC authorities do not specify whether purchases through initial public offering would constitute “purchases from public securities market”. However, pursuant to the safe harbour rules in Public Notice 7, the initial subscription of units by unitholders would appear to be considered “purchases from public securities market”, which is subject to certain conditions (e.g., where the transaction parties, volume and price are determined completely over the public securities markets) and the agreement by the PRC authorities. Unitholders should consult their own tax advisers relating to their particular circumstances.

**PRC General Anti-Avoidance (“GAA”) Provisions**

With the introduction of the GAA provisions under the PRC CIT regime, if an enterprise carries out any business arrangements without reasonable commercial purposes (i.e., the primary purpose is to reduce, avoid or defer PRC tax payment) which result in reduction of its taxable revenue or income, the PRC tax authorities are empowered to make adjustments using reasonable methods.
According to Guoshuifa [2009] No. 2, the PRC tax authorities can initiate a GAA investigation pursuant to the GAA provisions of the PRC CIT Law and its Implementation Rules if the following tax avoidance arrangements are identified:

(a) abusive use of tax incentives;

(b) abusive use of tax treaties;

(c) abusive use of the forms of enterprise organisations;

(d) tax avoidance through tax havens; or

(e) other business arrangements without bona fide commercial purposes.

The SAT released SAT Order [2014] No. 32 promulgating the Administrative Measures for GAA rules (“GAAR” or “the GAAR Measures”) in December 2014, which empowers the PRC tax authorities to invoke the principle of “substance-over-form” to apply special tax adjustments on cross-border tax avoidance arrangements carried out by enterprises to gain tax benefits without reasonable commercial purposes. The GAAR Measures took effect from 1 February 2015 and retroactively applies to all open cases.

Anti-tax avoidance measures, including transfer pricing, thin capitalisation, cost sharing and controlled foreign corporations, are formulated to target specific tax avoidance or deferral cases. The SAT emphasised that GAAR should only be invoked if a tax avoidance arrangement is not properly dealt with by any of the above specific anti-tax avoidance measures. Two major features of a tax avoidance arrangement are specified in the GAAR Measures and they are:

• The sole or main purpose of the arrangement is to obtain tax benefit which refers to the reduction, exemption or deferral of income tax payable.

• The tax benefit is obtained using an arrangement, the form of which is permitted in accordance with tax law(s) but is not commensurate with its economic substances.

The GAAR Measures reiterate the general “substance-over-form” principle when making tax adjustments and lay out the following adjustment methods:

• re-characterising all or part of the nature of a transaction;

• disregarding the existence of the counterparty to the transaction or deeming such counterparty and other transaction party(ies) as the same entity for tax characterization purposes;

• re-characterising the nature of relevant income, deductions, tax incentives, foreign tax credits or others, or reallocating the split among the transaction parties (e.g. onshore payment settled offshore without reasonable commercial reason); and

• any other reasonable methods.
If the PRC tax authorities regard an enterprise as having entered into tax avoidance arrangements, it would deny any tax benefits associated with such arrangements. The PRC tax authorities can disregard the existence of an enterprise that does not have any economic substance, especially one established in a tax haven that leads to tax avoidance for its related and unrelated parties.

Yours faithfully,
For and on behalf of PricewaterhouseCoopers Singapore Pte. Ltd.

Name: Teo Wee Hwee
Title: Partner
APPENDIX E

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

The Board of Directors
Sasseur Asset Management Pte. Ltd.
(in its capacity as manager of Sasseur REIT)
9 Temasek Boulevard
Suntec Tower Two #09-02A
Singapore 038989

and

DBS Trustee Limited
(in its capacity as trustee of Sasseur REIT)
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

5 March 2018

Dear Sirs,

RE: 1. Sasseur (Chongqing) Outlets (砂之船(重庆)奥特莱斯), No. 1 Aoteliaisi Road, Beibuxin District, Chongqing, the People’s Republic of China

2. Phase I of Sasseur (Bishan) Outlets (砂之船(璧山)奥特莱斯), No. 9 Baiyang Road, Bishan District, Chongqing, the People’s Republic of China

3. Portion of Phase I of Sasseur (Hefei) Outlets (砂之船(合肥)奥特莱斯), No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province, the People’s Republic of China

4. Phase I of Sasseur (Kunming) Outlets (砂之船(昆明)奥特莱斯), No. 181 Aoteliaisi Avenue, Anning City, Kunming, Yunnan Province, the People’s Republic of China
Instructions

(a) We refer to the instructions from Sasseur Asset Management Pte. Ltd. (in its capacity as manager of Sasseur Real Estate Investment Trust ("Sasseur REIT")) (the “REIT Manager”) and DBS Trustee Limited (in its capacity as the trustee of Sasseur REIT (the “Trustee”)) for us to assess the captioned properties (the “Properties”) in the People’s Republic of China (“PRC”). We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing the REIT Manager and the Trustee with our opinion of the market values of the Properties as at 30 September 2017 (the “Valuation Date”) for the purpose of the initial public offering of Sasseur REIT (the “IPO”) on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) subject to the following bases:

(i) market values of the Properties subject to existing tenancies;
(ii) market values of the Properties subject to the Entrusted Management Agreements.

We have also prepared full valuation reports on each property in accordance with the requirements of your instructions.

(b) We also refer to the instructions from the REIT Manager and the Trustee to advise on the net property income received from the Properties on the Master Entrusted Management Agreement and Entrusted Management Agreements (together known as “EMAs”) for the entire 10-year period and our opinion letter is enclosed in the addendum to this brief valuation report.

Basis of Valuation

Our valuation is prepared in accordance with the RICS Valuation – Global Standards 2017 published by The Royal Institution of Chartered Surveyors.

Our valuation of each of the Properties is our opinion of its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

The Properties comprise retail outlets. Outlets are different from shopping malls and are designed to be sold in an open market as fully operational entities for a strictly limited use, and are priced based upon their trading potential. In the circumstances, the Properties are assumed to be sold as a going concern trading entity.
Reliance on This Letter

For the purpose of this prospectus, we have prepared this letter and the enclosed brief valuation reports which summarise our full valuation reports and outline key factors which we have considered in arriving at our opinion of the market values. This letter and the brief valuation reports do not contain all the necessary data and information included in our full valuation reports. For further information, reference should be made to the said full valuation reports.

Valuation Methodology

In determining the market values of the Properties, we have considered the relevant general and economic factors, and examined available market information. In undertaking our valuation, we have principally adopted the Income Approach – Discounted Cash Flow (“DCF”) Analysis to value the Properties. The DCF Analysis involves discounting future net cash flows of the Properties until the respective expiry dates of the land use rights to their present values by an appropriate discount rate that reflects the rate of return required by an investor for an investment of this type. In preparing the DCF analysis, we have relied on the actual results of operations of the Properties and the projected operation accounts of the Properties for the period from 2017 to 2026 prepared by the Sasseur (Shanghai) Holding Company Limited (“Sasseur Shanghai”).

Title Investigation

We have been provided with copies of extracts of title documents relating to the Properties in the PRC. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments that may not appear on the copies handed to us. We have relied to a considerable extent on the information given by the REIT Manager, and the legal opinion issued by its PRC legal adviser, Jingtian & Gongcheng, regarding the titles and legalities to Property Nos. 3 and 4.

Sources of Information

In the course of our valuation, we have relied to a considerable extent on information given by the REIT Manager and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, tenancy details, operation accounts, financial projection, Entrusted Management Agreements, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the brief valuation reports are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the REIT Manager, which is material to our valuation. We have also been advised by the REIT Manager that no material facts have been omitted from the information supplied.
Valuation Assumptions

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the Properties for their respective specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the Properties have good legal titles to the Properties and have free and uninterrupted rights to use, occupy, lease or assign the Properties for the whole of the unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses, which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Site Inspection

We have inspected the exterior and where possible, the interior of the Properties. Site inspections of the Properties were carried out by our James Woo (Director), Cecilia Zhang (Assistant Manager), Steven Yao (Assistant Manager) and Durian Tan (Valuer) on 22 November 2016, 15 December 2016 and 18 January 2017 respectively. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are unable to report that the Properties are free from rot, infestation or any other defects. No tests were carried out on any of the services.

Summary of Values

Our opinion of the market values of each of the Properties as at 30 September 2017 are tabulated as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Market Value subject to existing tenancies as at 30 September 2017</th>
<th>Market Value subject to the Entrusted Management Agreements as at 30 September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Sasseur (Chongqing) Outlets (砂之船(重庆)奥特莱斯)</td>
<td>RMB2,614,000,000</td>
<td>RMB2,688,000,000</td>
</tr>
<tr>
<td>Property</td>
<td>Market Value subject to existing tenancies as at 30 September 2017</td>
<td>Market Value subject to the Entrusted Management Agreements as at 30 September 2017</td>
</tr>
<tr>
<td>----------</td>
<td>---------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>2 Phase I of Sasseur (Bishan) Outlets (砂之船(碧山)奧特萊斯)</td>
<td>RMB777,000,000</td>
<td>RMB783,000,000</td>
</tr>
<tr>
<td>3 Portion of Phase I of Sasseur (Hefei) Outlets (砂之船(合肥)奧特萊斯)</td>
<td>RMB2,403,000,000</td>
<td>RMB2,408,000,000</td>
</tr>
<tr>
<td>4 Phase I of Sasseur (Kunming) Outlets (砂之船(昆明)奧特萊斯)</td>
<td>RMB1,414,000,000</td>
<td>RMB1,444,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>RMB7,208,000,000</strong></td>
<td><strong>RMB7,323,000,000</strong></td>
</tr>
</tbody>
</table>

Disclaimer

This letter and the brief valuation reports were prepared for the purposes of inclusion in the prospectus to be issued in relation to the Initial Public Offering of Sasseur REIT and its listing on the SGX-ST (the “Prospectus”). We specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Prospectus, other than in respect of the information presented in this letter and brief valuation reports. We do not make any warranty or representation as to the accuracy of the information in any other part of the Prospectus other than as expressly made or given in this letter and brief valuation reports.

We acknowledge that this letter and the brief valuation reports will be available for inspection at the registered address of the REIT Manager for a period of six months from the date of the Prospectus to be issued pursuant to the Initial Public Offering.
We have relied on the property data supplied to us which we assume to be true and accurate. We take no responsibilities for inaccurate data supplied to us and subsequent conclusions derived from such data.

We have no present or prospective interest in the Properties and are not a related corporation of nor do we have a relationship with the property owner(s) or other party/parties whom the instructing party is contracting with.

We hereby certify that the valuer undertaking the valuation is authorized to practice as a valuer and has the necessary experience in valuing similar types of properties in the PRC.

Our brief valuation reports are appended.

Yours faithfully,
For and on behalf of
Savills Real Estate Valuation (Beijing) Limited

WOO Kin Ming James
FRICS, AICFC
Director

Note: Mr. WOO Kin Ming James is a professional surveyor who has over 25 years’ experience in valuation of properties in the PRC.
BRIEF VALUATION REPORT

Property: Sasseur (Chongqing) Outlets
(砂之船(重慶)奧特萊斯),
No. 1 Aotelaisi Road,
Beibuxin District,
Chongqing,
PRC
(the “Property”)

Site Area: Approximately 40,189.00 sq.m.

Land Use: Commerce

Land Use Term Expiry Date: 11 May 2047

Gross Floor Area: 73,373.44 sq.m.

Brief Description: The Property is situated on No. 1 Aotelaisi Road, Beibuxin District, Chongqing, PRC.

The Property comprises a retail outlet complex erected on a site with an area of approximately 40,189.00 sq.m. Completed in about 2008, the Property overall appears in reasonable maintenance condition.

According to the Real Estate Ownership Certificates provided by the REIT Manager, the Property has a total gross floor area of approximately 73,373.44 sq.m. The current usage and the breakdown of the gross floor area of the Property are as follows:

<table>
<thead>
<tr>
<th>Level</th>
<th>GFA (sq.m.)</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basement 1</td>
<td>15,074.23</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 1 and Mezzanine</td>
<td>13,337.94</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 2</td>
<td>10,488.54</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 3</td>
<td>10,946.33</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 4</td>
<td>10,603.10</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 5</td>
<td>10,575.83</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 6 &amp; Rooftop</td>
<td>2,347.47</td>
<td>Retail outlet</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>73,373.44</strong></td>
<td></td>
</tr>
</tbody>
</table>
Legal Description: Pursuant to the 22 Certificates of Land Use Right and Building Ownership Right issued by the Chongqing Land Resources and Housing Administration Bureau, the building ownership of the Property with a total gross floor area of approximately 73,373.44 sq.m. together with corresponding land use rights with a site area of 40,189.00 sq.m. are held by Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd. ("Chongqing Sasseur Suge Apparel") for a term expiring on 11 May 2047 for commercial use.

Tenancy Details: As at the Valuation Date, the Property was subject to various leases with the latest one due to expire on 31 August 2030.

As at the Valuation Date, the occupancy rate of the Property was 97% which is computed based on net lettable area of permanent retail outlet units and other operating areas opened for operation. When excluding other operating areas, the occupancy rate as at the Valuation Date was 96%.

Entrusted Management Agreement: Pursuant to an Entrusted Management Agreement entered into between Chongqing Sasseur Suge Apparel and Sasseur Shanghai, an indirect wholly-owned subsidiary of Sasseur REIT, Sasseur Shanghai is appointed to perform the management of the Property for a term of ten years commencing on the date of admission of Sasseur REIT to the Official List of the SGX-ST (the "Listing Date"), and subject to a renewal for a further term of ten years. Under the Entrusted Management Agreement, Chongqing Sasseur Suge Apparel is entitled to receive the contracted rental income ("EMA Resultant Rent") which is equal to the sum of the Fixed Component and Variable Component. If the derived annual EMA Resultant Rent on a portfolio basis exceeds the stipulated minimum rent for 2 consecutive years, the minimum rent condition will fall away. Details of the Fixed Component and Variable Component under the Entrusted Management Agreement are shown below:

i) Fixed Component, RMB171.5 million for Financial Year 2018, RMB142.9 million for Forecast Period 2018 (1 March 2018 to 31 December 2018) and adjusted upwards at the rate of 3% per annum.

ii) Variable Component, 4% of the total monthly sales in the Property.
The EMA Resultant Rents are tabulated as below:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>EMA Resultant Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>RMB257.2 million</td>
</tr>
<tr>
<td>2019</td>
<td>RMB264.9 million</td>
</tr>
<tr>
<td>2020</td>
<td>RMB272.0 million</td>
</tr>
</tbody>
</table>

*Note: Resultant Rents for Forecast Period 2018 is RMB214.3 Million.*

Basis of Valuation: (i) market value subject to existing tenancies;

(ii) market value subject to the Entrusted Management Agreements.

Valuation Methodology: Income Approach – Discounted Cash Flow Analysis

Valuation Assumptions: As we were not provided with any legal opinion on the title to the Property, we have prepared our valuation based on the following assumptions:

(i) Chongqing Sasseur Suge Apparel is in possession of good legal title to the Property and is entitled to transfer, lease or mortgage the Property within the residual term of its land use rights at no additional land premium or other onerous charges payable to the government;

(ii) all land premium and costs of resettlement and public utilities services have been fully paid; and

(iii) the design and construction of the Property are in compliance with the local planning regulations and have been approved by the relevant authorities.

Valuation Date: 30 September 2017

Market Value: In view of the foregoing and having taken into consideration the prevailing market conditions as at the Valuation Date, we are of the opinion that the market values of the Property, free from all other encumbrances, are as follows:

(i) market value subject to existing tenancies; RMB2,614,000,000
(ii) market value subject to the Entrusted Management Agreements
RMB2,688,000,000
BRIEF VALUATION REPORT

Property: Phase I of Sasseur (Bishan) Outlets (建发商場), No. 9 Baiyang Road, Bishan District, Chongqing, PRC (the “Property”)

Site Area: Approximately 78,793.00 sq.m.

Land Use: Commerce

Land Use Term Expiry Date: 21 September 2051 and 24 September 2051

Gross Floor Area: 68,791.42 sq.m.

Brief Description: The Property is situated on No. 9 Baiyang Road, Bishan District, Chongqing, PRC.

The Bishan Outlet comprises a retail outlet complex erected on a site with an area of approximately 78,793.00 sq.m. Phase I of Bishan Outlet was completed in 2014, and overall it appears in good maintenance condition.

According to the Real Estate Ownership Certificates and additional information provided by the REIT Manager, the Property has a total gross floor area of approximately 68,791.42 sq.m. including the car parking spaces of approximately 19,392.77 sq.m. The current usage and the breakdown of the gross floor area of the Property are as follows:

<table>
<thead>
<tr>
<th>Level</th>
<th>GFA (sq.m.)</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basement 2</td>
<td>6,596.32</td>
<td>Car parking</td>
</tr>
<tr>
<td>Basement 1</td>
<td>314.63</td>
<td>Car parking</td>
</tr>
<tr>
<td>Level LG</td>
<td>9,908.90</td>
<td>Retail outlet and</td>
</tr>
<tr>
<td>Level 1</td>
<td>17,581.83</td>
<td>Car parking</td>
</tr>
<tr>
<td>Level 2</td>
<td>17,395.94</td>
<td>Retail outlet and</td>
</tr>
<tr>
<td>Level 3</td>
<td>15,001.63</td>
<td>Car parking</td>
</tr>
<tr>
<td>Level 4</td>
<td>1,992.17</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Total</td>
<td>68,791.42</td>
<td></td>
</tr>
</tbody>
</table>

Page 11
Legal Description: Pursuant to the 11 Real Estate Ownership Certificates issued by the Chongqing Bishan District Land Resources and Housing Administration Bureau, the building ownership of the Property with a total gross floor area of 68,791.42 sq.m. together with the corresponding land use rights with a site area of 78,793.00 sq.m. are held by Sasseur (Chongqing) Business Co., Ltd. ("Sasseur Chongqing") for two concurrent terms expiring on 21 September 2051 and 24 September 2051 respectively for commercial (other commercial service) use.

Tenancy Details: As at the Valuation Date, the Property was subject to various leases with the latest one due to expire on 31 January 2031.

As at the Valuation Date, the occupancy rate of the Property was 79% which is computed based on net lettable area of permanent retail outlet units and other operating areas opened for operation. When excluding other operating areas, the occupancy rate as at the Valuation Date was 86%.

Entrusted Management Agreement: Pursuant to an Entrusted Management Agreement entered into between Sasseur Chongqing and Sasseur Shanghai, an indirect wholly-owned subsidiary of Sasseur REIT, Sasseur Shanghai is appointed to perform the management of the Property for a term of ten years commencing on the Listing Date, and subject to a renewal for a further term of ten years. Under the Entrusted Management Agreement, Sasseur Chongqing is entitled to receive the EMA Resultant Rent which is equal to the sum of the Fixed Component and Variable Component. If the derived annual EMA Resultant Rent on a portfolio basis exceeds the stipulated minimum rent for 2 consecutive years, the minimum rent condition will fall away. Details of the Fixed Component and Variable Component under the Entrusted Management Agreement are shown below:

i) Fixed Component, RMB35.0 million for Financial Year 2018, RMB29.2 million for Forecast Period 2018 (1 March 2018 to 31 December 2018) and adjusted upwards at the rate of 3% per annum.

ii) Variable Component, 4.5% of the total monthly sales in the Property.
The EMA Resultant Rents are tabulated as below:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>EMA Resultant Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>RMB51.1 million</td>
</tr>
<tr>
<td>2019</td>
<td>RMB55.3 million</td>
</tr>
<tr>
<td>2020</td>
<td>RMB59.3 million</td>
</tr>
</tbody>
</table>

Note: Resultant Rents for Forecast Period 2018 is RMB42.5 Million.

Basis of Valuation:  
(i) market value subject to existing tenancies;  
(ii) market value subject to the Entrusted Management Agreements.

Valuation Methodology: Income Approach – Discounted Cash Flow Analysis

Valuation Assumptions: As we were not provided with any legal opinion on the title to the Property, we have prepared our valuation based on the following assumptions:

(i) Sasseur (Chongqing) is in possession of good legal title to the Property and is entitled to transfer, lease or mortgage the Property within the residual term of its land use rights at no additional land premium or other onerous charges payable to the government;

(ii) all land premium and costs of resettlement and public utilities services have been fully paid; and

(iii) the design and construction of the Property are in compliance with the local planning regulations and have been approved by the relevant authorities.

Valuation Date: 30 September 2017

Market Value: In view of the foregoing and having taken into consideration the prevailing market conditions as at the Valuation Date, we are of the opinion that the market values of the Property, free from all other encumbrances, are as follows:-

(i) market value subject to existing tenancies  
RMB777,000,000

(ii) market value subject to the Entrusted Management Agreements
RMB783,000,000

BRIEF VALUATION REPORT

Property : Portion of Phase I of Sasseur (Hefei) Outlets
           (砂之船(合肥優特萊斯)),
           No. 1888 Changning Avenue,
           Gaoxin District,
           Hefei,
           Anhui Province,
           PRC
           (the “Property”)

Site Area : Approximately 132,212.72 sq.m.

Land Use : Commerce (commercial and office)

Land Use Term Expiry Date : 19 July 2053

Gross Floor Area : 141,181.68 sq.m.

Brief Description : The Property is situated on No. 1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province, PRC.

Phase I of the Hefei Outlet comprises a retail outlet complex erected on a site with an area of approximately 132,212.72 sq.m. The Property comprises the unsold portion of Phase I of Hefei Outlet. Completed in 2016, the Property overall appears in good maintenance condition.

According to the 4 Records of Acceptance Examination upon Project Completion and additional information provided by the REIT Manager, the Property has a total gross floor area of approximately 141,181.68 sq.m. including car parking spaces of approximately 3,632.16 sq.m. The current usage and the breakdown of the gross floor area of the Property are as follows:

<table>
<thead>
<tr>
<th>Level</th>
<th>GFA (sq.m.)</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basement 1</td>
<td>3,632.16</td>
<td>Car parking</td>
</tr>
<tr>
<td>Lower Ground</td>
<td>34,862.26</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 1</td>
<td>24,886.67</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 2</td>
<td>27,041.21</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 3</td>
<td>34,552.47</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 4</td>
<td>14,341.50</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 5</td>
<td>1,865.41</td>
<td>Retail outlet</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>141,181.68</strong></td>
<td></td>
</tr>
</tbody>
</table>

Page 14
Legal Description: Pursuant to the 14 Real Estate Ownership Certificates and 140 Building Ownership Registration Certificates issued by the Hefei Land Resources and Housing Administration Bureau and Hefei Real Estate Title Supervision Office, the building ownership of the Property with a total gross floor area of 141,181.68 sq.m. together with the corresponding land use rights with a site area of 132,212.72 sq.m. are held by Hefei Sasseur Commercial Management Co., Ltd. ("Hefei Sasseur") for a term due to expire on 19 July 2053 for commercial use.

Tenancy Details: As at the Valuation Date, the Property was subject to various leases with the latest one due to expire on 31 August 2031.

As at the Valuation Date, the occupancy rate of the Property was 95% which is computed based on net lettable area of permanent retail outlet units and other operating areas opened for operation. When excluding other operating areas, the occupancy rate as at the Valuation Date is 93%.

Entrusted Management Agreement: Pursuant to an Entrusted Management Agreement entered into between Hefei Sasseur and Sasseur Shanghai, an indirect wholly-owned subsidiary of Sasseur REIT, Sasseur Shanghai is appointed to perform the management of the Property for a term of ten years commencing on the Listing Date, and subject to a renewal for a further term of ten years. Under the Entrusted Management Agreement, Hefei Sasseur is entitled to receive the EMA Resultant Rent which is equal to the sum of the Fixed Component and Variable Component. If the derived annual EMA Resultant Rent on a portfolio basis exceeds the stipulated minimum rent for 2 consecutive years, the minimum rent condition will fall away. Details of the Fixed Component and Variable Component under the Entrusted Management Agreement are shown below:

i) Fixed Component, RMB106.1 million for Financial Year 2018, RMB88.4 million for Forecast Period 2018 (1 March 2018 to 31 December 2018) and adjusted upwards at the rate of 3% per annum.

ii) Variable Component, 5.5% of the total monthly sales in the Property.
The EMA Resultant Rents are tabulated as below:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>EMA Resultant Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>RMB155.8 million</td>
</tr>
<tr>
<td>2019</td>
<td>RMB173.9 million</td>
</tr>
<tr>
<td>2020</td>
<td>RMB190.2 million</td>
</tr>
</tbody>
</table>

Note: Resultant Rents for Forecast Period 2018 is RMB129.9 Million.

Basis of Valuation:
(i) market value subject to existing tenancies;
(ii) market value subject to the Entrusted Management Agreements.

Valuation Methodology: Income Approach – Discounted Cash Flow Analysis

PRC Legal Opinion:
We have been provided with a legal opinion on the title to the Property issued by the Company’s legal adviser, which contains, inter alia, the following information:

Hefei Commercial has the rights to occupy, use, transfer, lease, mortgage or by other means dispose of the land use rights of the Property in accordance with the use as stated in the State-owned Land Use Rights Certificate and the terms as stipulated in the Contract for Grant of Land Use Rights.

Valuation Assumptions:
Pursuant to the PRC Legal Opinion, we have prepared our valuation based on the following assumptions:

(i) Hefei Sasseur is in possession of good legal title to the Property and is entitled to transfer, lease or mortgage the Property within the residual term of its land use rights at no additional land premium or other onerous charges payable to the government;

(ii) all land premium and costs of resettlement and public utilities services have been fully paid; and

(iii) the design and construction of the Property are in compliance with the local planning regulations and have been approved by the relevant authorities.

Valuation Date: 30 September 2017
Market Value

: In view of the foregoing and having taken into consideration the prevailing market conditions as at the Valuation Date, we are of the opinion that the market values of the Property, free from all other encumbrances, are as follows:-

(i) market value subject to existing tenancies
    RMB2,403,000,000

(ii) market value subject to the Entrusted Management Agreements
    RMB2,408,000,000
BRIEF VALUATION REPORT

Property : Phase I of Sasseur (Kunming) Outlets
(砂之船(昆明)奥特莱斯),
No. 181 Aotelaisi Avenue,
Anning City,
Kunming,
Yunnan Province,
PRC
(the "Property")

Site Area : Approximately 150,920.57 sq.m.

Land Use : Commerce (retail and wholesale)

Land Use Term Expiry Date : 16 April 2054

Gross Floor Area : 88,256.75 sq.m.

Brief Description : The Property is situated on No. 181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province, PRC.

Phase I of the Kunming Outlet comprises a retail outlet complex erected on a parcel of land with a site area of approximately 150,920.57 sq.m. Completed in about 2016, the Property overall appears in good maintenance condition.

According to the Real Estate Ownership Certificates and additional information provided by the REIT Manager, the Property has a total gross floor area of approximately 88,256.75 sq.m. The current usage and the breakdown of the gross floor area of the Property are as follows:

<table>
<thead>
<tr>
<th>Level</th>
<th>GFA (sq.m.)</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basement 3</td>
<td>2,044.86</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Basement 2</td>
<td>4,304.37</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Basement 1</td>
<td>18,182.07</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 1</td>
<td>18,650.22</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 2</td>
<td>17,235.50</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 3</td>
<td>17,221.68</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 4</td>
<td>9,559.24</td>
<td>Retail outlet</td>
</tr>
<tr>
<td>Level 5</td>
<td>1,068.81</td>
<td>Retail outlet</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>88,256.75</strong></td>
<td></td>
</tr>
</tbody>
</table>
**Legal Description**

Pursuant to the 2 Real Estate Ownership Certificates issued by the Anning Land and Resources Bureau, the building ownership of the Property with total gross floor area of 88,256.75 sq.m. together with the corresponding land use rights with a site area of 150,920.57 sq.m. are held by Kunming Sasseur Commercial Management Co., Ltd. (*Kunming Sasseur*) for a term expiring on 16 April 2054 for commercial (retail/wholesale and commercial service) use.

**Tenancy Details**

As at the Valuation Date, the Property was subject to various leases with the latest one due to expire on 13 January 2027.

As at the Valuation Date, the occupancy rate of the Property was 71% which is computed based on net lettable area of permanent retail outlet units and other operating areas opened for operation. When excluding other operating areas, the occupancy rate as at the Valuation Date is 91%.

**Entrusted Management Agreement**

Pursuant to an Entrusted Management Agreement entered into between Kunming Sasseur and Sasseur Shanghai, an indirect wholly-owned subsidiary of Sasseur REIT, Sasseur Shanghai is appointed to perform the management of the Property for a term of ten years commencing on the Listing Date, and subject to a renewal for a further term of ten years. Under the Entrusted Management Agreement, Kunming Sasseur is entitled to receive the EMA Resultant Rent which is equal to the sum of the Fixed Component and Variable Component. If the derived annual EMA Resultant Rent on a portfolio basis exceeds the stipulated minimum rent for 2 consecutive years, the minimum rent condition will fall away. Details of the Fixed Component and Variable Component under the Entrusted Management Agreement are shown below:

i) Fixed Component, RMB70.0 million for Financial Year 2018, RMB58.4 million for Forecast Period 2018 (1 March 2018 to 31 December 2018) and adjusted upwards at the rate of 3% per annum.

ii) Variable Component, 5.0% of the total monthly sales in the Property.
The EMA Resultant Rents are tabulated as below:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>EMA Resultant Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>RMB103.4 million</td>
</tr>
<tr>
<td>2019</td>
<td>RMB117.2 million</td>
</tr>
<tr>
<td>2020</td>
<td>RMB128.4 million</td>
</tr>
</tbody>
</table>

*Note: Resultant Rents for Forecast Period 2018 is RMB86.2 Million.*

Basis of Valuation: (i) market value subject to existing tenancies;

(ii) market value subject to the Entrusted Management Agreements.

Valuation Methodology: Income Approach – Discounted Cash Flow Analysis

PRC Legal Opinion: We have been provided with a legal opinion on the title to the Property issued by the Company’s legal adviser, which contains, inter alia, the following information:

Kunming Commercial has the rights to occupy, use, transfer, lease, mortgage or by other means dispose of the land use rights of the Property in accordance with the use as stated in the State-owned Land Use Rights Certificate and the terms as stipulated in the Contract for the Grant of Land Use Rights.

Valuation Assumptions: Pursuant to the PRC Legal Opinion, we have prepared our valuation based on the following assumptions:

(i) Kunming Sasseur Commercial Management Co., Ltd. (昆明砂之船商业有限公司) is in possession of a proper legal title to the Property and is entitled to transfer, lease or mortgage the Property with the residual term of its land use rights at no additional land premium or other onerous charges payable to the government;

(ii) all land premium and costs of resettlement and public utilities services have been fully paid; and

(iii) the design and construction of the Property are in compliance with the local planning regulations and have been approved by the relevant authorities.

Valuation Date: 30 September 2017
Market Value: In view of the foregoing and having taken into consideration the prevailing market conditions as at the Valuation Date, we are of the opinion that the market values of the Property, free from all other encumbrances, are as follows:

(i) market value subject to existing tenancies
   RMB1,414,000,000

(ii) market value subject to the Entrusted Management Agreements
    RMB1,444,000,000

* * * * *
5 March 2018

The Board of Directors
Sasseur Asset Management Pte. Ltd.
80 Robinson Road # 02-00
Singapore 068898

Dear Sirs,

In accordance with your instructions to value Sasseur (Chongqing) Outlets, Sasseur (Bishan) Outlets, Sasseur (Hefei) Outlets and Sasseur (Kunming) Outlets (hereinafter together referred to as the “Properties”) in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 30 September 2017 (the “valuation date”) on assuming with Entrusted Management Agreement basis which is to be relied upon for the initial public offering (“IPO”) of Sasseur Real Estate Investment Trust (“Sasseur REIT”) on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

DBS Trustee Limited (in its capacity as trustee of Sasseur REIT) (the “Trustee”), Sasseur Asset Management Pte. Ltd. (the “Manager”) and Sasseur Cayman Holding Limited (the “Sponsor”) have entered into a Master Entrusted Management Agreement in respect of the Properties, whereby the Trustee and the Manager have agreed to appoint, and the Sponsor on behalf of its wholly-owned subsidiary, Sasseur (Shanghai) Holding Company Limited (“Sasseur Shanghai”), has agreed to accept the appointment of Sasseur Shanghai as Entrusted Manager to operate, maintain, manage and market the Properties. Under the Master Entrusted Management Agreement, the Entrusted Manager, and each of the PRC Property Companies has entered into separate Individual Entrusted Management Agreements, in respect of the respective Properties. The terms of the Entrusted Management Agreements are for 10 years from the date of admission of Sasseur REIT to the Official List of the SGX-ST (the “Listing Date”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”
Due to the nature of the Properties and the particular locations where they are situated, there are unlikely to be relevant market comparable sales readily available. The Properties have therefore been valued by Discounted Cash Flow ("DCF") Analysis. DCF Analysis involves discounting future cash flow of the property to its present value by using an appropriate discount rate with due allowance for the reversionary net income of the property, which is capitalized with an terminal capitalization rate. In the course of valuation, we assumed the Properties are available for lease. With regard to the existing market conditions, the incomes and expenses, stabilization period and rental growth for each component of the Properties are estimated to reflect the Properties’ performance in the market.

Unless otherwise stated, our valuation has been made on the assumption that the seller sells the Properties in the market without the benefit of a deferred term contract, leaseback, joint venture or any similar arrangement, which could serve to affect the values of the Properties.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the Properties valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the Properties, we have complied with all requirements contained in the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied on the information given by the Sponsor and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings and other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Real Estate Ownership Certificates and other official plans relating to the Properties and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the Properties in the PRC and any material encumbrance that might be attached to the Properties or any tenancy amendment. We have relied considerably on the legal opinion given by the PRC legal advisor to the Manager and the Sponsor – Jingtian & Gongcheng, concerning the validity of the Properties in the PRC.

Inspection of the Properties was carried out in April 2017 by 6 technical staff including Mr. Arnold Gao, Ms. Cyndi Huang, Ms. Jenny Chen, etc. They are Member of the Royal Institute of Chartered Surveyors / China Certified Real Estate Appraisers / China Qualified Land Valuers or have more than 3 years’ experience in the valuation of properties in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the Properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.
We have inspected the exterior and, where possible, the interior of the Properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Sponsor. We have also sought confirmation from the Sponsor that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Yiu Tsang Wing
MRICS MHKIS RPS (GP)
National Director

Note: Yiu Tsang Wing is a Chartered Surveyor who has 24 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.
## SUMMARY OF VALUES

<table>
<thead>
<tr>
<th>No.</th>
<th>Property</th>
<th>Market value in existing state on assuming with Entrusted Management Agreement basis as at 30 September 2017 (RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sasseur (Chongqing) Outlets located at No.1 Aoteliai Road, Beibuxin District, Chongqing, The PRC</td>
<td>2,620,000,000</td>
</tr>
<tr>
<td>2.</td>
<td>Sasseur (Bishan) Outlets located at No.9 Baiyang Road, Bishan District, Chongqing, The PRC</td>
<td>795,000,000</td>
</tr>
<tr>
<td>3.</td>
<td>Sasseur (Hefei) Outlets located at No.1888 Changning Avenue, Gaoxin District, Hefei, Anhui Province, The PRC</td>
<td>2,461,000,000</td>
</tr>
<tr>
<td>4.</td>
<td>Sasseur (Kunming) Outlets located at No.181 Aoteliai Avenue, Anning City, Kunming, Yunnan Province, The PRC</td>
<td>1,477,000,000</td>
</tr>
</tbody>
</table>

**Total:** 7,353,000,000
VALUATION CERTIFICATE

Property No.1

Property Address : Sasseur (Chongqing) Outlets (the "Property No.1")
located at
No.1 Aotelaisy Road,
Beibuxin District,
Chongqing,
The PRC

Registered Owner : Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd.
("Chongqing PRC Property Company")

Site Area : Approximately 40,189.00 sq.m.

Land Use : Commerce, wholesale and retail

Land Tenure Expiry : Expiring on 11 May 2047

Gross Floor Area : Approximately 73,373.44 sq.m. as stated on Real Estate Title
Certificates of Property No.1

Net Lettable Area : Approximately 50,885.00 sq.m. as advised by the Sponsor

Occupancy Rate : As at the valuation date, the occupancy rate of Property No.1 was
96.0%, computed based on all current leases in respect of Property
No.1 as at 30 September 2017, including legally binding letters of offer
which have been accepted for vacant units, as a function of the Net
Lettable Area.

Legal Descriptions : Pursuant to 22 Real Estate Title Certificates, Property No.1 with a total
gross floor area of approximately 73,373.44 sq.m. together with the
corresponding land use rights with a total site area of approximately
40,189.00 sq.m. is owned by Chongqing PRC Property Company.

Location : Property No.1 is located in the north-east of Chongqing. Specifically,
Property No.1 is situated to the south of Airport Expressway, the north
of Huyu Expressway, the east of Outlets Road, and the west of Huiliu
Road.
It is about 7 km away from the Guanyinqiao retail hub (about 15-minutes' driving distance), about 20 km away from the Jiefangbei retail hub (about 35-minutes’ driving distance), and about 10 km away from Chongqing Jiangbei International Airport (about 15-minute’s driving distance). In addition, Property No.1 is in the north of the Chongqing Economic and Technological Development Zone which is one of the key development areas and continues to enjoy a considerable amount of preferential policies to boost its growth.

**Brief Description**  
Property No.1 comprises 22 parcels of land, and three 7-storey shopping malls and a 2-storey retail building erected thereon which were completed in 2008.

The use of Property No.1 and breakdown of Gross Floor Area (“GFA”) are shown as follows:

<table>
<thead>
<tr>
<th>Level</th>
<th>GFA (sq.m.)</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basement Level 1</td>
<td>15,074.23</td>
<td>Retail</td>
</tr>
<tr>
<td>Level 1 and Mezzanine Level</td>
<td>13,337.94</td>
<td>Retail</td>
</tr>
<tr>
<td>Level 2</td>
<td>10,488.54</td>
<td>Retail</td>
</tr>
<tr>
<td>Level 3</td>
<td>10,946.33</td>
<td>Retail</td>
</tr>
<tr>
<td>Level 4</td>
<td>10,603.10</td>
<td>Retail</td>
</tr>
<tr>
<td>Level 5</td>
<td>10,575.83</td>
<td>Retail</td>
</tr>
<tr>
<td>Level 6 &amp; Rooftop</td>
<td>2,347.47</td>
<td>Retail</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>73,373.44</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Tenancy Details**  
As at the valuation date, Property No.1 was rented to various parties for various terms with the expiry dates between 30 September 2017 and 31 August 2030.

**Encumbrance**  
Pursuant to a Mortgage Guarantee Contract - Ping Yin Yu Di Zi 20150720 Di No. 021-6 dated 20 July 2015, portions of Property No.1 are subject to a mortgage in favour of Ping An Bank Co., Ltd. Chongqing Branch as security to guarantee the obligation for an amount of RMB104,000,000.

**Entrusted Management Agreement**  
The term of the Entrusted Management Agreements is 10 years commencing from the Listing Date, with an option granted to the Entrusted Manager to extend for another 10 years. "Operating Year" means, in respect of the Property, any period of 12 months commencing on the 1st day of January and ending on the 31st day of December, except the first Operating Year which shall be the period...
commencing on the Commencement Date and ending on the 31st day of December 2018 (or if the Commencement Date falls on a date prior to 1 January 2018, then the first Operating Year shall be the period commencing on the Commencement Date and ending on the 31st day of December 2017).

The Entrusted Manager will ensure that under the Entrusted Management Agreement, Sasseur REIT is entitled to receive rental payments comprising a fixed component (the "Fixed Component") and a variable component (the "Variable Component") and performance sharing (if any).

The Fixed Component means:

i. in respect of the first Operating Year only, an amount equivalent to the product of (a) the number of days in such Operating Year divided by 365 days, and (b) RMB171.5 million (except where the Commencement Date falls on a date prior to 1 January 2018, then the fixed component in respect of the first Operating Year shall be an amount equivalent to the product of (X) the number of days in such Operating Year divided by 365 days and (Y) RMB166.5 million); and

ii. in respect of every subsequent Operating Year thereafter, an amount equivalent to the preceding Operating Year’s fixed component (annualised, where applicable) adjusted upwards at the escalation rate of 3.0% per annum, pro-rated on a monthly basis.

The Variable Component for Property No.1 will be pegged to a percentage of 4.0% of total sales.

Furthermore, pursuant to the terms of the Entrusted Management Agreements, the Entrusted Manager will ensure that the aggregate of the Fixed Component and Variable Component that is payable to Sasseur REIT from the rental income collected from the Properties will not be less than a stipulated amount (the “Minimum Rent”) and all the operating expenses of the Properties shall be borne by the Entrusted Manager.

**Basis of Valuation** : Market value of Property No.1 in its existing state on assuming with Entrusted Management Agreement basis as at the valuation date

**Valuation Approach** : Discounted Cash Flow Analysis
Valuation Date : 30 September 2017

Market Value : RMB2,620,000,000

Legal Opinion : We have been provided with a legal opinion regarding the property interest by the PRC Legal adviser, which contains, inter alia, the following:

a) Chongqing PRC Property Company legally holds the ownership of Property No.1 and all title certificates mentioned above issued for Property No.1 are in full force and effect;

b) Property No.1 can be freely transferred, leased, mortgaged or otherwise disposed of by Chongqing PRC Property Company with no outstanding payable fees or monies; and

c) The Tenancy Agreements relating to Property No.1 are legally binding, valid and enforceable.

Remarks : We are also instructed to provide the market value of Property No.1 on without Entrusted Management Agreement basis. We are of the opinion that the market value of Property No.1 in existing state on without Entrusted Management Agreement basis as at the valuation date (i.e. 30 September 2017) is in the amount of RMB2,619,000,000.

We are of the opinion that the difference of the net operating income of Property No.1 in 10 years' period with and without entrusted management agreement is within reasonable range. Whilst the net operating income of Property No.1 without Entrusted Management Agreement is analyzed and calculated at prevailing market level.
VALUATION CERTIFICATE

Property No.2

Property Address : Sasseur (Bishan) Outlets ("Property No.2")
located at
No.9 Baiyang Road,
Bishan District,
Chongqing,
The PRC

Registered Owner : Sasseur (Chongqing) Business Co., Ltd.
("Bishan PRC Property Company")

Site Area : Approximately 78,793.00 sq.m.

Land Use : Commerce

Land Tenure Expiry : Expiring on 21 September 2051 for commerce as stated on Real Estate Title Certificates 212 Fangdizheng 2014 Zi Nos. 14070, 14091, 15721, 15730, 14100, 14126, 15724, 14119, 14107, 14673 and 24 September 2051 for commerce as stated on Real Estate Title Certificate 212 Fangdizheng 2015 Zi No.18355

Gross Floor Area : Approximately 68,791.42 sq.m. as stated on Real Estate Title Certificates of Property No.2

Net Lettable Area : Approximately 45,171.49 sq.m. as advised by the Sponsor

Occupancy Rate : As at the Valuation Date, the occupancy rate of Property No.2 was 85.6%, computed based on all current leases in respect of Property No.2 as at 30 September 2017, including legally binding letters of offer which have been accepted for vacant units, as a function of the Net Lettable Area.

Legal Descriptions : Pursuant to 11 Real Estate Title Certificates, Property No.2 with a total gross floor area of approximately 68,791.42 sq.m. together with the corresponding land use rights with a total site area of approximately 78,793.00 sq.m. is owned by Bishan PRC Property Company.

Location : Property No.2 is located at No. 9 Baiyang Road, Bishan District. The vicinity of Property No.2 comprises various residential and commercial
developments developed in recent decade.

Bishan District is located in the west of Chongqing, which is the closest district to the downtown. The land area of Bishan District is approximately 915 sq.km. Bishan District is a famous tourism place due to its abundant natural landscape, and the local government is developing the tourism industry vigorously. Bishan District has been served with convenient public transportation and well-developed facilities.

**Brief Description**: Property No.2 comprises a parcel of land, and five 4-storey retail buildings, five 3-storey retail buildings and 400 underground car parking spaces erected thereon which were completed in 2014.

The use of Property No.2 and breakdown of Gross Floor Area (“GFA”) are shown as follows:

<table>
<thead>
<tr>
<th>Level</th>
<th>GFA (sq.m.)</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basement Level 2</td>
<td>6,596.32</td>
<td>Car Parking</td>
</tr>
<tr>
<td>Basement Level 1</td>
<td>314.63</td>
<td>Retail, Car Parking &amp; Others</td>
</tr>
<tr>
<td>Lower Ground</td>
<td>9,908.90</td>
<td>Retail</td>
</tr>
<tr>
<td>Level 1</td>
<td>17,581.83</td>
<td>Retail &amp; Others</td>
</tr>
<tr>
<td>Level 2</td>
<td>17,395.94</td>
<td>Retail &amp; Others</td>
</tr>
<tr>
<td>Level 3</td>
<td>15,001.63</td>
<td>Retail &amp; Others</td>
</tr>
<tr>
<td>Level 4</td>
<td>1,992.17</td>
<td>Retail</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>68,791.42</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Tenancy Details**: As at the valuation date, Property No.2 was rented to various parties for various terms with the expiry dates between 8 October 2017 and 31 January 2031.

**Encumbrance**: Pursuant to a Mortgage Contract - (2015) Nian (Chong Qing Bi Shan Zhi Di) Zi Di No. 0210 dated 16 February 2015, portions of Property No.2 are subject to a mortgage in favour of Chongqing Bank Co., Ltd. Bishan Branch as security to guarantee the obligation for an amount of RMB300,000,000.

**Entrusted Management Agreement**: The term of the Entrusted Management Agreements is 10 years commencing from the Listing Date, with an option granted to the Entrusted Manager to extend for another 10 years. "Operating Year" means, in respect of the Property, any period of 12 months commencing on the 1st day of January and ending on the 31st day of
December, except the first Operating Year which shall be the period commencing on the Commencement Date and ending on the 31st day of December 2018 (or if the Commencement Date falls on a date prior to 1 January 2018, then the first Operating Year shall be the period commencing on the Commencement Date and ending on the 31st day of December 2017).

The Entrusted Manager will ensure that under the Entrusted Management Agreement, Sasseur REIT is entitled to receive rental payments comprising a fixed component (the "Fixed Component") and a variable component (the "Variable Component") and performance sharing (if any).

The Fixed Component means:

i. in respect of the first Operating Year only, an amount equivalent to the product of (a) the number of days in such Operating Year divided by 365 days, and (b) RMB35.0 million (except where the Commencement Date falls on a date prior to 1 January 2018, then the fixed component in respect of the first Operating Year shall be an amount equivalent to the product of (X) the number of days in such Operating Year divided by 365 days and (Y) RMB34.0 million); and

ii. in respect of every subsequent Operating Year thereafter, an amount equivalent to the preceding Operating Year's fixed component (annualised, where applicable) adjusted upwards at the escalation rate of 3.0% per annum, pro-rated on a monthly basis.

The Variable Component for Property No.2 will be pegged to a percentage of 4.5% of total sales.

Furthermore, pursuant to the terms of the Entrusted Management Agreements, the Entrusted Manager will ensure that the aggregate of the Fixed Component and Variable Component that is payable to Sasseur REIT from the rental income collected from the Properties will not be less than a stipulated amount (the “Minimum Rent”) and all the operating expenses of the Properties shall be borne by the Entrusted Manager.

Basis of Valuation : Market value of Property No.2 in its existing state on assuming with Entrusted Management Agreement basis as at the valuation date

Valuation Approach : Discounted Cash Flow Analysis
Valuation Date : 30 September 2017

Market Value : RMB795,000,000

Legal Opinion : We have been provided with a legal opinion regarding the property interest by the PRC Legal adviser, which contains, inter alia, the following:

a) Bishan PRC Property Company legally holds the ownership of Property No.2 and all title certificates mentioned above issued for Property No.2 are in full force and effect;

b) Property No.2 can be freely transferred, leased, mortgaged or otherwise disposed of by Bishan PRC Property Company with no outstanding payable fees or monies; and

c) The Tenancy Agreements relating to Property No.2 are legally binding, valid and enforceable.

Remarks : We are also instructed to provide the market value of Property No.2 on without Entrusted Management Agreement basis. We are of the opinion that the market value of Property No.2 in existing state on without Entrusted Management Agreement basis as at the valuation date (i.e. 30 September 2017) is in the amount of RMB789,000,000.

We are of the opinion that the difference of the net operating income of Property No.2 in 10 years' period with and without entrusted management agreement is within reasonable range. Whilst the net operating income of Property No.2 without Entrusted Management Agreement is analyzed and calculated at prevailing market level.
VALUATION CERTIFICATE

Property No.3

Property Address : Sasseur (Hefei) Outlets ("Property No.3")
located at
No.1888 Changning Avenue,
Gaoxin District,
Hefei,
Anhui Province,
The PRC

Registered Owner : Hefei Sasseur Commercial Management Co., Ltd.
("Hefei PRC Property Company")

Site Area : Approximately 132,212.72 sq.m.

Land Use : Commerce and office

Land Tenure Expiry : Expiring on 19 July 2053

Gross Floor Area : Approximately 141,181.68 sq.m. as stated on Real Estate Title
Certificates of Property No.3

Net Lettable Area : Approximately 138,449.40 sq.m. as advised by the Sponsor

Occupancy Rate : As at the valuation date, the occupancy rate of Property No.3 was
93.3%, computed based on all current leases in respect of Property
No.3 as at 30 September 2017, including legally binding letters of offer
which have been accepted for vacant units, as a function of the Net
Lettable Area.

Legal Descriptions : Pursuant to 14 Real Estate Title Certificates and 140 Building
Ownership Registration Certificates, Property No.3 with a total gross
floor area of approximately 141,181.68 sq.m. together with the
corresponding land use rights with a total site area of approximately
132,212.72 sq.m. is owned by Hefei PRC Property Company.

Location : Property No.3 is located in Gaoxin District. The vicinity of Property
No.3 comprises residential buildings, high-tech enterprise offices and
schools.
Gaoxin District was designated as one of the first batch of the state-level high-tech development zones in 1991, located in the Southwest of Hefei. It has a total land area of approximately 128 sq.km. With the rapid development of the Gaoxin District, the Wangzui Lake area has become the center of western Hefei, having benefited from the original planning concept of “One Lake with Two Mountains”. Hefei has attracted a number of high-tech companies and research institutes, such as iFLYTEK and the Institute of Advanced Technology at the University of Science and Technology of China. Property No.3 is situated near four main roads, including Changjiang West Road, Wangjiang West Road, Xiyu Road and Chuangxin Avenue. Property No.3 is about 24 km away from Hefei railway station and about 23 km away from Hefei Xinqiao International Airport. In the future, there will be three metro lines in the vicinity of Property No.3.

**Brief Description**: Property No.3 comprises portion of two parcels of land, and four retail buildings erected thereon which were completed in various stages between 2015 and 2016.

The use of Property No.3 and breakdown of Gross Floor Area (“GFA”) are shown as follows:

<table>
<thead>
<tr>
<th>Level</th>
<th>GFA (sq.m.)</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basement 1</td>
<td>3,632.16</td>
<td>Car parking</td>
</tr>
<tr>
<td>Lower Ground</td>
<td>34,862.26</td>
<td>Retail</td>
</tr>
<tr>
<td>Level 1</td>
<td>24,886.67</td>
<td>Retail</td>
</tr>
<tr>
<td>Level 2</td>
<td>27,041.21</td>
<td>Retail</td>
</tr>
<tr>
<td>Level 3</td>
<td>34,552.47</td>
<td>Retail</td>
</tr>
<tr>
<td>Level 4</td>
<td>14,341.50</td>
<td>Retail</td>
</tr>
<tr>
<td>Level 5</td>
<td>1,865.41</td>
<td>Retail</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>141,181.68</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Tenancy Details**: As at the valuation date, Property No.3 was rented to various parties for various terms with the expiry dates between 30 September 2017 and 31 August 2031.

**Encumbrance**: Pursuant to a Mortgage Guarantee Contract - Ping Yin Yu Di Zi 20150720 Di No. 021-7 dated 9 October 2015, portions of Property No.3 are subject to a mortgage in favour of Ping An Bank Co., Ltd. Chongqing Branch as security to guarantee the obligation for an amount of RMB136,000,000.
The term of the Entrusted Management Agreements is 10 years commencing from the Listing Date, with an option granted to the Entrusted Manager to extend for another 10 years. "Operating Year" means, in respect of the Property, any period of 12 months commencing on the 1st day of January and ending on the 31st day of December, except the first Operating Year which shall be the period commencing on the Commencement Date and ending on the 31st day of December 2018 (or if the Commencement Date falls on a date prior to 1 January 2018, then the first Operating Year shall be the period commencing on the Commencement Date and ending on the 31st day of December 2017).

The Entrusted Manager will ensure that under the Entrusted Management Agreement, Sasseur REIT is entitled to receive rental payments comprising a fixed component (the "Fixed Component") and a variable component (the "Variable Component") and performance sharing (if any).

The Fixed Component means:

i. in respect of the first Operating Year only, an amount equivalent to the product of (a) the number of days in such Operating Year divided by 365 days, and (b) RMB106.1 million (except where the Commencement Date falls on a date prior to 1 January 2018, then the fixed component in respect of the first Operating Year shall be an amount equivalent to the product of (X) the number of days in such Operating Year divided by 365 days and (Y) RMB103.0 million); and

ii. in respect of every subsequent Operating Year thereafter, an amount equivalent to the preceding Operating Year's fixed component (annualised, where applicable) adjusted upwards at the escalation rate of 3.0% per annum, pro-rated on a monthly basis.

The Variable Component for Property No.3 will be pegged to a percentage of 5.5% of total sales.

Furthermore, pursuant to the terms of the Entrusted Management Agreements, the Entrusted Manager will ensure that the aggregate of the Fixed Component and Variable Component that is payable to Sasseur REIT from the rental income collected from the Properties will not be less than a stipulated amount (the "Minimum Rent") and all the operating expenses of the Properties shall be borne by the Entrusted Manager.
Basis of Valuation: Market value of Property No.3 in its existing state on assuming with Entrusted Management Agreement basis as at the valuation date.

Valuation Approach: Discounted Cash Flow Analysis

Valuation Date: 30 September 2017

Market Value: RMB2,461,000,000

Legal Opinion: We have been provided with a legal opinion regarding the property interest by the PRC Legal adviser, which contains, inter alia, the following:

a) Hefei PRC Property Company legally holds the ownership of Property No.3 and all title certificates mentioned above issued for Property No.3 are in full force and effect;

b) Property No.3 can be freely transferred, leased, mortgaged or otherwise disposed of by Hefei PRC Property Company with no outstanding payable fees or monies; and

c) The Tenancy Agreements relating to Property No.3 are legally binding, valid and enforceable.

Remarks: We are also instructed to provide the market value of Property No.3 on without Entrusted Management Agreement basis. We are of the opinion that the market value of Property No.3 in existing state on without Entrusted Management Agreement basis as at the valuation date (i.e. 30 September 2017) is in the amount of RMB2,433,000,000.

We are of the opinion that the difference of the net operating income of Property No.3 in 10 years' period with and without entrusted management agreement is within reasonable range. Whilst the net operating income of Property No.3 without Entrusted Management Agreement is analyzed and calculated at prevailing market level.
VALUATION CERTIFICATE

Property No.4

Property Address : Sasseur (Kunming) Outlets (the "Property") located at No.181 Aotelaisi Avenue, Anning City, Kunming, Yunnan Province, The PRC

Registered Owner : Kunming Sasseur Commercial Management Co., Ltd. ("Kunming PRC Property Company")

Site Area : Approximately 150,920.57 sq.m.

Land Use : Commercial

Land Tenure Expiry : Expiring on 16 April 2054

Gross Floor Area : Approximately 88,256.75 sq.m. as stated on Real Estate Ownership Certificates of Property No.4

Net Lettable Area : Approximately 70,067.17 sq.m. as advised by the Sponsor

Occupancy Rate : As at the valuation date, the occupancy rate of Property No.4 was 90.7%, computed based on all current leases in respect of Property No.4 as at 30 September 2017, including legally binding letters of offer which have been accepted for vacant units, as a function of the Net Lettable Area.

Legal Descriptions : Pursuant to 2 Real Estate Ownership Certificates, Property No.4 with a total gross floor area of approximately 88,256.75 sq.m. together with the corresponding land use rights with a total site area of approximately 150,920.57 sq.m. is owned by Kunming PRC Property Company.

Location : Property No.4 is located in Taiping New City which is a sub-district of Anning City. The vicinity of Property No.4 comprises mixed commercial/residential developments and hospital infrastructure.
Taiping New City is a new long-term development area located in the northeast of Anning City. It has a total planned area of approximately 110.56 sq.km. Taiping New City is one of the few cities in Yunnan Province that can boast both advantages in terms of transportation and an appealing natural environment. It is expected that the clustering of industries will bring considerable new business opportunities in the future. The city enjoys the added convenient transportation, four highways and one railway line connecting the city with the whole of Yunnan Province.

**Brief Description**: Property No.4 comprises two parcels of land, and two 7-storey shopping malls and eleven ground floor retail shops erected thereon which were completed in 2016.

The use of Property No.4 and breakdown of Gross Floor Area ("GFA") are shown as follows:

<table>
<thead>
<tr>
<th>Level</th>
<th>GFA (sq.m.)</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Block A Basement Level 3</td>
<td>2,044.86</td>
<td>Retail</td>
</tr>
<tr>
<td>Block A Basement Level 2</td>
<td>3,375.98</td>
<td>Retail</td>
</tr>
<tr>
<td>Block A Basement Level 1</td>
<td>16,616.81</td>
<td>Retail</td>
</tr>
<tr>
<td>Block A Level 1</td>
<td>15,959.30</td>
<td>Retail</td>
</tr>
<tr>
<td>Block A Level 2</td>
<td>15,303.82</td>
<td>Retail</td>
</tr>
<tr>
<td>Block A Level 3</td>
<td>14,758.26</td>
<td>Retail</td>
</tr>
<tr>
<td>Block A Level 4</td>
<td>7,840.27</td>
<td>Retail</td>
</tr>
<tr>
<td>Block B (Basement Level 3 to Level 4)</td>
<td>12,357.45</td>
<td>Retail</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>88,256.75</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Tenancy Details**: As at the valuation date, Property No.4 was rented to various parties for various terms with the expiry dates between 21 October 2017 and 13 January 2027.

**Encumbrance**: Pursuant to a Maximum Mortgage Guarantee Contract – 2015 Nian An Ning (Di) Zi No. 0005 dated 10 December 2015, portions of Property No.4 are subject to a mortgage in favour of Bank of China Co., Ltd. Anning Branch as security to guarantee the obligation for an amount of RMB250,000,000.

**Entrusted Management Agreement**: The term of the Entrusted Management Agreements is 10 years commencing from the Listing Date, with an option granted to the Entrusted Manager to extend for another 10 years. "Operating Year"
means, in respect of the Property, any period of 12 months commencing on the 1st day of January and ending on the 31st day of December, except the first Operating Year which shall be the period commencing on the Commencement Date and ending on the 31st day of December 2018 (or if the Commencement Date falls on a date prior to 1 January 2018, then the first Operating Year shall be the period commencing on the Commencement Date and ending on the 31st day of December 2017).

The Entrusted Manager will ensure that under the Entrusted Management Agreement, Sasseur REIT is entitled to receive rental payments comprising a fixed component (the "Fixed Component") and a variable component (the "Variable Component") and performance sharing (if any).

The Fixed Component means:

i. in respect of the first Operating Year only, an amount equivalent to the product of (a) the number of days in such Operating Year divided by 365 days, and (b) RMB70.0 million (except where the Commencement Date falls on a date prior to 1 January 2018, then the fixed component in respect of the first Operating Year shall be an amount equivalent to the product of (X) the number of days in such Operating Year divided by 365 days and (Y) RMB68.0 million); and

ii. in respect of every subsequent Operating Year thereafter, an amount equivalent to the preceding Operating Year’s fixed component (annualised, where applicable) adjusted upwards at the escalation rate of 3.0% per annum, pro-rated on a monthly basis.

The Variable Component for Property No.4 will be pegged to a percentage of 5.0% of total sales.

Furthermore, pursuant to the terms of the Entrusted Management Agreements, the Entrusted Manager will ensure that the aggregate of the Fixed Component and Variable Component that is payable to Sasseur REIT from the rental income collected from the Properties will not be less than a stipulated amount (the "Minimum Rent") and all the operating expenses of the Properties shall be borne by the Entrusted Manager.

Basis of Valuation : Market value of Property No.4 in its existing state on assuming with Entrusted Management Agreement basis as at the valuation date
Valuation Approach : Discounted Cash Flow Analysis

Valuation Date : 30 September 2017

Market Value : RMB1,477,000,000

Legal Opinion : We have been provided with a legal opinion regarding the property interest by the PRC Legal adviser, which contains, inter alia, the following:

Kunming PRC Property Company legally holds the ownership of Property No.4 and all title certificates mentioned above issued for Property No.4 are in full force and effect;

a) Property No.4 can be freely transferred, leased, mortgaged or otherwise disposed of by Kunming PRC Property Company with no outstanding payable fees or monies; and

b) The Tenancy Agreements relating to Property No.4 are legally binding, valid and enforceable.

Remarks : We are also instructed to provide the market value of Property No.4 on without Entrusted Management Agreement basis. We are of the opinion that the market value of Property No.4 in existing state on without Entrusted Management Agreement basis as at the valuation date (i.e. 30 September 2017) is in the amount of RMB1,451,000,000.

We are of the opinion that the difference of the net operating income of Property No.4 in 10 years' period with and without entrusted management agreement is within reasonable range. Whilst the net operating income of Property No.4 without Entrusted Management Agreement is analyzed and calculated at prevailing market level.
APPENDIX F

INDEPENDENT MARKET RESEARCH REPORT

Independent Market Research Report

March 5th, 2018

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This document contains highly confidential information and is solely for the use of our client.
Dear Sirs,

China Insights Consultancy is commissioned to conduct research and analysis of, and to produce a report on China's outlet industry based on relevant economic data. The report commissioned has been prepared by China Insights Consultancy independent of the influence of the Company and other interested parties. The INDEPENDENT MARKET RESEARCH REPORT will be used for the purpose of incorporation in the prospectus and the information will form part of the prospectus.

China Insights Consultancy's services include industry consulting, commercial due diligence, strategic consulting, etc. Its consulting team has been tracking the latest market trends in industrial, energy, chemicals, healthcare, education, consumer goods, transportation, agriculture, e-business, finance, etc., and has the most relevant and insightful market intelligence in these industries.

China Insights Consultancy conducts both primary and secondary research using various resources. Primary research involves interviewing key industry experts and leading industry participants. While secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics of China, industry associations, etc.

The market projections in the commissioned report are based on the following key assumptions:
1) The overall social, economic, and political environment in the PRC is expected to remain stable during the forecasted period;
2) China's economic development is likely to maintain a steady growth trend over the next decade;
3) There is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

All statistics are reliable and based on information available as of the date of this report. Other sources of information, including from government, industry associations, or market participants, may have provided some of the information on which the analysis is based. The information regarding the Company has been obtained from the Company's audited reports or management interviews.

Yours faithfully

For and on behalf of
China Insights Consultancy

__________________________
Name: Arden Dai
Designation: Executive Director
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EXECUTIVE SUMMARY

The key findings contained in this outlet industry study report on China are:

**Strong economic growth in China driven by consumption sector**
China’s nominal GDP increased from RMB54.1 trillion (USD8.1 trillion) in 2012 to RMB75.0 trillion (USD11.3 trillion) in 2016, representing a CAGR of 8.5%. This number is forecasted to reach RMB108.7 trillion (USD16.3 trillion) by 2021, representing a CAGR of 7.7% between 2016 and 2021. In 2016, final consumption expenditure (expenditure by households and enterprises on goods or services) contributed to over 64.6% of GDP growth, making consumption the main driver of economic growth. China has started to transform how its economy grows, with an increased emphasis on domestic consumption which is making an increasingly more important contribution to the growth of China’s economy.

**Robust retail sales performance in China**
China’s total retail sales value for consumer goods grew at a CAGR of 11.6% between 2012 and 2016 in line with the country’s rapid growth in GDP and income levels. Compared with other more developed countries, China’s retail sales market expanded with the highest rate of growth during the past five years. It is expected that China’s total retail sales value for consumer goods will grow at a CAGR of 8.7% between 2016 and 2021. Due to the growing economy and overall increase in average disposable income, large retail platform operators are now targeting tier 2 and tier 3 cities in order to tap these markets for additional growth. While online retail is growing rapidly because of its advantage in price and convenience, traditional retail platforms still dominate the market in terms of overall retail sales values.

The outlet platform differentiates itself from other traditional retail platforms by offering merchandise at discounted prices similar to that offered by online retail, while still providing a traditional brick and mortar shopping experience. The retail outlet market further distinguishes itself from online retail platforms by offering more international and luxury brands, employing a concessionary-based business model, targeting mid-to-high end customers and providing a more sensory shopping experience for customers. Outlet malls are able to cater to shoppers’ preferences of being able to see, touch and feel the products offered in their stores and shoppers can immediately take them home upon purchase, providing a sense of immediate gratification. Such compelling in-store shopping experiences cannot be replicated by online retail platforms. Furthermore, another advantage of retail outlet malls over their online retail counterparts is that they allow shoppers to get on-the-spot answers to their questions about the products, and can try out the products for suitability and fit. In addition, shoppers can see and feel the products at the outlet malls, which lowers the chances of them buying products that could be defective or unauthentic.

In fact, outlet sales in the PRC achieved a CAGR of 30.8% for the period from 2012 to 2016, surpassing department store’s CAGR of 7.4% and shopping malls’ CAGR of 8.6%, but slightly lower than online retailer’s CAGR of 38.7%. It is estimated that in the coming five years, the growth rate of outlet sales would outperform that of online retail.

**China’s outlet industry is in the infant growth stage**
Having originated in the U.S. during the 1980s, the global outlet industry now has more than 30 years of history. Gradually, outlets in the U.S. evolved to become more sophisticated and larger in size. Luxury and high end brands have increased their presence...
in the outlet spaces, adding more quality tenants and customer coverage to the industry. Across the globe, outlets have become the preferred way of shopping for middle class consumers purchasing luxury products. During the past decade, the outlet market achieved fast growth, as well as counter-cyclical resilience during economic recession in developed countries. Compared with the outlet industry in developed countries, China’s outlet industry is in the early stage of development and has significant potential to continue growing well into the future.

**China’s fast growing outlet market**

The PRC’s outlet market industry has enjoyed strong growth momentum since 2012. In terms of sales revenue, the PRC’s outlet market increased from RMB16.8 billion (USD2.5 billion) in 2012 to RMB49.1 billion (USD7.4 billion) in 2016, representing a CAGR of 30.8%. The outlet market is expected to grow to RMB144.9 billion (USD21.8 billion) by 2021, resulting in a CAGR of 24.2% for the period from 2016 and 2021, outperforming the online retail sector’s expected CAGR of 19.8% during the same period. By 2030, the PRC could surpass the U.S. to become the largest outlet market in the world, achieving annual sales revenue of approximately RMB640.2 billion (USD96.2 billion) compared to that of the U.S. market which is expected to be approximately USD91.5 billion in 2030.

**Strong and sustainable drivers of outlet market**

1. **Increasing income levels and a growing middle-class population in China**

   It is expected that PRC’s per capita disposable income is expected to increase to RMB34,700 (USD5,215.8) by 2021, representing a CAGR of 7.8% for the period from 2016 to 2021. The total number of people in the PRC’s middle class category was 109 million in 2015, which is the highest number for any country around the world. According to the Chinese government’s stated goal, it is expected that the total middle-class population in the PRC will account for approximately 15.0% of the total population by 2021 (which is projected to be 1,437.3 million) compared with 7.8% of the total population in 2015 (being approximately 1,401.6 million). The continuing growth of the middle class in the PRC creates a large potential customer base for the retail outlet mall market given their preference for higher-quality branded and luxury goods at reasonable prices. With greater disposable income, Chinese middle-class consumers are becoming more sophisticated and discerning in terms of product branding, quality and value, as reflected in their increasing willingness to pay for well-designed and well-crafted goods. This trend has also helped to drive demand for luxury goods and services that have aspirational appeal, auguring well for the growth of the retail outlet mall industry in China.

2. **Growth in the luxury goods market**

   Chinese residents’ luxury goods consumption exhibited an upward trend during the past five years. Continuous growth in the luxury goods market indicates consumers’ increasing purchasing power, increasing brand awareness, and increasing preference for high-quality products. Luxury brands in China are willing to open stores in outlets by providing a deeper discount than their full-priced stores. The expected increase in demand in luxury goods is expected to drive further growth in the outlet market.

3. **Increasing number of days for inventory turnovers of local brand companies leading to increased demand for outlets stores to clear excess inventories**

   Due to the recent economic slowdown in China, an increase in inventory days has become a major issue for many companies. These excess inventories create a new challenge for retailers of branded goods. Without yielding to pressure to provide more frequent discounts at their full-priced retail stores, brand companies can offload stock through outlets without having to worry about any potentially negative effect on their brand’s image. By opening outlets stores, these companies are able to better deal with the problem associated with out-of-season stock by offering lower prices.
4. Good city transportation networks and a steadily increasing car population in China

Along with residents’ increasing disposable incomes, it is expected that the car population in China will increase to around 350 million units by 2021 from around 290 million units in 2016. The Chinese government has adopted a well-established concept of metropolitan development, and the development plan for transportation network will be able to support the increase in vehicle number. In addition, according to the 13th Five Year Plan, the Ministry of Transport stated that the total length of highways in China will reach 169,000 thousand kilometers by 2020, up from 37% from 2015. With improved traffic conditions between nearby cities and provincial capitals offering improved accessibility, more consumers will be attracted to outlets set up in provincial capital cities, thereby stimulating further growth in the outlet market.

5. Supportive government policies towards the establishment of outlets

Local governments usually enact policies in support of outlet groups so as to attract them to set up operations. These supportive policies include discounts on the price of land and buildings, lower taxation, subsidies and favorable policies in support of staff employment for outlets. Given these supportive policies, outlet groups are well positioned to expand quickly to more cities, and increase their footprint in China.

Competitive landscape of China’s outlet industry

The competitive landscape of China’s outlet industry is relatively concentrated with the top five best performing outlets malls accounting for about 30% of China’s total outlet sales. The top outlet malls belong to only a limited number of successful outlet mall operators. With their first-mover advantages, proven track record and brand reputation, it is expected that these outlet mall operators will continue to expand their business with an increased number of outlets under their management.

Sasseur’s market position

Sasseur is a leading private sector (as opposed to state owned) outlet mall operator in China. It has brought its rich experience in the garment industry, expertise in combining art and commerce and new outlet concepts to China’s outlet industry. As at 31 December 2016, Sasseur has become China’s largest outlet mall operator in terms of floor area, with 408,544 square meters of NLA in six outlets. In terms of sales revenue, as of 2016 (when the most recent comparable data are available), Sasseur is China’s fourth largest outlet mall operator and it operates the fifth largest outlet (Sasseur (Chongqing) Outlets) in China. In addition, it is the only private outlet specialist that is ranked amongst the Top five outlet mall operators in China in terms of sales revenue in 2016. Compared with other competitors, Sasseur differentiates itself in terms of excellent operational experience, brand resources and deep understanding of local market. Sasseur has opened another two new outlets (namely Changchun Outlets and Xi’an Outlets) in September 2017 and one new outlet (namely Guiyang Outlets) in December 2017, and leads other competitors in business expansion. Sasseur is also actively involved in The China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity (Financial Services) (中新（重庆）战略性互联互通示范项目-金融领域项目). In June 2017, Sasseur signed a comprehensive strategic service agreement with Development Bank of Singapore, Industrial and Commercial Bank of China, Bank of China, Ping An Bank and Bank of Chongqing to support its future growth both inside and outside China.

Conclusion

China’s outlet mall industry is still at an early stage in its development and therefore has enormous growth potential. The market is expected to grow at a CAGR of 24.2% over the next five years, and reach RMB144.9 billion (USD21.8 billion) by 2021. The top outlet mall
operators are expected to outperform other players in China’s outlet industry with more successful outlets malls under their management because of their first-mover advantages and reputations. Being a leading private outlet mall operator in China, Sasseur is expected to increase its footprint and expand its network of outlets in China.
China’s Macroeconomic Overview
1 CHINA’S MACROECONOMIC OVERVIEW

1.1 China’s GDP

The PRC’s nominal GDP increased from RMB54.1 trillion (USD8.1 trillion) in 2012 to RMB75.0 trillion (USD11.3 trillion) in 2016, representing a CAGR of 8.5% for the period. However, China is now shifting away from its previous economic model based on state-led investment to one driven instead by domestic consumption. The ongoing structural change has resulted in the current economic slowdown. However, considering the massive size of China’s economy and its higher growth rate relative to other countries, China will still remain the engine of global growth.

The Chinese government is committed to optimizing the country’s economic structure and improving its capital-to-output ratio in order to realize a more efficient and sustainable economic growth model. According to the IMF, China’s nominal GDP is expected to sustain a moderate level of growth, with the real GDP annual growth rate meanwhile ranging anywhere between 6.6% and 5.8% over the next five years. The PRC’s nominal GDP forecasted to increase to RMB108.7 trillion (USD16.3 trillion) by 2021, representing a CAGR of 7.7% for the period from 2016 and 2021.

Nominal GDP, China, 2012-2021E

<table>
<thead>
<tr>
<th>Year</th>
<th>Nominal GDP (RMB trillion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>54.1</td>
</tr>
<tr>
<td>2013</td>
<td>59.7</td>
</tr>
<tr>
<td>2014</td>
<td>64.8</td>
</tr>
<tr>
<td>2015</td>
<td>69.6</td>
</tr>
<tr>
<td>2016</td>
<td>75.0</td>
</tr>
<tr>
<td>2017E</td>
<td>80.4</td>
</tr>
<tr>
<td>2018E</td>
<td>86.5</td>
</tr>
<tr>
<td>2019E</td>
<td>93.2</td>
</tr>
<tr>
<td>2020E</td>
<td>100.7</td>
</tr>
<tr>
<td>2021E</td>
<td>108.7</td>
</tr>
</tbody>
</table>

Nominal GDP, China, 2012-2021E

CAGR (2012-2016): 8.5%
CAGR (2016E-2021E): 7.7%

Source: Extracted from International Monetary Fund (March 2017)

While the real GDP growth rate has slowed down since 2012, consumption patterns are now in transition as the economic structure continues to undergo readjustment, with the expectation that a consumption-driven economy will lead to more sustainable economic growth in the future. The focus on developing a consumption-driven economy is expected to be the major goal of the Chinese government for the foreseeable future. Retail sales, which comprise one of the most important components of China’s economy, is therefore expected to be stimulated accordingly.

Meanwhile, cities like Chongqing (7.9%), Kunming (7.3%), and Hefei (9.7%), having had higher real GDP growth rates than the national level (6.6%) in 2016, have managed to achieve leading positions in the regional development in terms of GDP growth rate, resulting in the local retail industry benefiting from the rapid pace of regional economic development.

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The Chinese government released a "13th Five-Year Development Plan" in 2015, which details the Chinese government’s five year economic and social development plan. The objectives, as stated include building a moderately prosperous society, improving living standards and quality of life and increasing the population of the PRC’s middle class. In this vein, the Chinese government has proposed to put in place strategic initiatives to promote the country’s consumer and fashion industries and the expansion of its services industry. The Chinese government has indicated its commitment to optimising the country's economic structure and improving its capital-to-output ratio in order to develop a more efficient and sustainable economic growth path.

From a macro point of view, final consumption in the PRC contributed to over 64.6% of GDP growth in the PRC in 2016, which was 4.9% higher than that of 2015, positioning consumption as the number one driver of economic growth in the PRC. In comparison, the final consumption expenditure contribution of GDP growth was approximately 98.2% in the U.S. in 2016. As consumption expenditure in the PRC is on the rise and the consumption trend in the PRC has shifted from daily necessities towards more discretionary spending on goods and services, including luxury items, it is predicted that there is strong potential for PRC’s consumption growth in the future. China has started to transform how its economy grows, with increases in domestic consumption leading the way. Consumption is making an increasingly important contribution to the development of China’s economy and society, while playing a major role in the country’s industrial restructuring and promoting rapid growth in residents’ incomes. These changes indicate that the PRC has now entered a new era of domestic consumption and is poised to tap on growing consumption demand.
1.2 Total Population in China

China has the world’s largest population, a population which is still growing. China’s total population rose from 1,377.1 million in 2012 to 1,408.9 million in 2016, having grown at a CAGR of 0.6% over this period. Meanwhile, the Chinese government has eased its one-child policy in 2015 in order to promote recovery of low fertility rates, a policy change which is likely to remain in effect over the near term. It is projected that China’s population will continue growing to reach 1,437.3 million by 2021.

Total Population, China, 2012-2021E

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,377.1</td>
</tr>
<tr>
<td>2013</td>
<td>1,385.6</td>
</tr>
<tr>
<td>2014</td>
<td>1,393.8</td>
</tr>
<tr>
<td>2015</td>
<td>1,401.6</td>
</tr>
<tr>
<td>2016</td>
<td>1,408.9</td>
</tr>
<tr>
<td>2017E</td>
<td>1,415.8</td>
</tr>
<tr>
<td>2018E</td>
<td>1,422.1</td>
</tr>
<tr>
<td>2019E</td>
<td>1,427.8</td>
</tr>
<tr>
<td>2020E</td>
<td>1,432.9</td>
</tr>
<tr>
<td>2021E</td>
<td>1,437.3</td>
</tr>
</tbody>
</table>

CAGR (2012-2016): 0.6%
CAGR (2016E-2021E): 0.4%

Source: Extracted from United Nations Database (March 2017)

1.3 China’s Per Capita Nominal GDP

Growing in tandem with GDP, China’s per capita nominal GDP has increased substantially from RMB40.0 thousand (USD6.0 thousand) in 2012 to RMB54.4 thousand (USD8.2 thousand) in 2016, representing a CAGR of 8.0% over the period.

The continued increase in per capita GDP reveals strong growth in both consumption and retail sales in China, thus benefiting China’s overall retail market. With increasing income levels, people are willing to spend more, which then drives growth in overall retail sales.
Even though per capita GDP in China grew rapidly from 2012 to 2016, when compared with other more developed countries, such as the US with per capita GDP at USD57.3 thousand in 2016, China has tremendous room to grow. According to the IMF, China’s nominal per capita GDP is expected to reach RMB77.5 thousand (USD11.6 thousand) by 2021, representing a CAGR of 7.4% for the period from 2016 to 2021. China’s retail sales market will naturally benefit from the continued increase in the country’s per capita nominal GDP.

### Per Capita Nominal GDP, China, 2012-2021E

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (RMB thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>40.0</td>
</tr>
<tr>
<td>2013</td>
<td>43.9</td>
</tr>
<tr>
<td>2014</td>
<td>47.4</td>
</tr>
<tr>
<td>2015</td>
<td>50.7</td>
</tr>
<tr>
<td>2016</td>
<td>54.4</td>
</tr>
<tr>
<td>2017E</td>
<td>58.0</td>
</tr>
<tr>
<td>2018E</td>
<td>62.2</td>
</tr>
<tr>
<td>2019E</td>
<td>66.8</td>
</tr>
<tr>
<td>2020E</td>
<td>72.0</td>
</tr>
<tr>
<td>2021E</td>
<td>77.5</td>
</tr>
</tbody>
</table>

**Source:** Extracted from International Monetary Fund (March 2017)

CAGR (2012-2016): 8.0%
CAGR (2016E-2021E): 7.4%

1.4 China’s Urbanization Rate

The PRC’s urban population, (that is, people residing in cities and towns in the PRC), increased from 714.5 million in 2012 to 800.0 million in 2016, representing a CAGR of 2.9%. A corresponding increase in the urbanization rate from 51.9% to 56.8% for the period from 2012 to 2016 was also observed.

In order to accelerate the urbanization process, the Chinese government introduced a National New Urbanization Plan, which aims to raise the urbanization rate above the 60.0% mark by 2021. As a result, the PRC’s urban population is expected to increase to 890.9 million by 2021, with the urbanization rate correspondingly increasing to 62.0%. The increase in number of urbanites is expected to shift the economy towards a more sustainable growth model by driving up domestic consumption. The annual disposable income of urban households are three times higher than that of rural households in the PRC. An increasingly large urban population with a higher potential for consumption of branded goods will likely fuel the development of the retail industry and hence, the retail outlet mall industry, and shift the economy towards a more sustainable growth model by increasing domestic consumption.
1.5 China’s Per Capita Disposable Income for Urban Households

As can be seen from the charts below, Tier 2, Tier 3 and Tier 4 cities has faster growth rates as compared to Tier 1 cities in terms of per capita consumption expenditure from 2012 to 2016. Such a trend is also expected to continue from 2016 to 2021. With improving living standards as well as the increasing working population of the millennial generation (individuals born between 1980 and 2000) who have different consumption preferences and generally stronger purchasing power, people are generally more willing to increase their expenditures on lifestyle and leisure goods or services. As a result, consumption levels in Tier 2 to Tier 4 PRC cities are expected to rise together with improving living standards and the increasing working population of the millennial generation.

**Per capita disposable income of urban households, China, 2012-2021E**

RMB Thousand

<table>
<thead>
<tr>
<th>Year</th>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3 &amp; Tier 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>21.5</td>
<td>27.1</td>
<td>38.9</td>
</tr>
<tr>
<td>2013</td>
<td>23.6</td>
<td>29.7</td>
<td>42.4</td>
</tr>
<tr>
<td>2014</td>
<td>25.2</td>
<td>32.0</td>
<td>43.6</td>
</tr>
<tr>
<td>2015</td>
<td>28.4</td>
<td>34.5</td>
<td>47.4</td>
</tr>
<tr>
<td>2016</td>
<td>30.1</td>
<td>36.9</td>
<td>49.7</td>
</tr>
<tr>
<td>2017E</td>
<td>32.4</td>
<td>39.5</td>
<td>52.5</td>
</tr>
<tr>
<td>2018E</td>
<td>34.9</td>
<td>45.5</td>
<td>55.6</td>
</tr>
<tr>
<td>2019E</td>
<td>37.8</td>
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<td>59.1</td>
</tr>
<tr>
<td>2020E</td>
<td>40.9</td>
<td>52.9</td>
<td>62.9</td>
</tr>
<tr>
<td>2021E</td>
<td>44.3</td>
<td></td>
<td>67.1</td>
</tr>
</tbody>
</table>

**CAGR (2012-2016)**

- Tier 1: 6.4%
- Tier 2: 8.1%
- Tier 3 & Tier 4: 8.7%

**CAGR (2016-2021E)**

- Tier 1: 6.2%
- Tier 2: 7.4%
- Tier 3 & Tier 4: 8.0%

**Source:** Extracted from National Bureau of Statistics of China (March 2017)

China Insights Consultancy (March 2017)
According to National Bureau of Statistics of China, China’s Engel’s Coefficient\(^1\) continued to decrease from 36.2% in 2012 to 29.3% in 2016. The falling coefficient means a decrease in people’s expenditure on food and hence a proportional increase in spending on lifestyle and leisure goods, such as clothing, cosmetics, etc. Thus, the retail sector including the outlet industry, which provides the primary avenue for such consumption, is expected to have strong growth, driven by China’s rising per capita disposable incomes.

China’s per capita consumption expenditure has grown rapidly in line with increases in per capita disposable incomes. This increase also points to further improvements in people’s livelihoods and the enhancement of their purchasing power. Thus, businesses including the outlet retail sector, are expected to do well by riding on China’s increasing per capita consumption expenditures.

**Per capita consumption expenditure of urban households, China, 2012-2021E**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>14.6</td>
<td>15.9</td>
<td>16.6</td>
<td>18.3</td>
<td>19.2</td>
<td>20.4</td>
<td>21.8</td>
<td>23.3</td>
<td>25.0</td>
<td>26.8</td>
</tr>
<tr>
<td>Tier 2</td>
<td>18.4</td>
<td>20.3</td>
<td>22.0</td>
<td>24.4</td>
<td>26.1</td>
<td>28.1</td>
<td>30.3</td>
<td>32.8</td>
<td>35.6</td>
<td>38.6</td>
</tr>
<tr>
<td>Tier 3 &amp; Tier 4</td>
<td>27.4</td>
<td>30.4</td>
<td>31.6</td>
<td>34.2</td>
<td>36.2</td>
<td>38.4</td>
<td>40.9</td>
<td>43.7</td>
<td>46.8</td>
<td>50.1</td>
</tr>
</tbody>
</table>

Note: Tier 1 cities include Beijing, Guangzhou, Shanghai, and Shenzhen; tier 2 cities include all provincial capitals, along with Tianjin and Chongqing; while tier 3 & tier 4 cities include all other prefectural level cities and county-level cities apart from the aforementioned tier 1 or tier 2 cities. Source: Extracted from National Bureau of Statistics of China (March 2017) China Insights Consultancy (March 2017)

1.6 Chinese Tourism Outbound Consumption

As reported by the Ministry of Commerce, the average annual growth rate for the outbound consumption of Chinese tourism averaged 25.2% between 2005 and 2014, which is double the domestic tourism sales during the same period. In 2014, Chinese outbound consumption totaled USD164.8 billion, and was estimated to reach USD227.8 billion as at 2016.

\(^1\) Engel’s Coefficient refers to the proportion of residents’ food expenses compared to their overall living expenses.
Increasing outbound consumption reflects a contradiction in the balance between supply and demand for the Chinese middle class and their expanding domestic consumption. On one hand, consumption has entered a new stage with the growth of the middle class in China. Hucheng Gao, China’s commerce minister stated at a 2016 February 23rd State Council Information Office of PRC press conference, that the middle and upper class segment in China has matured in China, and that this segment of the population would no longer be satisfied with just basic consumption. Increases in residents’ incomes have resulted in higher outbound consumption. In order to satisfy consumption demand from the growing middle class, retailers have to expand their product lines to include customized, differentiated, and high-quality products, while also providing a more comfortable and attractive shopping environment. Meanwhile, retailers of luxury products, such as Chanel and Gucci, have lowered their prices in China in 2013. This reduced the price gap between the domestic and international product offerings. Increasingly therefore, China’s consumers, especially the middle-class group would prefer domestic retail channels due to their convenience and reasonable pricing, thus contributing to an increased backflow of high-end products consumption from abroad by Chinese consumers.
Analysis of China’s Retail Sales Market
2 ANALYSIS OF CHINA’S RETAIL SALES MARKET

2.1 Introduction

The retail sales market is defined as a market for the sale of finished goods or services to consumers via online or traditional retail platforms. Online retailing takes place when a business sells goods or services over the internet. Traditional retailing means that transactions are conducted through traditional retail establishments, such as department stores, shopping malls, supermarkets, outlets, hypermarkets, discount stores, convenience stores, etc.

The total retail sales value of consumer goods in China increased from approximately RMB21.0 trillion (USD3.2 trillion) in 2012 to approximately RMB32.6 trillion (USD4.9 trillion) in 2016, representing a CAGR of 11.6%. The total retail sales value of consumer goods has experienced high growth during the past few years in line with the rapid growth in GDP and income levels. Compared with other more developed countries, such as the UK, the USA, and Canada, China’s retail sales market expanded at the highest rate of growth during the past five years.

With the Chinese government continuing to restructure the economy by focusing on consumption, it is expected that the total retail sales value of consumer goods will comprise an increasingly larger proportion of China’s GDP in the future. The retail sales value of consumer goods in China is expected to further drive the development of the country’s economy, and is expected to reach RMB49.6 trillion (USD7.5 trillion) by 2021, representing approximately 45.6% of the expected GDP in the same year.

Total retail sales value of consumer goods, China, 2012-2021E

<table>
<thead>
<tr>
<th>Year</th>
<th>RMB trillion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>21.0</td>
</tr>
<tr>
<td>2013</td>
<td>24.3</td>
</tr>
<tr>
<td>2014</td>
<td>27.2</td>
</tr>
<tr>
<td>2015</td>
<td>30.1</td>
</tr>
<tr>
<td>2016</td>
<td>32.6</td>
</tr>
<tr>
<td>2017E</td>
<td>35.1</td>
</tr>
<tr>
<td>2018E</td>
<td>38.2</td>
</tr>
<tr>
<td>2019E</td>
<td>41.7</td>
</tr>
<tr>
<td>2020E</td>
<td>45.5</td>
</tr>
<tr>
<td>2021E</td>
<td>49.6</td>
</tr>
</tbody>
</table>

China Insights Consultancy (March, 2017)

Comparison of growth rates for the total retail sales value of consumer goods, major countries (global), 2012-2016

<table>
<thead>
<tr>
<th>Country</th>
<th>China</th>
<th>UK</th>
<th>USA</th>
<th>Australia</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGR (2012-2016)</td>
<td>11.6%</td>
<td>2.9%</td>
<td>3.2%</td>
<td>4.2%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Source: China Insights Consultancy (March, 2017)
2.2 Analysis of Retail Platforms

Department stores, shopping malls, outlet malls and online retailer platforms are the major platforms in the retail industry. The chart below illustrates the major differences between the four retail formats across the retail market industry in the PRC.

There are three business models currently being adopted in China’s retail market, namely concessionary sales model, leasing model, and direct sales model. In the concessionary sales model, the retailer pays a fixed sum or a percentage of revenue to the platform operator. This model is widely used in outlets and department stores. Shopping malls usually adopt the leasing model, in which retailers pay fixed rents to retail platform operators based on leasing contract requirements. Direct sales model is mostly adopted in online platforms, which purchase inventory from manufacturers and engaged in direct sales at their own risk.

The following table compares the four retail platforms in terms of product, business model, target customer, location, pricing strategy, shopping experience, and discount level. It demonstrates that for consumers, traditional retail platforms are favored for their better shopping experience compared to online platforms. In addition, compared to department stores and shopping malls, the outlet platforms also have distinct advantages in terms of their product offerings and pricing strategy. The provision of luxury and high-end branded products at large discounted prices by outlet platforms is the main characteristic that attracts customers. By contrast, online platforms offer lower prices and allow consumers to purchase goods anytime and anywhere as long as they have access to the Internet, thereby providing a convenient avenue for consumers to shop.

For retailers, online platform is the most cost-effective, as business costs including labor cost, rental expense, and operation cost are much lower compared to traditional retail platforms. However, retailers need to cope with a fiercely price competitive environment brought about by online platforms, as consumers can easily compare the prices of similar goods and have quick access to relevant product and service reviews. In addition, the products that most retailers sell via online platforms are mainly low-priced with thin margins. Having said that, there is a growing trend of high-end product retailers also setting up their own online platforms to expand their distribution channels.

<table>
<thead>
<tr>
<th>Type of retail platform</th>
<th>Outlet malls</th>
<th>Department stores</th>
<th>Shopping malls</th>
<th>Online retail platforms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product mix</td>
<td>• Mainly luxury and high-end brands</td>
<td>• Mainly middle to high-end brands</td>
<td>• Mainly middle to high-end brands</td>
<td>• Mainly low-priced products</td>
</tr>
<tr>
<td>Target customer</td>
<td>• Middle-class and Upper-class</td>
<td>• Mass market</td>
<td>• Mass market</td>
<td>• Mass market</td>
</tr>
<tr>
<td>Location</td>
<td>• Suburbs</td>
<td>• City center</td>
<td>• City center</td>
<td>• N.A.</td>
</tr>
<tr>
<td>Pricing strategy</td>
<td>• Large discounted prices</td>
<td>• Normal prices</td>
<td>• Normal prices</td>
<td>• Low prices</td>
</tr>
</tbody>
</table>
Shopping experience
- Wide range of retail and entertainment options, including activities that cater to the entire family unit
- Provides desired physical shopping experience
- Provides fitting services

Small area with compact layout
- Wide range of retail and entertainment options, including activities that cater to the entire family unit
- Provides desired physical shopping experience
- Provides fitting services

Convenient to use
- Limited methods for presentation of goods
- No fitting services

Discount level
- Controlled by retailers, but discounts are offered all year round
- Selected discount season
- Controlled by retailers

Controlled by retailers

Summary of Outlet format’s competitive edge against other formats

<table>
<thead>
<tr>
<th>Brand owner perspective</th>
<th>Customer perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand owners can have guaranteed supply channel and similar retail pricing compared with online platform.</td>
<td>Better shopping experience which allows customers to first examine the products, resulting in an enhanced and comprehensive shopping experience.</td>
</tr>
<tr>
<td>Brand owners can do better inventory management as Outlet helps offload surplus stock and previous lines without downgrading prestige.</td>
<td>Customers can enjoy high discounts, normally up to 60% or higher discounts rates throughout the year.</td>
</tr>
<tr>
<td>Brand owners enjoy higher profitability on the back of increased sale volumes.</td>
<td>Customers can get a guarantee on authenticity and quality compared with online channels which encounter counterfeit goods.</td>
</tr>
<tr>
<td>Brand owners can achieve better payback period, which is about 3-4 years for top brands.</td>
<td>Customers have access to wide range of products including international, domestic, private-label and well-known brands.</td>
</tr>
</tbody>
</table>

Source: China Insights Consultancy (March, 2017)

In 2016, China’s total online retail sales value reached RMB4.9 trillion (USD0.7 trillion), which was approximately 15.0% of the country’s total retail sales value for consumer goods.

Although online retailing has witnessed rapid growth in the recent years, the majority of purchases of consumer goods in the PRC still takes place via traditional retail channels. As of 2016, not more than approximately 10.0% of luxury brands were available for purchase on official online channels. As a result, most consumers still relied on traditional retail platforms and had to resort to purchasing products from luxury brands using traditional retail platforms, such as department stores, shopping malls and outlet malls. In addition, since the growth of online retail sales has shown signs of slowing down, it is predicted that...
by 2021, the portion of total online retail sales will account for only approximately 24.3% of total retail sales, and not displace other retail platforms. Hence, it is expected that traditional retail platforms will still dominate the retail industry in the PRC by 2021.

**Total retail sales values for online and traditional retail platforms, China, 2012-2021E**

<table>
<thead>
<tr>
<th></th>
<th>RMB billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>21,030.7</td>
</tr>
<tr>
<td>Traditional retail platforms</td>
<td>19,710.2 (93.7%)</td>
</tr>
<tr>
<td>Online platforms</td>
<td>1,320.5 (6.3%)</td>
</tr>
</tbody>
</table>

Source: Extracted from Ministry of Commerce of the PRC (March, 2017)
China Insights Consultancy (March, 2017)

The table below presents the retail sales value of department stores, shopping malls, online platforms, and outlet malls in China from 2012 to 2021. It illustrates that the outlet malls has grown much faster than department stores and shopping malls in the past five years. In the coming years, along with the expected growth in the retail sales market, the outlet market is expected to increase its market share in the retail sales market.

**Retail sales values of department stores, shopping malls, online platform, and outlet malls, China, 2012-2021E**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>2,527.5</td>
<td>3,222.8</td>
<td>4,333.0</td>
<td>5,361.9</td>
<td>6,531.6</td>
<td>7,783.2</td>
<td>9,235.0</td>
<td>10,816.7</td>
<td>12,538.2</td>
<td>14,337.0</td>
<td>26.8%</td>
<td>17.0%</td>
<td></td>
</tr>
<tr>
<td>Dept stores</td>
<td>949.2</td>
<td>1,063.2</td>
<td>1,131.7</td>
<td>1,188.3</td>
<td>1,263.1</td>
<td>1,314.0</td>
<td>1,388.3</td>
<td>1,462.0</td>
<td>1,559.0</td>
<td>1,654.8</td>
<td>7.4%</td>
<td>5.6%</td>
<td></td>
</tr>
<tr>
<td>Shopping malls</td>
<td>241.0</td>
<td>251.4</td>
<td>289.3</td>
<td>313.2</td>
<td>335.0</td>
<td>361.5</td>
<td>392.6</td>
<td>425.3</td>
<td>467.6</td>
<td>502.4</td>
<td>8.6%</td>
<td>8.4%</td>
<td></td>
</tr>
<tr>
<td>Online platforms</td>
<td>1,320.5</td>
<td>1,888.1</td>
<td>2,882.1</td>
<td>3,821.8</td>
<td>4,884.4</td>
<td>6,046.7</td>
<td>7,381.0</td>
<td>8,832.8</td>
<td>10,392.8</td>
<td>12,034.9</td>
<td>38.7%</td>
<td>19.8%</td>
<td></td>
</tr>
<tr>
<td>Outlet malls</td>
<td>16.8</td>
<td>23.1</td>
<td>29.8</td>
<td>38.5</td>
<td>49.1</td>
<td>61.9</td>
<td>77.7</td>
<td>96.6</td>
<td>118.8</td>
<td>144.9</td>
<td>30.8%</td>
<td>24.2%</td>
<td></td>
</tr>
</tbody>
</table>

Source: China Insights Consultancy (March, 2017)

2.3 Entry Barriers for Retail Platform Operators

High capital requirements, favourable location, and brand awareness create entry barriers for new participants wishing to enter the retail industry.

**High capital requirements**

The investment requirements for traditional retail platform operators create a high capital barrier for any new entrants, especially for any entrants wishing to develop a self-owned
property model. Operating a traditional retail platform requires an enormous cost in terms of real estate, while also maintaining a complete store management team and workforce, all of which require large initial capital investment.

**Favorable location**
Many large retail platforms must seek out favorable locations, such as those in city centers, in order to cover a larger consumer base. Unfortunately, the retail sales markets in tier 1 and tier 2 cities are presently relatively saturated, with almost all of the favorable locations having been occupied by earlier market participants.

**Brand awareness**
In general, customers are willing to purchase goods from well-known retailers as they believe that goods sold by these retailers would be of better quality and value. In addition, most customers are loyal to the brands they buy from regularly and will avoid purchasing new brands in the market. Hence, the establishment of a comparable level of brand awareness requires many years and this also serve as another entry barrier for new market participants.

**Industry knowledge and established network**
Industry knowledge and established network are essential for platform operators to succeed in the retail industry. Existing market participants with in-depth industry knowledge are able to operate stores in a more efficient and effective manner. In addition, with years of experience, these participants have established stable cooperative relationship with their brand clients, which is critical to the platform operators’ long-term and sustainable business development. As industry knowledge and established network require a great amount of time and effort to develop, they act as significant barriers for new participants to enter the market.

### 2.4 Key Success Factors for Retail Platform Operators

Factors that greatly contribute to the success of leading market participants include an experienced management team, a good brand image, and the offer of a better overall shopping experience.

**Experienced management team**
The success of a retail platform depends to a great degree on the strength of its management team. An experienced management team is capable of setting up a successful marketing strategy, improving daily operational efficiency, offering better customer service, and securing price and other advantages when negotiating with retailers.

**Good brand image**
The brand image contributes to the success of retail platforms through attracting both customers and retailers. Customers tend to choose platforms with better brand image due to the perception that better products and services are being offered. Such attraction to customers in return enables these platforms to have stronger leverage when negotiating with retailers.

**The offer of better shopping experience**
To differentiate from competitors, providing an overall positive shopping experience has become another key factor in China’s retail sales industry. In order to provide a superior shopping experience, retail platform operators have worked hard to improve the overall shopping experience for consumers through various initiatives, such as setting up more recreation areas, providing an assortment of catering options and better customer service,
improving the availability of brands on sale, as well as developing one-of-a-kind interior design and decoration.

2.5 Market Challenges for the Retail Sales Market

High real estate costs, an increase in the number of days for inventory turnovers, and increasing labour turnovers represent considerable challenges for the future development of the retail sales market.

High real estate costs

The operation of a traditional retail sales platform is highly capital intensive. Capital is required, such as investing in real estate or renting the necessary retail properties. Since many retail platform operators usually would want to be located in the city center to be where human traffic is heavy, high real estate costs is a major hurdle for them.

The chart below demonstrates the average rents for the premium shopping center in eight cities of Asia Pacific, with the inclusion of Hong Kong and Singapore as comparable cities to illustrate the rental level in Chinese cities. In 2016, Central Hong Kong is recognized as the most expensive location to lease premium retail properties in Asia Pacific, followed by Tianhe CBD, Guangzhou and West Nanjing Road, Shanghai. The high rental costs in competitive shopping centers remain a key challenge for the development of large retail platform operators in top tier Asian cities.

Average rent of premium shopping center in each city, Asia Pacific, 2016

USD per NLA / month

<table>
<thead>
<tr>
<th>City/District</th>
<th>Rent (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central, Hong Kong</td>
<td>15,294</td>
</tr>
<tr>
<td>Tianhe CBD, Guangzhou</td>
<td>5,325</td>
</tr>
<tr>
<td>West Nanjing Road, Shanghai</td>
<td>4,303</td>
</tr>
<tr>
<td>Orchard Road, Singapore</td>
<td>3,990</td>
</tr>
<tr>
<td>Wangfujing Road, Beijing</td>
<td>3,459</td>
</tr>
<tr>
<td>Jiefangbei, Chongqing</td>
<td>2,165</td>
</tr>
<tr>
<td>Four Arches, Hefei</td>
<td>1,043</td>
</tr>
<tr>
<td>Sanshi Street, Kunming</td>
<td>982</td>
</tr>
</tbody>
</table>

Source: China Insights Consultancy (March, 2017)

Increasing number of days for inventory turnover for local brand companies

Due to the economic downturn over the past few years, the increasing number of days for inventory turnover has been a major problem for domestic Chinese brands. For example, according to the annual reports of major A-share listed companies in the apparel industry, the average number of days for inventory turnover of these local brands increased from approximately 180 to 210 days in 2011 to approximately 240 to 260 days in 2016. Pressure from increasing inventory level poses a significant challenge for domestic brand companies, something which they must overcome if they are to be profitable.
Increasing labor turnovers

A high labor turnover rate is a challenge for human resource management in China’s retail sector, leading to an increase in the cost of recruiting and retaining employees. The average labor turnover rate in China’s retail sales market has seen an upward trend over the past few years, increasing from 31.0% in 2013 to 32.9% in 2016. The labor turnover rate for the retail sales sector is considerably higher than many other industries, with the figure for 2016 around 1.6 times the average labor turnover national level. This continuing high level of labor turnover has become a serious challenge for retail companies as it affects their operational effectiveness and efficiency and hence overall profitability.

2.6 Case Study of the Sluggish Traditional Retail Business

Department stores and shopping centers are together considered the central pillars of the traditional retail business. Due to the challenges facing this market, such as increasing real estate costs, fast-paced development of online platforms, and higher inventory turnover rates, business performance has become sluggish over the past few years.

Capitaland

Capitaland owns and operates multiple commercial retail properties in China. In recent years, competition from Chinese retailers has grown more stiff, and e-commerce has disrupted traditional retail. This has seriously impacted Capitaland’s operating model in China, and posed many new challenges. Consequently, Capitaland has tended to take a more conservative store expansion strategy, having opened only seven new shopping malls between 2013 and 2016, compared with seven stores in 2012 alone.

Bailian Group

Bailian Group is recognized as one of the leading market players in China’s retail market. However, due to intense market competition, its non-outlet retail businesses have underperformed in recent years, as reflected in its slow revenue growth for 2012 and 2013 and its negative revenue growth in 2014, 2015, and 2016. In addition, the total number of department stores and shopping malls under the umbrella of Bailian Group has gradually been reduced between 2014 and 2016. Given the rapid development of online retail platforms and the intense retail market competition, Bailian Group has also faced considerable challenges competing with other participants in the retail sales market.
In contrast to Bailian Group’s sluggish performance in its traditional retail business, its outlet business achieved strong growth momentum from 2012 to 2016. Bailian Group’s outlet revenue increased from RMB3.05 billion in 2012 to RMB9.43 billion in 2016 representing a CAGR of 32.6% during the time period. In 2015 and 2016, Bailian Group’s traditional retail business decreased by 8.3% in terms of sales revenue while the sales revenue of its outlet business experienced a strong growth of 40.3%. This demonstrates that the outlet business is countercyclical in nature.

Bailian Group’s retail (Non-outlet) businesses performance, China, 2012-2016

Unit

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-outlet revenue</th>
<th>Outlet revenue</th>
<th>Net change in store numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.0</td>
<td>3.0</td>
<td>3.3%</td>
</tr>
<tr>
<td>2013</td>
<td>1.2</td>
<td>3.1</td>
<td>2.1%</td>
</tr>
<tr>
<td>2014</td>
<td>0.9</td>
<td>0.0</td>
<td>-1.3%</td>
</tr>
<tr>
<td>2015</td>
<td>0.8</td>
<td>-1.2</td>
<td>-4.0%</td>
</tr>
<tr>
<td>2016</td>
<td>0.6</td>
<td>-2.0</td>
<td>-4.3%</td>
</tr>
</tbody>
</table>

Note: Non-outlets retail businesses include both department stores and shopping malls, while excluding outlets businesses.

Source: Extracted from Bailian Group annual report (March, 2017)

Bailian Group’s non-outlet VS outlet businesses performance, China, 2012-2016

RMB Billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-outlet business</th>
<th>Outlet revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3.1</td>
<td>13.2</td>
</tr>
<tr>
<td>2013</td>
<td>4.8</td>
<td>13.5</td>
</tr>
<tr>
<td>2014</td>
<td>6.7</td>
<td>13.3</td>
</tr>
<tr>
<td>2015</td>
<td>8.1</td>
<td>12.8</td>
</tr>
<tr>
<td>2016</td>
<td>9.4</td>
<td>12.2</td>
</tr>
</tbody>
</table>

Note: Non-outlet retail businesses include both department stores and shopping malls, while excluding outlets businesses.

Source: China Insights Consultancy (March, 2017)
Analysis of China’s Outlet Industry
3 ANALYSIS OF CHINA’S OUTLET INDUSTRY

3.1 Overview of the Outlet Industry

An outlet is defined as a form of retail trade selling private-label items from past seasons, factory seconds, surplus stock, or exclusive lines directly to the customer at a discounted price. An outlet carries various brands, including international, domestic, or private brands owned by outlets.

The outlet business started in the United States during the 1970s when the economic slowdown led to the emergence of outlets to dispose of excess inventory stock. In 1990s, outlet business spread to Europe and experienced rapid growth. Japan’s outlet industry began in 1993, but only took off in 1999 with the entry of leading US outlet mall operator Chelsea Property Group into the market. In China, it was not until 2002 that the first outlet was opened in Beijing. Since then, the outlet market in China has flourished. Presently, shopping at outlets has become a popular and preferred mode of recreational shopping by combining retail with elements of lifestyle, tourism, and culture. Hence, the modern day outlet shopping experience has evolved significantly in China.

3.2 Overview of China’s Outlets and Comparison of China’s Outlet Industry with those in Developed Countries

Coinciding with the rapid development of the Chinese retail industry, outlets business in China started in 2002, with the first outlet opening in Beijing.

Outlets in China have similarly become an effective channel to offload surplus stocks and out of season product lines without having to compromise on the prestige of full-priced retail stores and products. Most outlets are constructed in an area far from the city center to take advantage of low operations costs and avoid direct competition with full-priced stores.

The PRC’s outlet industry has developed rapidly since the PRC’s first outlet mall commenced operations approximately 15 years ago. The market size of the PRC’s outlet mall market grew to USD7.4 billion in 2016, surpassing Japan’s outlet market (market size of USD5.7 billion), but is currently still smaller than the outlet mall market in the European regions (market size of USD16.1 billion) and the U.S. (market size of USD47.4 billion).
Despite the fast growth in sales revenue during the past few years, China’s nascent outlet market still has strong growth potential due to its low outlets spending per capita. The spending per capita in outlet malls (calculated based on the total size of the population) in the PRC is also relatively low, compared to the spending per capita in outlet malls (calculated based on the total size of the population) in the U.S. In 2016, U.S. residents spent on average more than USD140 per capita shopping at outlet malls. By contrast, Chinese residents spent less than USD6 per capita shopping at outlet malls for the same period. This is a good indication that the development of the PRC’s outlet mall market is still at an early stage and is far from being saturated. The average spending per capita in the PRC in outlet malls has the capacity to increase.

The PRC also lags behind U.S., the EU, and Japan in terms of the number and size of its outlet malls. In 2016, outlet mall per GFA per 100 residents in the U.S., the EU, and Japan stood at 2.4, 1.0, and 0.5 square meters respectively, while the PRC’s outlet mall per GFA per 100 residents was only 0.4 square meters. These numbers suggest that the outlet industry in the PRC could still grow significantly, as there is still room for larger-scale outlet malls and a higher quantity of outlet malls to be developed in the PRC. After years of brand publicity, continuous innovations in style, and improvements in people’s aesthetic tastes, many renowned luxury brands have managed to build their reputation in the PRC and have...
earned a loyal customer base. With increasing awareness of luxury brands, Chinese customers' preference for well-known luxury brands show no signs of abating, and thus their demand for such luxury goods are likely to grow in the future years.

Outlet mall per GFA per 100 residents, selected regions, 2016

Given the large combined purchasing power of domestic Chinese consumers and the increasing popularity of the outlet platform, China’s outlet market has the potential for rapid growth for many years. As living standards in China improve and the middle class expands, demand for outlets shopping will increase; pointing to a large growth potential for China’s outlet industry.
### Comparison of outlet markets between China and developed regions

<table>
<thead>
<tr>
<th></th>
<th>Outlets in China</th>
<th>Outlets in developed regions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer structure</strong></td>
<td>• Consumers mainly comprise those within the local middle class</td>
<td>• Tourists make up a large proportion of consumers (e.g., over half of visitors attracted by Bicester Outlet Village in the UK are from overseas)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business Model</strong></td>
<td>• Concessionary model • Leasing model</td>
<td>• Direct-sales model • Leasing model</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Product &amp; Service offerings</strong></td>
<td>• Inadequate luxury products offerings, which were only introduced by several leading outlets • Wide variety of services including restaurants, cinemas, children's recreation areas, and electrical appliance departments</td>
<td>• High proportion of international high-end and luxury brands • Limited supplementary services like restaurants</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Characteristics</strong></td>
<td>• Short development history but with high growth rates • Limited management talent resources • All outlet stores under single information system</td>
<td>• Long-established development period with moderate growth • Sufficient managerial talents • Every store uses individual information systems</td>
</tr>
</tbody>
</table>

Source: China Insights Consultancy (March 2017)

### 3.3 Outlet Industry in Japan, US & Europe

#### 3.3.1 The Development of the US Outlet Market

<table>
<thead>
<tr>
<th>Period</th>
<th>Key Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>~ 1970s</td>
<td>• The first independent outlet opened in 1936 • Before mid-1970s, most of outlets were decentralized single-brand stores • Vanity Fair opened the first multi-brands outlet in Reading Pennsylvania in 1974 • First enclosed outlet started to appear during 1970s • A clear distinction from shopping centers: outlets were mostly built in remote locations and featured tenants in outlets could be rarely found in traditional malls</td>
</tr>
<tr>
<td>late 1980s ~ 1990s</td>
<td>• Rapid expansion period • Retail sales of outlets grew at a CAGR of 11% from USD 6.3bn to USD 12bn in the period from 1991 to 1997 • Throughout the 1990s the market remained fairly fragmented with several regional players dominating different segments of the outlet market</td>
</tr>
<tr>
<td>2000 ~ 2008</td>
<td>• Outlet market began to mature • Developing bigger formats and diversifying their product offering</td>
</tr>
<tr>
<td>2009 ~ present</td>
<td>• The US outlet market experienced a short slow-growth period during the 2008 financial crisis, but started to grow rapidly due to consumers’ increasing price sensitivity • US outlet market has become highly concentrated with a few market leaders such as Simon Property Group and Tanger • At present, there are around 226 outlets in US</td>
</tr>
</tbody>
</table>

@China Insights Consultancy 2018
Given its pioneering role in developing the outlets concept, the US has developed into the world’s largest outlet market in terms of both gross floor area and retail sales value. The development of the US outlet market could be used as a reference point in the development of China’s own outlet market.

### 3.3.2 The Development of the Europe’s Outlet Market

- **1980s-1993**
  - The concept of outlets spread to Europe
  - Most of outlets were located in Italy and France
  - Consumers cared more about the collection of brands rather than size of outlets

- **1994-2000**
  - In 90s, the European outlet market grew fast, and many large outlet villages were built during this period.
  - Many chain outlet mall operators like McArthur Glen emerged
  - The total floor space for European outlets grew to over 1.2 million square meter by the end of 2000

- **2001-present**
  - Continued growth of the outlet market in Europe
  - Many outlets started to appear in large cities like London, Paris, and Rome
  - Value Retail Group and McArthur Glen Group have become the leaders of the European outlet market. Many outlet mall operators have expanded their business to other continents such as North America and Asia
  - There are approximately 160 outlets in Europe at present,

Due to the region’s local fashion resources, the outlet market in Europe has developed quickly over the past few decades. The European outlet market has entered into a mature stage in its development. Compared with outlets in the U.S., the outlets in Europe have established a significantly different style, with a relatively more diverse brand portfolio. Each outlet has its own distinct architectural style that complements the local architecture and culture. Many European outlet mall operators, like RDM and Value Retail Group, have already expanded their business into China in 2011 and 2014 respectively, bringing with them their unique design style and business model.

### 3.3.3 The Development of the Japan’s Outlet Market

- **Early 1990s ~ 1998**
  - First outlet opened in 1993 in Japan
  - Outlets started to sprout due to rising inventory levels experienced by retailers due to sluggish economy

- **1999 ~ 2008**
  - Period of rapid expansion
  - Mitsui developed a total of eight outlets
  - Chelsea Property Group’s outlet portfolios in Japan continued to grow after Simon took over in 2004
  - A total of 33 outlets were in operation nationwide by 2008
  - Early concentration around the leading players started to appear
  - Mitsui and Mitsubishi-Simon JV controlled 45% of market share in terms of number of outlets

- **2009 ~ present**
  - The outlet market growth slowed down with high market concentration
  - Outlets started to adopt diversified operation formats and adding facilities like restaurants and entertainment to improve retail experience led by both Mitsui Group and Chelsea Property Group
  - There are approximately 39 outlets in Japan at present
Looking to the future, Japan's outlet market growth is expected to remain modest, with the country's rapidly aging and declining population expected to put downward pressure on retail sales. This changing operating environment will continue to pose challenges for retailers. Moreover, Chinese tourists have been the major consumption force for the outlet market in Japan during the past years, though the development of China's own outlet market will improve the backflow of consumers' outbound consumption and decrease demand for the outlet market in Japan.

3.3.4 International Outlet Mall Operator Case Study - History of Development of a counter-cyclical Outlet Business

**Tanger**
Tanger Factory Outlet Inc. is one of the largest operators of outlets in the United States and Canada. The Company is a fully-integrated, self-administered and self-managed real estate investment trust, which focuses exclusively on developing, acquiring, owning, operating, and managing outlets.

**Simon Property Group**
As a leader in the ownership, management, and development of commercial retail real estate in the US, Simon Property Group (SPG) has been a key player in the development of the American outlet industry. SPG also operates outlets in other countries such as Canada, Japan, Mexico and Malaysia. Unlike Tanger, SPG also has shopping malls in its portfolio.

**Macy's**
Macy's was the largest US department store company by retail sales. It operates a number of department stores in the continental US, Hawaii, Puerto Rico and Guam. It is well-known for its traditional retail business platform.

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th>IPO date</th>
<th>Number of Outlets</th>
<th>Outlet NLA</th>
<th>Average occupancy rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tanger</strong></td>
<td>1993</td>
<td>36</td>
<td>13 million square feet</td>
<td>98%</td>
<td></td>
</tr>
<tr>
<td><strong>Simon</strong></td>
<td>1993</td>
<td>67</td>
<td>NA</td>
<td>98%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Extracted from Tanger, Simon annual reports (March 2017)*
Comparison of changes in store numbers, 2008-2016

Note: The store numbers of Tanger and Simon only include outlet stores. Macy’s acquisition of Bluemercury is excluded during the years 2015 and 2016.

Source: Extracted from Tanger, Simon and Macy’s annual reports (March 2017)
China Insights Consultancy (March 2017)

The U.S. financial crisis between 2008 and 2009 impacted the retail sector in the U.S. significantly. In 2008, Macy’s had to close down six stores in order to cope with the financial crisis. Additionally, Macy’s sales revenue dropped from USD26,313 million in 2007 to USD24,892 million in 2008, representing a decrease of 5.4%. However, Tanger and Simon delivered good performances over the same time period. Instead of closing down stores in 2008, Tanger opened a new store and Simon opened two new stores that year. Tanger’s revenue increased from USD229 million in 2007 to USD245 million in 2008.

The U.S. economy has been sluggish following the years after the 2008 financial crisis. As a result, Macy’s shut more than 70 stores (net) over six consecutive years between 2011 and 2016 in an attempt to restructure its business strategy. Compared with Macy’s, both Tanger and Simon experienced growth in their store numbers. As of Dec 31, 2016, Tanger has 36 outlets and Simon has 67 outlets under operation. Their strong resilience in the face of market pressures is due to the fact that the outlet market exhibited obvious characteristics associated with a counter-cyclical business.

Revenue growth comparison, 2008-2016
Due to the 2008 financial crisis, GDP in the U.S. dropped from USD14,719 billion in 2008 to USD14,419 billion in 2009, and gradually recovered between 2010 and 2016. Macy’s was strongly influenced by the prevailing poor economic environment. During most years between 2008 and 2016, Macy’s could not achieve a revenue growth rate higher than that of GDP. In contrast, Tanger delivered a much better performance during the same period. Apart from 2010, Tanger outperformed GDP growth in all other years, further indicating the resilience of the outlet business.

During the past decade, the US outlet business has demonstrated counter-cyclical characteristics. Such counter-cyclical features will likely also be seen in the Chinese outlet mall industry and as a result, the outlet mall industry in the PRC is expected to display greater resilience to weak economic growth conditions as well as a competitive landscape comprising e-commerce and other online retail businesses.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanger Revenue</td>
<td>USD million</td>
<td>229</td>
<td>245</td>
<td>271</td>
<td>276</td>
<td>315</td>
<td>357</td>
<td>385</td>
<td>419</td>
<td>439</td>
<td>466</td>
</tr>
<tr>
<td>US Nominal GDP</td>
<td>USD billion</td>
<td>14,478</td>
<td>14,719</td>
<td>14,419</td>
<td>14,964</td>
<td>15,518</td>
<td>16,155</td>
<td>16,692</td>
<td>17,393</td>
<td>18,037</td>
<td>18,562</td>
</tr>
<tr>
<td>Macy’s Revenue</td>
<td>USD million</td>
<td>26,313</td>
<td>24,892</td>
<td>23,489</td>
<td>25,003</td>
<td>26,405</td>
<td>27,686</td>
<td>27,931</td>
<td>28,105</td>
<td>27,079</td>
<td>25,778</td>
</tr>
</tbody>
</table>

Note: Outlets revenue cannot be separated from Simon’s financial statements. Simon’s revenue has been excluded from the revenue growth analysis.

Source: Extracted from Tanger, and Macy’s annual reports (March 2017)
Extracted from International Monetary Fund (March 2017)
China Insights Consultancy (March 2017)
3.3.5 Case Study of International Outlets

<table>
<thead>
<tr>
<th>Outlet Name</th>
<th>Woodbury Common Premium Outlets</th>
<th>Bicester Village</th>
<th>Gotemba Premium Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>New York, US</td>
<td>Oxfordshire, England, UK</td>
<td>Gotemba, Shizuoka, Japan</td>
</tr>
<tr>
<td>Developer</td>
<td>Simon Property Group</td>
<td>Value Retail PLC</td>
<td>Chelsea Japan Co., Ltd.</td>
</tr>
<tr>
<td>Year of Completion</td>
<td>1985</td>
<td>1995</td>
<td>2000</td>
</tr>
<tr>
<td>NLA</td>
<td>72,000 sq m</td>
<td>22,071 sq m</td>
<td>44,600 sq m</td>
</tr>
<tr>
<td>Transportation</td>
<td>• 10 bus lines from different cities</td>
<td>• 1-hour drive from London</td>
<td>• 1.5-hour drive from Tokyo</td>
</tr>
<tr>
<td>Description</td>
<td>• Largest outlet worldwide with over 220 stores</td>
<td>• Nearly 149 brands</td>
<td>• Largest shopping area in Japan with nearly 220 brands</td>
</tr>
<tr>
<td></td>
<td>• Close to New York City</td>
<td>• Large collection of famous brands</td>
<td></td>
</tr>
</tbody>
</table>

Source: China Insights Consultancy (March 2017)

The abovementioned three famous outlets are all located in rural area where are one hour’s drive from big cities and are close to some tourist attractions. This means a large consumer base that includes not just local people but also tourists. Meanwhile, good transportation facilities and large collection of brands ensures good customer shopping experience.

3.4 Analysis of Business Models

There are three business models currently being adopted in China’s outlet market, including the merchandise direct sales model, concessionary sales model, and leasing model. Among these three models, the concessionary sales model is currently the most widely used in the market.
### Business model

<table>
<thead>
<tr>
<th>Business model</th>
<th>Concessionary sales model</th>
<th>Direct sales model</th>
<th>Leasing model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>• Retailers pay a fixed sum or a percentage of revenue to the platform operator. Outlet mall operators are meanwhile responsible for merchandising, cashiering, and store management.</td>
<td>• Outlet mall operators purchase inventory from manufacturers and engage in direct sales at their own risk.</td>
<td>• Retailers pay fixed rents to outlet mall operators based on leasing contract requirements.</td>
</tr>
<tr>
<td>Product offerings</td>
<td>• Clothing, accessories, footwear, etc.</td>
<td>• Clothing, accessories, footwear, etc.</td>
<td>• Catering service, entertainment service, etc.</td>
</tr>
<tr>
<td>Operational risk level for outlet mall operator</td>
<td>• Relatively lower risk</td>
<td>• Relatively higher risk</td>
<td>• Relatively lower risk</td>
</tr>
<tr>
<td>Management control</td>
<td>• Focus on general business operation</td>
<td>• Focus on retail sales, inventory management, marketing, etc.</td>
<td>• Focus on general business operation</td>
</tr>
<tr>
<td>Merchant type</td>
<td>• Branded retailers</td>
<td>• Fashion buyers</td>
<td>• Restaurants, movie theatres, etc.</td>
</tr>
</tbody>
</table>

### 3.5 Life Cycle Analysis of China’ Outlet Industry

#### Life Cycle of China’s Outlets

<table>
<thead>
<tr>
<th>Life cycle</th>
<th>Ramp-up stage</th>
<th>Pre-mature stage</th>
<th>Mature stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation years</td>
<td>Year 1</td>
<td>Year 2</td>
<td>Year 3</td>
</tr>
<tr>
<td>Sales growth</td>
<td>NA</td>
<td>Above 30%</td>
<td>Above 30%</td>
</tr>
<tr>
<td>Commission rates</td>
<td>Different commission rates are applied according to brand levels</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxury brands</td>
<td>~6% to ~8%</td>
<td>~8.5% to ~9.5%</td>
<td>~10%</td>
</tr>
<tr>
<td>International brands</td>
<td>~8% to ~10%</td>
<td>~10.5% to ~11.5%</td>
<td>~12%</td>
</tr>
<tr>
<td>Domestic brands</td>
<td>~10% to ~12%</td>
<td>~13% to ~14.5%</td>
<td>~15%</td>
</tr>
</tbody>
</table>
Sale revenues:

The life cycle of China’s outlets can be divided into three stages: a ramp-up stage, a premature stage, and a mature stage. The first three years since the establishment of a new outlet usually marks the ramp-up stage. During this stage, the outlets usually experience fast growth in terms of sales revenue. After that, from year 4 to year 7, the outlets enter into a pre-mature stage when the growth of sales revenue gradually slows down but remains at a relatively high growth rate. From year 8 and thereafter, the outlets become mature and sales revenue should stabilize and grow at approximately 5%-15% annually.

Commission rates:

Different commission rates can be applied to different brands at different outlets development stages. Generally, luxury brands usually enjoy the lowest commission rates and popular local brands are charged with the highest commission rates while popular international brands are charged in the mid-range. During the ramp-up period, lower commission rates are charged to outlet stores in order to attract new business. Growth in commission rates is relatively faster in the ramp-up years as outlet mall operators experience strong sales growth and tend to slow down when business sales stabilize.

Fixed rental rates:

Compared with commission rates, fixed rental rates are not widely applied in China’s outlet industry as outlet mall operators would like to share sales growth from outlet stores by charging commission rates. Most developed outlets do not charge fixed rental rates to outlets stores unless it is for a cinema or a catering business within the outlets. However, during the ramping-up stage, fixed rental rates may be charged to outlets stores so as to minimize risk. Typically, a three-year rental contract is signed and rental fees will remain flat during those three years. After this period, fixed rental rates would be replaced by commission rates.

3.6 Development of China’s Outlet Industry

The PRC has become one of the main consumers of luxury goods in the world. The world’s leading international brands have developed their reputations among Chinese consumers. Based on the strong attraction of Chinese buyers to their stores in outlets in Western countries, many brands like Coach, Burberry, Armani, and Gucci have already set up branded stores in many outlets throughout China.

After years of publicity for brands, continuous innovations in style, and improvements in aesthetic tastes, many famous brands have managed to build their reputation in China, and establish a loyal customer base. With increasing awareness of luxury brands, Chinese customers’ preference for famous brand show no sign of abating, and their demand for such luxury goods will continue to grow in the future.

Outlets have generally become a great venue for customers hunting for a good bargain, especially during periods of slower economic growth. At the same time, luxury brand manufacturers have been suffering from idle inventory caused by the global financial crises, and look to outlets to help liquidate inventories and recycle capital. The outlet industry
business is counter-cyclical and resilient during economic recession and serves this purpose well.

3.7 Value Chain Analysis of China’s Outlet Industry

Brands usually maintain close communication with their factories or manufacturing partners in terms of design instructions and manufacturing techniques to ensure that end products meet the specific standards of apparel companies. Some brands have even decided to build their own factories for better control quality.

Brands primarily sell their products to consumers through traditional retail channels enabling them to reach a broader customer base. However, efforts have been made by many brands in recent years to establish their own exclusive stores within outlets. In this way, brands could ease their inventory burden or even establish exclusive product lines for outlets while selling products at competitive prices to produce bargains for customers. Many fashion buyers are also active in the market and able to buy products at low prices and in larger quantities from brands’ foreign storehouses in seeking to reduce overall costs, in order to supply to outlets.

Finally, the end products are sold to customers through various sales channels, including outlets, department stores, shopping malls, stand-alone stores, and online platforms.

3.8 Comparison of Outlet Industry with Online Retail

Outlets have achieved high growth rate that was similar to online retail in the past and is expected to outperform the growth rate of the online retail market moving forward. Outlets are resilient against competition from the online retail platform for the following reasons:
3.9 China’s Outlet Industry Market Size and Forecast

3.9.1 Sales Revenue of China’s Outlet Industry

China’s outlet industry has enjoyed strong growth momentum since 2012. In terms of sales revenue, the PRC’s outlet market increased from RMB16.8 billion (USD2.5 billion) in 2012 to RMB49.1 billion (USD7.4 billion) in 2016, representing a CAGR of 30.8%. After more than a decade of rapid growth, the Chinese economy is now shifting towards a consumption-based model of economic growth and away from its previous reliance on state-led investment. Domestic consumption will increasingly play a more important role in China’s economy. As a result, China’s outlet industry is expected to continue achieving an impressive growth rate. In terms of overall sales revenues, the market size of the Chinese outlet industry is expected to increase from RMB49.1 billion (USD7.4 billion) to RMB144.9 billion (USD21.8 billion) between 2016 and 2020, representing a CAGR of 24.2%. By 2030, the sales revenue of PRC’s outlet industry is expected to increase to RMB640.2 billion (USD96.2 billion), surpassing the U.S., whose sales revenue is expected to be approximately USD91.5 billion, to become the world’s largest outlet market in terms of sales revenue.
Despite its fast growth, China’s outlet industry is still not able to meet the strong demand from Chinese consumers. In 2016, China’s outlet industry had an addressable market size of RMB79.7 billion while the sales revenue of China’s outlet industry was RMB49.1 billion, indicating a supply gap of RMB30.6 billion. In the next five years, it is expected that the continuous fast development of China’s outlet industry will gradually narrow the supply gap. In 2021, it is forecasted that the sales revenue of China’s outlet industry will reach RMB144.9 billion compared with an addressable market size of RMB145.4 billion. After reaching the balance between demand and supply, China’s outlet industry will reach sustainable growth stage.

Source: China Insights Consultancy (March 2017)
Supply gap of China’s outlet industry, 2016 VS 2021E

3.9.2 Addressable Market Size of the Outlet Industry in China’s Major Cities

Source: China Insights Consultancy (March 2017)
Addressable market size of the outlet industry in China’s major cities, 2016-2030E

In our analysis, the addressable market size is defined as the sales revenue opportunity available in the outlet industry after considering information such as economic development,

Source: China Insights Consultancy (March 2017)
Based on the information of major cities in China as of 2016, Beijing had the largest addressable market size of RMB8.3 billion (USD1.2 billion). Some other top cities also had large addressable market size, including Shanghai with RMB8.2 billion (USD1.2 billion), Guangzhou with RMB4.8 billion (USD0.7 billion), Shenzhen with RMB4.6 billion (USD0.7 billion), and Chongqing with RMB3.4 billion (USD0.5 billion), respectively in 2016.

Driven by the rising disposable incomes of Chinese residents and the increasing market penetration by outlets, the addressable market size of the PRC’s outlet industry is expected to grow further, especially in the PRC’s tier 2 cities, such as Chongqing, Kunming, and Hefei, driven by the rising disposable incomes of Chinese residents and the increasing penetration rate of outlet malls. It is projected that the addressable market size of the outlet industry in Chongqing, Kunming, and Hefei will increase from RMB3.4 billion (USD0.5 billion), RMB1.5 billion (USD0.2 billion), and RMB1.4 billion (USD0.2 billion) respectively in 2016 to RMB7.4 billion (USD1.1 billion), RMB3.6 billion (USD0.5 billion), and RMB3.5 billion (USD0.5 billion) respectively by 2021, which represents CAGRs of 17%, 19%, and 20% respectively during the period. Besides the fast growth in addressable market size, Chongqing, Kunming, and Hefei also face less competition in the outlet market compared with that of Beijing and Shanghai, as a relatively smaller portion of the addressable market size has been captured in these three cities compared to Beijing and Shanghai, which correspondingly leads to a higher potential demand for outlet malls in these three cities.

Comparison of the addressable market size of Beijing, Shanghai, Chongqing, Hefei, and Kunming and their potential demand as of March 2017

<table>
<thead>
<tr>
<th>City</th>
<th>Outlets</th>
<th>Addressable market (RMB BN, 2016)</th>
<th>Sales revenue (RMB BN, 2016)</th>
<th>Supply Gap (RMB BN, 2016)</th>
<th>Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing</td>
<td>Yansha Outlets Shopping Center</td>
<td>8.3</td>
<td>8.25</td>
<td>0.05</td>
<td>Very High</td>
</tr>
<tr>
<td></td>
<td>Beijing Scitech Outlets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Beijing Capital Outlets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Surprise Outlets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Badaling Outlets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shanghai</td>
<td>Bailian Outlets Plaza (Qingpu)</td>
<td>8.2</td>
<td>7.5</td>
<td>0.7</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Shanghai Florentia Village</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shanghai Village (Value Retail)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shanghai Mega Mills Outlets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shanghai Parkson Newcore</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chongqing</td>
<td>Sasseur (Chongqing) Outlets (Sasseur)</td>
<td>3.4</td>
<td>2.1</td>
<td>1.3</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Bishan Outlets (Sasseur)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hefei</td>
<td>Hefei Outlets (Sasseur)</td>
<td>1.4</td>
<td>0.25</td>
<td>1.15</td>
<td>Low</td>
</tr>
<tr>
<td>Kunming</td>
<td>Kunming Outlets (Sasseur)</td>
<td>1.5</td>
<td>0.45</td>
<td>1.05</td>
<td>Mild</td>
</tr>
<tr>
<td></td>
<td>Gingko Outlets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.10 Market Drivers of China’s Outlet Market

Increasing income levels and a growing middle-class population in China

Due to the steady increase in income levels in the PRC, this has helped to drive ongoing economic restructuring towards increased consumption, with a shift in consumer purchasing behavior towards higher-quality, branded products. It is thus expected that the PRC’s per capita disposable income will reach a further RMB34,700 (USD5,215.8) by 2021, representing a CAGR of 7.8% between 2016 and 2021.

![Per capita disposable income, China, 2012-2021E](image)

The total number of people in China’s middle class accounted for approximately 7.8% of total population in 2015 (being approximately 1,401.6 million) at 109 million; which is the highest number for any country around the world. According to the Chinese government’s stated goal of the income distribution system in the third plenary session of the 18th central committee, the authorities plan to optimize the income distribution structure into an “Olive-shaped”, thereby increasing the portion of middle class population, in order to reduce the income gap. Hence, it is expected that the total middle-class population will continue increasing and account for approximately 15.0% or 216 million of the total population by 2021, which is projected to be 1,437.3 million people. The continuing growth of the middle class in China creates a large potential customer base for the outlet market given their higher demand for higher-quality, branded and luxury goods at reasonable prices. This preference is a great match for outlets’ own pricing strategy, making outlets a very attractive choice for an increasing number of middle-class consumers in China.
Comparison of middle-class population, Global, 2015

Million

<table>
<thead>
<tr>
<th>Country</th>
<th>Middle-class Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>109</td>
</tr>
<tr>
<td>United States</td>
<td>92</td>
</tr>
<tr>
<td>Japan</td>
<td>62</td>
</tr>
<tr>
<td>Italy</td>
<td>29</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>28</td>
</tr>
<tr>
<td>France</td>
<td>24</td>
</tr>
<tr>
<td>India</td>
<td>24</td>
</tr>
<tr>
<td>Spain</td>
<td>21</td>
</tr>
</tbody>
</table>

Note: The middle-class is defined as adults with net wealth between US$50,000 and US$500,000 valued based on the average/year-end exchange rate for RMB/USD

Source: China Insights Consultancy (March, 2017)

Growth in the luxury goods market

The following chart shows Chinese residents’ total luxury goods consumption in both domestic and foreign markets. Continuous growth in the luxury goods market indicates consumers' increasing purchasing power, increasing brand awareness, and increasing preference for purchasing high-quality products.

Due to the price differences of luxury goods between China and other countries, Chinese consumers have preferences for shopping abroad where prices are more competitive. As the outlet market in China offers highly discounted prices on off-season luxury products, it is expected that consumers will shift their purchase of luxury goods from outlet market abroad to the domestic outlet market.

Meanwhile, in order to achieve additional sales growth, luxury brands in China are willing to open stores in outlets with a different degree of discounts being offered as compared to their full-priced stores. As loyal customers of luxury brands will be attracted by the lower-priced merchandise available in outlets stores, they will increase their frequency of shopping in the outlets, and contribute to increased outlet sales revenues. Therefore, growth in the Chinese outlet market is expected to be also driven by the general increase in demand for luxury goods in China.
Increasing number of days for inventory turnovers for local brand companies leading to increased demand for outlets stores to clear excess inventories

Due to the recent economic downturn, an increase in the number of days for inventory turnovers has become a major issue for brand companies. For example, according to the annual reports of major A-share listed companies in the apparel industry, the average number of days before inventory turnover increased from approximately 180 to 210 days in 2011 to approximately 240 to 260 days by 2016. These large inventory stocks generate enormous pressure and create a new challenge that retail companies must overcome. Since sales growth normally continues in the outlet market during economic downturns, outlets are an effective solution for remedying this inventory problem. During economic downturns, the outlet mall industry benefits from high inventory, as these inventories are channeled to outlet malls, which are able to offer attractive discounts to cater to more budget-conscious customers. Without yielding to pressure for more frequent discounts at their full-priced retail stores, brand companies can reduce inventories without having to worry about any potentially negative effect on their brand’s image. By opening outlets stores, these companies are able to deal with the problem associated with out-of-season inventory by offering such goods at lower prices to entice consumers to purchase them. Furthermore, since outlet malls have their own marketing strategy, brand owners do not need to incur additional marketing costs associated with the sale of their out-of-season inventories, which helps to enhance their overall profitability. Thus, cooperation with outlet malls is a feasible solution for brand owners in terms of easing inventory pressures and increasing profitability. Accordingly, the outlet mall market benefits from such cooperation and is expected to enjoy further growth from more cooperation with brand owners in the future.

Good city transportation networks and a steadily increasing car population in China

According to the Traffic Management Bureau of the People’s Republic of China, the total car population in China increased from approximately 240 million units in 2012 to approximately 290 million units in 2016. Along with residents’ increasing disposable incomes, it is expected that the car population in China will increase to around 350 million units by 2021.
Furthermore, a well-established concept of metropolitan development has been adopted by the Chinese government. Major cities, including provincial capitals, now serve as regional centers at the core of metropolitan areas, covering nearby cities as well. In order to facilitate urban planning, the Chinese government has made continuous investments in infrastructure so as to make further improvements to the traffic conditions. According to the 13th Five Year Plan, the Ministry of Transport stated that the total length of highways in China will reach 169.0 thousand kilometers by 2020, up by 37% between 2015 and 2020. With improved traffic conditions between nearby cities and provincial capitals, more consumers are able to access and patronize the outlets in provincial capital cities; this will help stimulate further growth in the outlet market.

Supportive government policy towards the establishment of outlets
The outlet market has been a leading platform in the retail market in recent years due to its outstanding performance and its ability to attract large numbers of customers. The establishment of outlets can also be helpful in generating employment opportunities while also providing extra stimulus for development in nearby regions in terms of both infrastructure and commerce. Local governments usually enact policies in support of outlets groups so as to attract them to set up operations locally. These supportive policies include tax exemptions, supportive budgets encouraging their establishment, and favorable policies in support of staffing outlets. Given these kinds of supportive policies, outlets groups are well-positioned to quickly and easily expand into more cities, which will provide an added boost for further growth in China’s outlet market.
3.11 Competitive Landscapes of China’s Outlet Industry

The competitive landscape of the PRC’s outlet industry is relatively concentrated, with the top five best performing outlet malls comprising approximately 30.0% of the market share of the PRC’s total outlet mall market in terms of sales revenue. In terms of sales revenue in 2016, Bailian Outlet Plaza (Qingpu) ranked first in the PRC’s outlet industry, with a market share of 8.8%, followed by Yansha Outlet Shopping Center and Jingjin Florentia Village, with market shares of 7.3% and 5.7%, respectively. Sasseur (Chongqing) Outlets, operated by Sasseur in Chongqing, achieved sales revenue of approximately RMB1.9 billion (USD0.3 billion) in 2016, taking the fifth position with a market share of 3.9%.

Rankings and market shares of China’s outlets in terms of sales revenue, 2016

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Outlets</th>
<th>Outlet mall operators</th>
<th>Sales revenue (RMB billion)</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bailian Outlets Plaza (Qingpu)</td>
<td>Bailian</td>
<td>4.3</td>
<td>8.8%</td>
</tr>
<tr>
<td>2</td>
<td>Yansha Outlets Shopping Center</td>
<td>Yansha</td>
<td>3.6</td>
<td>7.3%</td>
</tr>
<tr>
<td>3</td>
<td>Jingjin Florentia Village</td>
<td>RDM</td>
<td>2.8</td>
<td>5.7%</td>
</tr>
<tr>
<td>4</td>
<td>Times Outlets Chengdu</td>
<td>The Wharf Holdings</td>
<td>2.0</td>
<td>4.1%</td>
</tr>
<tr>
<td>5</td>
<td>Sasseur (Chongqing) Outlets</td>
<td>Sasseur</td>
<td>1.9</td>
<td>3.9%</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td></td>
<td>14.6</td>
<td>29.7%</td>
</tr>
<tr>
<td>Other participants</td>
<td></td>
<td></td>
<td>34.5</td>
<td>70.3%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>49.1</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: China Insights Consultancy (March 2017)

The top outlets malls in the PRC belong to a limited number of outlet mall operators, including Sasseur Group. Generally speaking, China’s top outlet mall operators fall into four different categories:

1. SOE retail groups such as Bailian;
2. Real-estate companies such as the Beijing Capital Land;
3. Local private outlet specialists such as Sasseur;
4. International outlet specialists such as RDM.
Comparison of different types of outlet mall operators in China

<table>
<thead>
<tr>
<th>Type</th>
<th>Operational Experience</th>
<th>Brand Resources</th>
<th>Understanding of Local Market</th>
<th>Financial Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOE retail group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real-estate companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local private outlets specialists</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International outlet specialist</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: China Insights Consultancy (March 2017)

In terms of sales revenue in 2016, Bailian is the largest outlet mall operator in China, with a market share of 19.1%. RDM and Yansha ranked second and third with a market share of 9.2% and 8.3%, respectively. The top five outlet mall operators achieved total sales revenue of RMB24.5 billion (USD3.7 billion) in 2016, accounting for nearly half of China outlet market.

With the first-mover advantages, proven track record and brand reputation, these top outlet mall operators, including Sasseur Group, will continue to grow in the PRC’s outlet industry in the future with an increased number of outlet malls under their management.

Rankings and market shares of China’s outlet mall operators in terms of sales revenue, 2016

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Outlet mall operators</th>
<th>Operator category</th>
<th>Sales revenue (RMB billion)</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bailian/百联</td>
<td>SOE retail group</td>
<td>9.4</td>
<td>19.1%</td>
</tr>
<tr>
<td>2</td>
<td>RDM/佛罗伦萨小镇</td>
<td>International outlet specialists</td>
<td>4.5</td>
<td>9.2%</td>
</tr>
<tr>
<td>3</td>
<td>Yansha/燕莎</td>
<td>SOE retail group</td>
<td>4.1</td>
<td>8.3%</td>
</tr>
<tr>
<td>4</td>
<td>Sasseur/砂之船</td>
<td>Private outlet specialists</td>
<td>3.6</td>
<td>7.3%</td>
</tr>
<tr>
<td>5</td>
<td>Beijing Capital Land/北京首创</td>
<td>Real-estate developer</td>
<td>2.9</td>
<td>5.9%</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td></td>
<td>24.5</td>
<td>49.9%</td>
</tr>
<tr>
<td>Other participants</td>
<td></td>
<td></td>
<td>24.6</td>
<td>50.1%</td>
</tr>
</tbody>
</table>

Source: China Insights Consultancy (March 2017)
As at 31 December 2016, in terms of the number of outlet malls under operation, Sasseur and Bailian, an SOE retail group, tied for first place in the PRC, both of which manage and operate six outlet malls by the end of 2016. SCITECH, a real estate developer, follows closely with five outlet malls under operation by the end of 2016. Among these three outlet mall operators, Sasseur had the most planned projects, adding three more new outlet malls in 2017. In September 2017, Sasseur successfully opened two new outlets (namely Changchun Outlets and Xi’an Outlets). In December 2017, Sasseur also successfully opened another new outlet (namely Guiyang Outlets). With more outlet mall projects, it is expected that Sasseur will stand to enjoy wider retail presence in the PRC.

Rankings of the PRC’s outlet mall operators in terms of outlet mall projects as at 31 December 2016

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Outlet operators</th>
<th>Operator category</th>
<th>First outlet mall project</th>
<th>Outlet malls in operation</th>
<th>Approximate NLA (sq m)</th>
<th>Planned projects in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sasseur</td>
<td>Private outlet specialist</td>
<td>2008</td>
<td>6</td>
<td>408,544</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Bailian</td>
<td>SOE retail group</td>
<td>2006</td>
<td>6</td>
<td>420,000</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>SCITECH</td>
<td>Real-estate developer</td>
<td>2009</td>
<td>5</td>
<td>250,000</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Beijing Capital Land</td>
<td>Real-estate developer</td>
<td>2013</td>
<td>3</td>
<td>200,000</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>RDM</td>
<td>International outlet specialist</td>
<td>2011</td>
<td>3</td>
<td>~170,000</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: Planned projects in 2017 entail outlet projects that could be opened for business in 2017.

Source: China Insights Consultancy (March 2017)
#1 Case Study: Bailian

Bailian’s outlets in China, 2016

<table>
<thead>
<tr>
<th>Operator type</th>
<th>Outlets in operation</th>
<th>Cities covered</th>
<th>GFA (m²)</th>
<th>NLA (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bailian SOE Retail group</td>
<td>6</td>
<td>Shanghai, Wuxi, Hangzhou, Nanjing, Wuhan</td>
<td>~670,000</td>
<td>~420,000</td>
</tr>
</tbody>
</table>

Note: Numbers presented in the table above are based on information as of Dec 31, 2016
Source: China Insights Consultancy (March 2017)
Founded in 2003, Bailian is a state-owned enterprise in Shanghai and is one of the largest retail groups in China. Its main business includes department stores, shopping malls, outlets, large stores, supermarkets, convenience stores and specialty retail formats. It has operations in more than 20 provinces, autonomous regions, and municipalities with nearly 6,000 business branches that employ nearly 200,000 employees.

**SWOT Analysis**

**Strengths:**
- One of the largest retail groups in China with long experience in the retail industry.
- Enjoys a group reputation across China with many public awards, such as “Top 500 Enterprises” in China.
- Access to big brand names and benefits from diversified brand portfolios given its strong market position and business channels.

**Weaknesses:**
- State-owned enterprise with a rigid management system.
- Less flexibility in its business development as a result of its complex management structure.
- Relatively modest growth prospects in its outlets business.

**Opportunities:**
- Business development focused on China’s fast-growing cities in the Yangtze River Delta Zone near Shanghai.
- Strategic cooperation with other business groups to expand outlets business.
- Leverage on its retail group to increase outlets brand variety and scale.

**Threats:**
- Lose its leading market position in China’s outlet market due to strong competition from other outlet mall operators.
- Aging outlet facilities could mean losing customers to newer outlets.
Possibility of the group changing its focus from the outlet business to other retail formats.

#2 Case Study: RDM

RDM’s outlets in China, 2016

<table>
<thead>
<tr>
<th>Operator</th>
<th>Operator type</th>
<th>Outlets in operation</th>
<th>Cities covered</th>
<th>GFA (m²)</th>
<th>NLA (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDM</td>
<td>Foreign outlet specialist</td>
<td>3</td>
<td>Tianjin, Shanghai, Guangzhou</td>
<td>~220,000</td>
<td>~170,000</td>
</tr>
</tbody>
</table>

Note: Numbers presented in the table above are based on information as of Dec 31, 2016

Source: China Insights Consultancy (March 2017)
Architecture of RDM’s outlets

RDM was established in Italy, where they have developed a collection of famous projects in Italy, among them, Serravalle which is located near Milan, and is the largest outlet in Europe. In fashion and retail, RDM has held licenses and successfully developed several major global brands, including Calvin Klein, Guess, and Jean Paul Gaultier. They have built strong relationships with many top-notch Italian brands that support their outlet business.

**SWOT Analysis**

**Strengths:**
- Good experience and deep insights in the global outlet business.
- Strong business relationships with international brands to achieve business cooperation.
- Sound management system leading to efficient business operations and high customer satisfaction.

**Weaknesses:**
- Weak understanding of local market conditions in China.
- Relatively weak connection with local Chinese brands.
- Lack of strong government links in China.
- Slow project acquisition process due to limited decision-making authority of RDM’s management team in China.

**Opportunities:**
- Has long-term business relationships with top international brands.
- Active in seeking business cooperation opportunities with local partners in China.

**Threats:**
- Business competition from other international outlet specialists that have strong business relationships with top international brands, such as Value Retail.
- Chinese outlet mall operators establishing cooperation with top international brands.
#3 Case Study: Yansha

- Yansha’s outlets in China, 2016

<table>
<thead>
<tr>
<th>Operator</th>
<th>Operator type</th>
<th>Outlets in operation</th>
<th>Cities covered</th>
<th>GFA (m²)</th>
<th>NLA (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yansha</td>
<td>SOE Retail group</td>
<td>2</td>
<td>Beijing, Tianjin</td>
<td>~180,000</td>
<td>~140,000</td>
</tr>
</tbody>
</table>

Note: Numbers presented in the table above are based on information as of Dec 31, 2016

Source: China Insights Consultancy (March 2017)

Architecture of Yansha’s outlets
Yansha Outlets belongs to Beijing New Yansha Group, which is a fully state-owned enterprise set up by the Beijing Municipal Government. The New Yansha Group is a large-scale inter-regional enterprise with multiple shareholders and a diversified businesses. It is aimed at establishing itself as a large-scale enterprise group with interests in catering, hotels, automobiles, tourism, and retail businesses.

**SWOT Analysis**

**Strengths:**
- First mover in China’s outlet industry and opened the country’s first outlet in Beijing in 2002.
- Good retail industry operating experience since 1992.
- State-owned company with strong government support to better manage state owned assets.

**Weaknesses:**
- Rigid system adopted by state-owned enterprise.
- Lack of business development incentives.
- Very conservative risk appetite resulting in limited business expansion plans.

**Opportunities:**
- Focusing on outlet business development from group level.

**Threats:**
- Less focus from management as outlets only form a small part of the group’s businesses.
#4 Case Study: Sasseur

- Sasseur’s outlets in China, 2016

<table>
<thead>
<tr>
<th>Operator</th>
<th>Operator type</th>
<th>Outlets in operation</th>
<th>Cities covered</th>
<th>GFA (m²)</th>
<th>NLA (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sasseur</td>
<td>Private outlet specialists</td>
<td>6</td>
<td>Chongqing, Hefei, Kunming, Nanjing, Hangzhou</td>
<td>688,239</td>
<td>408,544</td>
</tr>
</tbody>
</table>

Note: Numbers presented in the table above are based on information as of Dec 31, 2016

Source: China Insights Consultancy (March 2017)
Sasseur is a comprehensive group focusing on outlets operations in China. It is a leading privately owned outlet mall operator with a series of successful projects across China. It has brought its rich experience in the garment industry, strength in combining art and commerce, and new outlets concepts to the outlet industry as it develops its outlet business.

**SWOT Analysis**

**Strength:**
- China’s largest outlet mall operator that manages six outlet malls in operation accounting for 408,544 square meters NLA as at 31 December 2016; It is China’s fourth largest outlet mall operator with the fifth largest outlet mall in operation in terms of sales revenue in 2016; leads in new business development plans in 2017, with the opening of two new outlets (namely Changchun Outlets and Xi’an Outlets) in September 2017 and one new outlets (namely Guiyang Outlets) in December 2017.
- 28 years of garment industry experience and strong knowledge in outlet operation and management.
- Lifestyle shopping concepts that integrate retail sales with various entertainment activities.
- Efficient management structure with strong business development ambitions and visions

**Weakness:**
- As compared to SOE competitors and real estate developer competitors, less access to capital to support business expansion (mitigated by Sasseur’s relationship with reputable strategic investors).

**Opportunities:**
- Cooperation with other business groups such as real estate developers to operate outlet under asset-light model.
- Strategical focus on China’s major tier two cities to help maintain strong growth trajectory.
- Benefits from success promotion of lifestyle shopping experience and new super outlet concepts.
Threats:
- Less supportive government policies granted to a non state owned business.

#5 Case Study: Beijing Capital Land

- Beijing Capital Land’s outlets in China, 2016

<table>
<thead>
<tr>
<th>Operator type</th>
<th>Operator type</th>
<th>Outlets in operation</th>
<th>Cities covered</th>
<th>GFA (m²)</th>
<th>NLA (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing Capital Land</td>
<td>Real-estate developer</td>
<td>3</td>
<td>Beijing, Wanning, Kunshan</td>
<td>~310,000</td>
<td>~200,000</td>
</tr>
</tbody>
</table>

Note: Numbers presented in the table above are based on information as of Dec 31, 2016

Source: China Insights Consultancy (March 2017)
Beijing Capital Land is a leading integrated real estate developer in China. It focuses on residential developments, outlet complexes, and urban core complexes. With its strong backing from state-owned assets, Beijing Capital Land has gained an edge in the market. It has expanded its business into 19 medium- and large-sized cities across the country.

**SWOT Analysis**

**Strength:**
- Good capital support in outlet business development.
- Extensive experience in commercial real-estate development and marketing since 2003.
- Strong relationship management with local governments.

**Weakness:**
- Lack of retail business experience.
- Weak incentives in long-term outlet operating.

**Opportunities:**
- Accumulated retail business experience and outlet operation knowledge.
- Possible business cooperation with specialized outlet mall operators.
- Ability to take advantage of the synergy between real-estate sales and outlet development.

**Threats:**
- Aggressive business development plan leading to low success rate of new projects.
- Land acquisition pressure caused by unfavorable real estate market conditions.
- Competition from other real estate developers in outlet business.
### Comparison of strengths between key competitors (as at 31 December 2016)

<table>
<thead>
<tr>
<th>Competitor</th>
<th>Sasseur</th>
<th>Bailian</th>
<th>RDM</th>
<th>Yansha</th>
<th>Beijing Capital Land</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business development</strong></td>
<td>Strong and active business development in tier 2 cities</td>
<td>Conservative business development</td>
<td>Focus on tier 1 cities where competition is relatively fierce</td>
<td>Very conservative business development incentives</td>
<td>Aggressive business development to acquire land</td>
</tr>
<tr>
<td><strong>Project location</strong></td>
<td>Convenient, near metro and transportation hub</td>
<td>Around a one-hour-drive from the city's downtown core</td>
<td>At least a one-hour drive from the city's downtown core</td>
<td>Near the city's downtown core, with limited potential for expansion</td>
<td>Around a one-hour drive from the city's downtown core</td>
</tr>
<tr>
<td><strong>Retail experience</strong></td>
<td>More than 20 years retail experience</td>
<td>Traditional retail experience</td>
<td>Foreign retail operations experience</td>
<td>Traditional retail experience</td>
<td>Lack of retail experience</td>
</tr>
<tr>
<td><strong>Business formats</strong></td>
<td>Lifestyle shopping experience though retail sales and various entertainment formats</td>
<td>Retail sales</td>
<td>Retail sales</td>
<td>Retail sales</td>
<td>Retail sales</td>
</tr>
<tr>
<td><strong>Brands</strong></td>
<td>Combined international brands with domestic brands</td>
<td>Bias to domestic brands</td>
<td>Bias to international brands</td>
<td>Bias to domestic brands</td>
<td>Bias to domestic brands</td>
</tr>
<tr>
<td><strong>Shopping experience</strong></td>
<td>Customized to take Chinese consumers' preference into consideration</td>
<td>Strongly influenced by weather conditions</td>
<td>Strongly influenced by weather conditions</td>
<td>Aged shopping facilities and architecture designs</td>
<td>Loosely organized between brands</td>
</tr>
<tr>
<td><strong>Management respond</strong></td>
<td>Efficient management system that can respond to changing market trends quickly</td>
<td>Less flexible management culture with SOE qualities</td>
<td>Management in China has limited decision-making power</td>
<td>Less flexible management culture with SOE qualities</td>
<td>Management focus on real-estate development</td>
</tr>
<tr>
<td><strong>Investor endorsement</strong></td>
<td>L Catterton Asia and Ping An Real Estate</td>
<td>SOE</td>
<td>SOE</td>
<td>SOE</td>
<td>SOE</td>
</tr>
</tbody>
</table>

@China Insights Consultancy 2018
## Comparing Sasseur against its competitors

### Strength

- China’s largest outlet mall operator managing six outlets in operation and accounting for 408,544 square meters NLA as at 31 December 2016; China’s fourth largest outlet mall operator with the fifth largest outlet (Sasseur (Chongqing) Outlets) in operation in terms of sales revenue in 2016; leading business development plans in 2017
- 28 years of garment industry experience covering retail sales, channel management, design, and manufacturing, and with excellent knowledge in outlets operations and management.
- Regional development focusing on tier-two cities in China and avoiding intense head-to-head competition in major tier-one cities.
- Convenient outlets location near metro stations and transportation hubs, with a well-designed outlet layout that complements local culture and environment.
- Lifestyle shopping concepts to integrate retail sales with various entertainment amenities, and successfully attracting more customers as a result.
- Efficient management system designed for fast responses to market trends and ensuring success of new projects.

### Weakness

- Less access to capital to support business expansion compared to SOE competitors and real estate developer competitors.
- Less favorable government benefits compared to SOE competitors.

### 3.12 Future Trends of China’s Outlet Market

The future development plans of China’s outlet market include enhancements in lifestyle shopping concepts, cooperation with tourist agencies in nearby cities, and investments in technology.

### Lifestyle shopping concepts

|-------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------|------------------------------------------------|

Source: China Insights Consultancy (March 2017)
The increasing number of outlets established in China has intensified competition among these market participants. The intensely competitive environment requires outlet mall operators to transform their business model, turning traditional outlets into lifestyle-concept retail businesses and focusing more on selling a lifestyle rather than merely products, garnering customers' attention and appealing to their increasingly sophisticated demands. Hence, the adoption of lifestyle concepts by an increasing number of outlets will create a new era of development of the outlet industry.

Cooperation with tourist agencies in nearby cities

The original target customers for the outlet industry were residents living in a city owning a vehicle and willing to spend time driving to the outlets located in the suburbs during their spare time. Nowadays, this customer group has expanded to include those who do not possess a car but still want to shop in outlets. To reach this customer group, outlet mall operators have provided regular shuttle bus services. In addition, tourist agencies in nearby cities have been directly involved in providing transport service to outlets as they have better resources and experience and can offer outlet shopping as an attraction to their clients. Therefore, many outlet mall operators have started to work with tourist agencies in order to attract and reach more customers while offering better overall customer service.

Strengthening investments in technology

The adoption of innovative technologies in the traditional retail platform has been a popular practice in the retail market. The purpose is to better engage their customers and enhance customer experience. Currently, many retailers are launching shopping apps equipped with location positioning technology to provide more personalized and unique in-store experiences for customers. This includes digital membership cards, store navigation aids, and instant customer service. Such innovations have been successfully adopted in outlets overseas, including Bicester Village in the UK. Hence, China’s outlet industry is also likely to similarly adopt such more of such technological innovations for their business in the near future.

3.13 Entry Barriers to China’s Outlet Market

Major factors including reliable brand resources, large initial capital investment, and business relationships with local government create entry barriers for new entrants to China’s outlet market.

Brand resources

Since the key attraction of outlet shopping is the discount pricing of a good selection of luxury branded products, reliable relationships with an adequate number of brand retailers is a prerequisite for outlet mall operators to start operations successfully with sufficient brand stores on offer. The ability to build good relationships with these brand retailers takes a long time, and this creates a high barrier of entry.

Large initial capital investment

Large initial capital investment is required when establishing any outlets, and this can deter new entrants. Given the larger land areas required in order for an outlet to operate hundreds of branded stores, the initial investment requirement, including costs associated with land acquisition, construction, and the purchase of equipment, is relatively high. New
entrants that do not have strong financial resources will find it difficult to be successful to undertake such large-scale business operation.

**Business relationships with local government**

Maintaining a sound business relationship with the local government remains a key factor if outlet mall operators wish to develop their retail businesses successfully. The local government exerts a significant amount of influence on outlet operations throughout their region. This influence can fall well beyond traditional areas, including approvals for land and facility investments, taxation benefits, marketing operations for the outlets, and any other important business issues. Given the important role the local government plays in the successful operations of an outlet, a strong and smooth relationship with local government officials remains a barrier for new entrants to the business.

### 3.14 Key Success Factors of China’s Outlet Market

Factors that greatly contribute to the success of leading market participants include abundant premium brand resources, strong project and business development capability, strong land-acquisition capability, long retail experience, and a good brand image.

**Abundant premium brand resources**

Customers’ preference in visiting outlets in the suburbs, instead of visiting department stores or shopping malls in the downtown core, is mainly driven by these outlets’ access to high-quality premium branded products at good discounted prices. Market participants with an array of premium brand resources can attract more customers to visit their outlets. Moreover, the aggregation of premium-brand retailers in one outlet will create overlapping effects and stimulate enhanced customer spending. Therefore, the possession of premium brand resources is necessary for a company to better compete with other participants and gain a larger share of the market.

**Strong project and business development capability**

The success of an outlet depends in large part on the project and business development capability of its management team. An experienced management team is able to direct and coordinate resources effectively, improve the outlets’ daily operational efficiency, provide better overall customer service, and enhance the company’s overall competitiveness in the market.

**Strong land-acquisition capability**

Strong land-acquisition capability is an essential factor for outlet mall operators to succeed in the retail market, given that this capability will help the company obtain valuable sites with prime locations and requisite size. A well-chosen and convenient location will attract a larger number of residents living nearby the outlets. Moreover, the company can also benefit from the potentially lucrative appreciation of land values, which is an important added advantage and profitable for the company’s long-term development.

**Long retail experience**

Good retail experience is vital for the success of outlet mall operators. Compared with other outlet mall operators, sophisticated retail operators are able to manage retailing
businesses more effectively, better understand the demand of customers more accurately, and establish stable cooperation with suppliers over a longer term.

**Good brand image**

A good brand image is essential for outlet mall operators for two reasons. First, a good brand image is attractive to retailers for association, ultimately giving more bargaining power to the outlet mall operator. Second, a good brand image is also attractive to the customers for assurance, thus providing another way for the outlets to attract more customers.

### 3.15 Major Challenges of China’s Outlet Market

A sustainable supply chain for branded products and the locations of outlets together create considerable challenges for the future development of China’s outlet market.

**Sustainable supply chain for branded products**

Given that the products sold in outlets are mainly out-of-season, already off the shelf, and limited in terms of available sizes and varieties, it is not always the case that the product in the preferred style is in the customer’s own size or colours. Hence, it is expected that the products sold in outlets cannot satisfy all of the customers’ expectations, and may ultimately lead to customer unhappiness and defection. Therefore, it remains a challenge for outlets to establish sustainable supply chains for these branded products so as to fully meet their customers’ requirements.

**Locations of outlets**

Outlets are normally located in suburban communities, requiring customers to spend longer travelling times compared with other more well-established modes of shopping. This suburban shopping environment can inconvenience customers from the point of view of accessibility, traffic congestion, and so on. Considering the high costs associated with transportation, time and costs that customers must bear, expectations would be high for those customers willing to make the trip. These expectations include outlets providing a wider variety of well-priced and cost-effective products as well as a better shopping experience overall. This places higher demands on participants and is a challenge for them and the future development of the outlet industry.
Analysis of Company’s Outlet Properties by City
4 ANALYSIS OF COMPANY’S OUTLET PROPERTIES BY CITY

In this chapter, we will focus our analysis on the city of Chongqing, Kunming and Hefei, as Sasseur is operating two outlets in Chongqing, one in Kunming and one in Hefei.

4.1 Chongqing

4.1.1 Overview of the City

Chongqing is one of only four direct central-controlled municipalities in the PRC (the other three being Beijing, Shanghai, and Tianjin), and the only such municipality in southwest China. Its political status enables Chongqing to receive prioritized government support in boosting its economic growth. As a major metropolitan hub in southwest China, Chongqing is located in a transitional area between the Qinghai-Tibet Plateau and the plain along the middle and lower reaches of the Yangtze River. The municipality has a maximum width of 470 kilometres from east to west, and a maximum length of 450 km from north to south. It borders Hubei in the east, Hunan in the southeast, Guizhou in the south, Sichuan in the west and northwest, and Shanxi in the northeast. Currently, Chongqing has a residential population of more than 30 million people. Among them, more than 18 million people are urban residents.

Chongqing has a long-standing history and culture, and serves as the economic center of the upstream Yangtze River Basin. In 1997, the Chongqing municipality was established after it was separated from Sichuan Province by the Chinese government. Over the past 20 years, Chongqing has experienced a period of rapid development, with major industries such as electronics, information technology, automobile, equipment manufacturing, energy, and consumer products having been developed successfully. The modern service industry in Chongqing, including finance, logistics and services outsourcing, has also developed rapidly.

During Chongqing’s “12th Five-Year Plan”, the Chongqing government invested RMB335 billion into transportation infrastructure to create a well-developed traffic network. There are currently three airports in Chongqing, with two more expected to be completed within the “13th Five-Year Plan”. During the “13th Five-Year Plan”, the Chongqing government has established guidelines to develop Chongqing into a major modern manufacturing base, and the financial and innovation center of the PRC.

The Bishan District of Chongqing is situated in the upstream area of the Yangtze River, west of Chongqing’s nine main districts. It borders Jiulongpo and Shapingba in the east, Jiangjin in the south, Yongchuan and Dazu in the west, and Tongliang, Hechuan, and Beibei in the North. Bishan is around 915 sq km in area, and with a population of around 720,000 people.

The distances between Bishan and the Guanyinqiao and Jiefangbei Commercial Areas are 28.1 km and 32.3 km respectively, which takes nearly one hour to drive to either area. Apart from commuting by car, the present terminal station for Line 1 of the Chongqing Rail Transit is just 6.5 km away from Sasseur (Bishan) Outlets, and will be expanded into the Bishan district in 2018.
Commuters traveling from the east and north of Sichuan and west of Chongqing travel through Bishan to enter Chongqing city. There are four industry focused belts in Bishan along the Yupu, Chengyu, Yusui, and Yuqian expressways. Additionally, Bishan is not far away from the university town of Chongqing, which serves eight universities and six colleges.

**Chongqing City Development Plan, 2014-2020**

According to Chongqing City Development Plan, Chongqing will be developed into five functional areas in 2020, namely Chongqing CBD area, Chongqing central function area, Chongqing new development area, Chongqing northeast ecological conservation development area and Chongqing southeast ecological protection development area. Major commercial developments are expected to be launched in Chongqing CBD area, Chongqing central function area and Chongqing new development area. As a result, retail
business and land values in these three regions have potential to grow strongly in the next few years.

4.1.2 Macroeconomics of Chongqing

Chongqing is one of the fastest developing and prosperous cities in the PRC. The GDP of Chongqing achieved a faster growth rate than that of China nationally between 2012 and 2016 as a result of the local government’s efforts to develop the city into an economic center in Western China. Its GDP increased from RMB1,141.0 billion (USD171.5 billion) in 2012 to RMB1,712.4 billion (USD257.4 billion) in 2016, representing a CAGR of 10.7%. It is expected that Chongqing’s GDP will grow to a record high of RMB2,651.3 billion (USD398.5 billion) by 2021, representing a CAGR of 9.1% between 2016 and 2021 reinforced by continued government support.

![Nominal GDP of Chongqing, 2012-2021E](image)

Along with the fast development of Chongqing, Chongqing’s GDP per capita also experienced high growth from 2012 to 2016. During this period, the per capita GDP of Chongqing grew from RMB38,900 (USD5,847.2) to RMB56,700 (USD8,522.7), representing a CAGR of 9.9%. Chongqing’s GDP per capita is expected to increase to RMB85,700 (USD12,881.8) in 2021, representing a CAGR of 8.6% between 2016 and 2021.

Source: Extracted from Chongqing Municipal Bureau of Statistics (March 2017), China Insights Consultancy (March 2017)

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Chongqing has the largest residential population in the PRC, and the city’s population is poised to continue growing at a stable rate. Chongqing’s total residential population rose from 29.5 million in 2012 to 30.4 million in 2016, representing a CAGR of 0.8%. It is projected that Chongqing’s residential population will further increase to 31.7 million by 2021 due to the easing of the PRC’s one-child policy in support of higher fertility rates. Consumer spending in Chongqing is therefore expected to see additional expansion.

Chongqing’s urban population totaled 18.9 million in 2016, representing 62.0% of the total residential population. This compares with an urban population of 16.8 million in 2012, which represented only 57.0% of the city’s total residential population. Between 2012 and 2016, Chongqing’s urban population increased by 1.7 million. According to Chongqing’s 13th Five-Year Plan, the government will continue to promote the urbanization process. Consequently, Chongqing’s urban population is expected to grow to 21.4 million by 2021 (from 18.9 million in 2016), at an urbanization rate of 67.4%.

Source: Extracted from Chongqing Municipal Bureau of Statistics (March 2017), China Insights Consultancy (March 2017)
The increasing per capita GDP of Chongqing has led to improving per capita disposable income of Chongqing's urban residents. The per capita disposable income of urban residents in Chongqing increased from RMB23,000 (USD3,457.2) in 2012 to RMB29,300 (USD4,404.2) in 2016, representing a CAGR of 6.3%, and this amount is expected to grow further to RMB42,800 (USD6,433.4) in 2021. Rising disposable income is expected to result in higher consumer consumption, and mature consumer behaviour and preferences.

Per capita annual disposable income of urban residents, Chongqing, 2012-2021E

RMB thousand

Source: Extracted from Chongqing Municipal Bureau of Statistics (March 2017), China Insights Consultancy (March 2017)

Spending on consumer goods increases as per capita disposable income increases. The per capita expenditure of urban residents in Chongqing increased from RMB16.6 thousand (USD2.5 thousand) in 2012 to RMB21.2 thousand (USD3.2 thousand) in 2016, representing a CAGR of 6.3%. This growth trend is expected to continue, with this number reaching RMB30.7 thousand (USD4.6 thousand) by 2021.
Chongqing is one of the most popular tourism destinations in China. The large amount of tourism spending every year brings substantial income to the city of Chongqing. In 2012, income from tourism in Chongqing was RMB166.2 billion (USD25.0 billion) and that number quickly rose to RMB254.6 billion (USD38.3 billion) in 2016, representing a CAGR of 11.2% during this period. It is projected that Chongqing’s tourism income will grow from RMB254.6 billion (USD38.3 billion) to RMB420.2 billion (USD63.2 billion) by 2021 at a CAGR of 10.5%.

4.1.3 Analysis of Regulatory Policies by the Chongqing Government

In August 2016, Chongqing’s 13th Five-Year Plan for Modern Business Services Development was promulgated by the
Government of Chongqing.
The Chongqing government will continue to promote the development and expansion of the business services industry by establishing pro-growth policy and harmonizing the legal environment to support growth. The Chongqing government plans to increase the total retail sales of consumer goods, the total sales of commodities, and the volume of commercial added value to RMB1,000 billion, RMB3,400 billion and RMB250 billion, respectively. The government will provide supportive policies for businesses with various taxation, monetary, and land ownership measure and by encouraging enterprises to continue developing businesses for culture, tourism and retirement related activities. By 2020, there will be one business district and 50 core commercial areas within the city. Among them, 15 commercial areas are expected to achieve RMB10 billion in retail sales, while three commercial areas are expected to achieve retail sales of RMB50 billion. It is expected that Chongqing’s services business industry, especially its retail sales industry, will gain growth momentum over the next five years.

In January 2017, Key Points for Business Development in Chongqing (2017) was promulgated by the Chongqing Commerce Commission. This paper encourages enterprises in Chongqing to expand by mergers and acquisitions, equity participation, or by listing on stock markets. Support will be given to help a number of retailers, providers of catering and accommodations, and family services enterprises in becoming market leaders. It further promotes retail enterprises to transition their development patterns towards becoming top-level retail enterprises, which can combine retail sales with shopping experiences, products, and services, both online and offline. Smart commercial areas and featured commercial streets will be developed. The outlet business, as a new form of commerce, is expected to enjoy favorable policy support.

4.1.4 Analysis of Regulatory Policies by the Bishan Government

In September 2016, Revised Plan on Bishan District Jinjian Mountain Tourism and Leisure Area (2016) was promulgated by the Planning Bureau of Bishan District. This document aims to strategically position Bishan as a district to be developed for leisure, vacation, retirement and ecological accommodation purposes for Chongqing residents. In addition, Bishan will also be developed as an important area of the “Chongqing One-hour Economic Circle” which encompasses the new high-technology industry base of Chongqing.

In September 2016, Revised Plan on Chongqing’s Lvdao New District South Area (2016) was promulgated by the Lvdao New District Administrative Committee. Lvdao New District is located within 1km from Bishan Outlets. According to the plan, Lvdao will serve as an ecological centre for leisure and tourism in the near future. With the development of this area, more tourists will be attracted to the area and shop at the Bishan outlet.
4.1.5 Chongqing’s Total Retail Sales Value of Consumer Goods

Chongqing’s total retail sales value of consumer goods has experienced a rapid growth during the past few years in line with the rapidly growing GDP and income levels of the city. Specifically, Chongqing’s total retail sales value of consumer goods increased from approximately RMB440.3 billion (USD66.2 billion) in 2012 to approximately RMB727.1 billion (USD109.3 billion) in 2016, representing a CAGR of approximately 13.4%. As Chongqing’s economy and residents’ income levels continue to grow, it is expected that Chongqing’s total retail sales value of consumer goods will reach RMB1,203.6 billion (USD180.9 billion) by 2021, representing a CAGR of approximately 10.6% from 2016 to 2021.

4.1.6 Chongqing’s Commercial Retail Facilities

Chongqing’s core retail hubs represent Chongqing’s commercial retail facilities. These include Jiefangbei, Guanyinqiao, Shapingba, Nanping, and Yangjiaping. These retail hubs are mature and have developed a strong transportation infrastructure to provide easy access to customers. Due to the natural geographical terrains of Chongqing, the core retail hubs can be found scattered along either side of the Yangtze River and Jialing River. As a result, the competition between the core retail hubs is less intense. However, within each retail hub, there are different department stores and shopping centers, leading to strong competition for business. Jiefangbei retail hub is the traditional CBD of Chongqing. However, due to a shortage of land for future developments as well as traffic conditions, a lot of economic activities and developments have been moving to the Guanyinqiao retail hub, which has become important commercially to Chongqing.
### Overview of core retail hubs in Chongqing

<table>
<thead>
<tr>
<th>Retail Hubs</th>
<th>Description</th>
<th>Retail Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jiefangbei (CBD)</strong></td>
<td>A core retail hub in the Central Business District and the traditional commercial center. A shopping paradise that offers all retail types, from high-end to mass market products</td>
<td>Sun Moon Light Center; Chongqing Times Square; Ying Li IFC; Chongqing World Financial Center; Chongqing Raffles City</td>
</tr>
<tr>
<td><strong>Guanyinqiao</strong></td>
<td>An increasingly important mature commercial center; a central hub for fashion, shopping, and gourmet dining</td>
<td>Beicheng Tianjie; Golden Resources Shopping Center; Starlight 68; Imix Park</td>
</tr>
<tr>
<td><strong>Shapingba</strong></td>
<td>A sub-commercial center in the city, with mixed offerings for culture, education, and technology.</td>
<td>Three Gorges Square; Ronghu International Hot Spring City</td>
</tr>
<tr>
<td><strong>Nanping</strong></td>
<td>A mature commercial center for exhibitions, tourism, leisure, fashion, and shopping, and also a base for many business headquarters.</td>
<td>Wanda Plaza; Starlight Place; Tianfu Kela Plaza; Guohui Center; Bailian Nan’an Shanghai City Shopping Center</td>
</tr>
<tr>
<td><strong>Yangjiaping</strong></td>
<td>A mature commercial center, shopping paradise, and brand developer promoting the latest fashion trends</td>
<td>Paradise Walk; The Mixc of Shenzhen City Crossing; Grand Century Place; Grand Ocean Department Store</td>
</tr>
</tbody>
</table>

Source: Google Maps (March 2017), China Insights Consultancy (March 2017)
In tandem with the increasing income and urbanization level, retail operators have witnessed increased demand for lifestyle shopping experiences, including access to various entertainment and leisure amenities. As a result, retailers are increasingly pressured by demands to transform the current retail business model and promote new retail forms.

With Chongqing’s 13th Five-Year Plan for Modern Business Services Development, Chongqing will become an important junction for ‘the Belt and Road Initiative’ and a modern trading center in the upstream area of the Yangtze River. Total retail sales for consumer goods is thus projected to reach RMB1,000 billion by 2020. There will be three commercial areas capable of reaching RMB50 billion in retail sales, and with 15 commercial areas reaching RMB10 billion in retail sales, with a total of 100 local commercial areas in all. The government plans to differentiate commercial areas so as to avoid homogenization, by promoting each commercial area to be unique with its own special characteristics.

### Future retail space supply in Chongqing’s core retail hubs

<table>
<thead>
<tr>
<th>Future Retail Space Supply</th>
<th>Year of Completion</th>
<th>Estimated GFA (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shengming Shimao City</td>
<td>2017</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Shin Kong Place</td>
<td>2017</td>
<td>350,000</td>
</tr>
<tr>
<td>Longcin Center</td>
<td>2017</td>
<td>73,000</td>
</tr>
<tr>
<td>Chongqing IFS</td>
<td>2017</td>
<td>640,000</td>
</tr>
<tr>
<td>Tiavin Shouyuan</td>
<td>2017</td>
<td>130,000</td>
</tr>
<tr>
<td>Poly Times Square</td>
<td>2017</td>
<td>91,798 (with residence)</td>
</tr>
<tr>
<td>Chongqing Raffles City</td>
<td>2018</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Chongqing Tower</td>
<td>2019</td>
<td>270,000</td>
</tr>
<tr>
<td>Xiyong Business Center</td>
<td>2019</td>
<td>2,190,000</td>
</tr>
<tr>
<td>Wanda Culture Tourist City</td>
<td>2020</td>
<td>6,100,000</td>
</tr>
<tr>
<td>Jiefangbei Fashion Culture Plaza</td>
<td>2020</td>
<td>201,600</td>
</tr>
</tbody>
</table>

*Source: China Insights Consultancy (March 2017)*
4.1.7 Sasseur (Chongqing) Outlets

1. Location

Overview

Sasseur (Chongqing) Outlets is located at No. 1 Aotelaisi Road in Beibuxin District, in the northeast of Chongqing. Specifically, Sasseur (Chongqing) Outlets is situated south of the Airport Expressway, north of the Huyu Expressway, east of Aotelaisi Road, and west of Huiliu Road. It is approximately 7 km away from the Guanyinqiao retail hub (approximately a 15 minute drive), approximately 20 km away from the Jiefangbei retail hub (approximately a 35 minute drive), and about 10 km away from Chongqing Jiangbei International Airport (approximately a 15 minute drive), making it easily accessible by driving. In addition, Sasseur (Chongqing) Outlets is in the Chongqing Liang Jiang New Area, which is one of the key development areas. There are more than 100 Fortune 500 enterprises located in this zone. Consequently, there are a number of high-end residential properties that have been developed in the area. This puts the Sasseur (Chongqing) Outlets accessible by car by over one million middle class families in the area. It is expected that Sasseur (Chongqing) Outlets will continue to enjoy a considerable amount of preferential policies to boost its growth. For example, the Chongqing government is planning to introduce other leisure and entertainment projects into the region to form another business hub. The planning for the second phase of Sasseur (Chongqing) Outlets will take up another 12 million square meters.
Transportation

Located at the traffic gateway of Chongqing, Sasseur (Chongqing) Outlets is easily accessible not only by Chongqing residents but also by residents in nearby cities.

- There are several main roads around Sasseur (Chongqing) Outlets such as the Airport Highway, G50 Huyu, and G65 Baomao Expressways, and Jinyu Avenue.
- The public transportation facilities near Sasseur (Chongqing) Outlets are also well-developed, with Jinyu Station, a station on the Chongqing Rail Transit Line 3, being only 800 meters away from Sasseur (Chongqing) Outlets. Line 3 stretches from Yudong Station to Jiangbei Airport Station and is the busiest metro line in Chongqing running through several main commercial areas such as Nanping, Lianglukou, and Guanyinqiao, bringing consumers from the southern and main urban areas to the Sasseur (Chongqing) Outlets.
- Chongqing Rail Transit Line 10 commenced operations on December 28th, 2017. The nearest station along the Chongqing Rail Transit line is approximately 500 meters away from Sasseur (Chongqing) Outlets. The opening of the station along Chongqing Rail Transit Line 10 has further strengthened the accessibility and convenience of Sasseur (Chongqing) Outlets.
- Sasseur (Chongqing) Outlets can also be directly served by several bus transport such as Buses No.618 (from 6:10am to 7:00pm), No.623 (from 6:20am to 7:00pm), No.624...
(from 6:50am to 9:00pm), No.628 (from 6:30am to 6:50pm), and No. 559 (from 6:40 to 7:30pm).

Surroundings and Facilities

Emerging development and facilities near the Sasseur (Chongqing) Outlets

<table>
<thead>
<tr>
<th>Number</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surroundings and facilities</td>
<td>RongChuang Zifengjun</td>
<td>Aoshan Villa</td>
<td>Chongqing Rail Transit Line 3</td>
<td>Metro</td>
<td>IKEA</td>
<td>Meilian International Commerce Centre (MICC)</td>
<td>Chongqing Rail Transit Line 10</td>
</tr>
<tr>
<td>Type</td>
<td>High-end Condominium</td>
<td>High-end Landed Houses</td>
<td>Public Transportation</td>
<td>Department store</td>
<td>Furniture retailer</td>
<td>Shopping mall</td>
<td>Public Transportation</td>
</tr>
<tr>
<td>Establishme nt date</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
<td>2013</td>
<td>2014</td>
<td>2015</td>
<td>2017</td>
</tr>
</tbody>
</table>

Source: Google Maps (March 2017), China Insights Consultancy (December 2017)
In the past few years, a number of landmark developments were completed near the Sasseur (Chongqing) Outlets; these include RongChuang Zifengjun (2010), Aoshan Villa (2011), Chongqing Rail Transit Line 3 (2012), Metro (2013), IKEA (2014), Meilian International Commerce Center (MICC, 美联国际贸易广场) (2015) and Chongqing Rail Transit Line 10 (2017). The fast development around Sasseur (Chongqing) Outlets has improved customer footfall and new business opportunities in the area will further stimulate the business growth in the future. The photo below shows the well-developed surroundings and facilities near Sasseur (Chongqing) Outlets currently.

Current developments around the Sasseur (Chongqing) Outlets

![Image of Sasseur (Chongqing) Outlets surroundings](source: Sasseur Group (March 2017))

There are a large number of premium residential properties around the Sasseur (Chongqing) Outlets, including Aoshan Villa (3km), Sunac Junjuebao (2.5km), and Palm Springs Hillcrest Villas (2.5km).

The Chongqing Liang Jiang New Area was set up in 2010 by the State Council of the People’s Republic of China. Currently, there are many Fortune Global 500 Companies operating in this zone, e.g., Telefonaktiebolaget LM Ericsson, Coca-Cola, and the Chang’an Ford Automobile Company. Many others are setting up their offices in the area and will create tremendous business opportunities in the area.

There are also several tourist attractions near the Sasseur (Chongqing) Outlets attracting tourists from all over the country. These tourist attractions include Chongqing Garden Expo (5km), Chongqing Nanshan Scenic Spot (7.7km), Ciqikou Town (12km), and International Taproom Street (4.5km).
2. Property Overview

Overview of Sasseur (Chongqing) Outlets

Sasseur (Chongqing) Outlets commenced operations in September 2008, with a total Gross Floor Area (GFA) of 73,373.4 sq m and a Net Leasable Area (NLA) of 50,885.0 sq m as at 30 September 2017. It was the first outlet in the city of Chongqing as well as the first outlet mall in China with a cinema in its complex. Sasseur (Chongqing) Outlets is one of the malls in Chongqing with the strongest international brands offering. As of 30 April 2017, Chongqing Outlets had approximately 435 stores carrying approximately 600 brands. They include famous international names like Gucci, Ermenegildo Zegna, Salvatore Ferragamo, Hugo Boss, MaxMara, Bally, Armani, Coach and Michael Kors. Chonqqing Outlets also offers over a hundred outlet exclusive brands of the Southwest China region.

Sasseur (Chongqing) Outlets has five zones (namely Zones A, B, C, D, and E) and 500 car park lots. There are 2,500 car park lots located at the Jinshan car park building (which is approximately two-minute walk from Sasseur (Chongqing) Outlets). It was specially built by the local government to support the Sasseur (Chongqing) Outlets. Zones A to D consist of six floors above ground and one floor underground, while Zone E consists of two floors above ground.

Sasseur (Chongqing) Outlets was designed and built to reflect an Italian architectural style. Every building is colored rose red to create a romantic atmosphere. Sasseur (Chongqing) Outlets features a careful selection of elements such as fountains and flowers that bring a balance of static and dynamic design elements. The ground of the main square looks like a huge cloth mantle, which is decorated by colorful ponds. Located in the center of the main square, there is a stage to host performances and provide a place for customers to rest. Overall, Sasseur (Chongqing) Outlets has become a destination visitors consider as a place they must visit in Chongqing because of its Italian-style architectural design, relaxing
shopping environment, array of international brands at affordable prices, and customer friendly services.

3. Value Proposition

Located in the metropolitan area of Chongqing in west China, Sasseur (Chongqing) Outlets has a wide geographical coverage due to the city’s strong influence in this region. It offers outlet shopping experience not only for the more than 30 million residents of Chongqing, and also attracts customers from the nearby provinces such as Yunnan, Guizhou, and Sichuan during the holidays. As Chongqing’s economy remains strong and its tourism industry continues its strong growth, it is expected that Sasseur (Chongqing) Outlets will continue to enjoy increasing popularity.

Chongqing’s large population base and rapid economic development has meant a large number of middle and upper class residents who are well-educated, well-paid, and loyal to their preferred brands they patronize at the Sasseur (Chongqing) Outlets. In the Yubei District, where Sasseur (Chongqing) Outlets is located, there are many premium residential properties that are completed, under construction, or in planning stage. In addition, a key factor that drives the outlet market is the car population per 100 households; the number stands at 25 within the Yubei District, and is higher than Chongqing’s average number of 18. Outlets shopping has naturally become a preferred life-style for middle and upper-class residents.

Sasseur (Chongqing) Outlets has distinguished itself through its experiential shopping concept which targets middle and upper class residents. A number of luxury and popular international brands have been introduced to Sasseur (Chongqing) Outlets to attract customers with specific brand loyalty and to enhance its reputation amongst consumers. In addition to apparel, shoes, bags, and suitcases, Sasseur (Chongqing) Outlets offers an array of featured restaurants, a household appliances department, children recreational facilities, and a UME Cinema (a well-known chain cinema brand) and provides consumers a one-stop service. Sasseur (Chongqing) Outlets was the first outlets in China to introduce cinema to enhance customers’ shopping experience. Sasseur (Chongqing) Outlets also cooperates closely with other nearby businesses, such as by sharing parking lots and customer footfall with IKEA which is a two minute walk from Sasseur (Chongqing) Outlets.

Sasseur (Chongqing) Outlets is able to maintain a good relationship with the local government. Since the development of the Sasseur (Chongqing) Outlets, it has benefitted from a series of favorable government policies such as lower taxation rate to support its growth. During the past few years, Sasseur (Chongqing) Outlets has forged a win-win relationship with the Chongqing government. The success of Sasseur (Chongqing) Outlets attracts many consumers and drives the development of other businesses. At the same time, the Chongqing government is planning to introduce other leisure and entertainment projects into the region to form another business hub. The planning for the second phase of Sasseur (Chongqing) Outlets will take up another 12 million square meters. This will further drive the growth of Sasseur (Chongqing) Outlets.

Sasseur (Chongqing) Outlets was one of the first businesses to be established in the Yubei District in 2008 when there were no commercial facilities in the area. With the business success and attraction of Sasseur (Chongqing) Outlets, the region has experienced rapid development. A number of new commercial facilities, such as Metro, IKEA and MICC, have been attracted to set up nearby, and make the area a new commercial hub. As a result, the value of Sasseur (Chongqing) Outlets has benefitted tremendously and will continue to benefit from strong land value appreciation from the development in the surrounding area,
especially given the scarcity of good quality land. In addition, the continued infrastructure
development along with more urbanization of Chongqing is expected to continue driving
land value appreciation in the future. This virtuous value creation cycle is expected to be
replicated in the future by other successful Sasseur outlet malls, such as Bishan Outlets,
Kunming Outlets and Hefei Outlets.

4. Performance Metrics

Sasseur (Chongqing) Outlets has delivered strong performances over the past three years.
Many brands are keen to open stores in Sasseur (Chongqing) Outlets. As a result, Sasseur
(Chongqing) Outlets is in a strong position to pick the best brands to set up shops on its
premise and only keep the best performers.

In terms of occupancy rates, Sasseur (Chongqing) Outlets has maintained an occupancy
rate of approximately 100% for the last six consecutive years. Given its current leading
position in the outlet market, it is expected that in the next few years Sasseur (Chongqing)
Outlets will continue to operate at full occupancy.

Sasseur (Chongqing) Outlets’ annual sales per square meter increased from RMB14,098
in 2011 to RMB34,533 in 2016, this increase having resulted from strong and continued
growth in sales. As Sasseur (Chongqing) Outlets matures, it is expected that sales growth
will remain at a steady and sustainable rate for the foreseeable future.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy Rate (%)</td>
<td>99.5%</td>
<td>99.3%</td>
<td>99.5%</td>
<td>99.6%</td>
<td>99.9%</td>
<td>97.8%</td>
</tr>
<tr>
<td>Sales Per Square Meters (RMB/year/m²)</td>
<td>14,098</td>
<td>18,819</td>
<td>24,236</td>
<td>29,048</td>
<td>32,484</td>
<td>34,533</td>
</tr>
<tr>
<td>Sales Growth Rate (%)</td>
<td>NA</td>
<td>33%</td>
<td>29%</td>
<td>20%</td>
<td>12%</td>
<td>6%</td>
</tr>
</tbody>
</table>

5. Competition Analysis

At present, the only potential competing outlets is New Century Department Store Outlets,
which was opened for business in 2016 in Guanyinqiao retail hub. After failing to reach its
performance target, New Century Department Store was converted into an outlet business
format to cope with excess inventory. There is a very limited overlap in brands between
Sasseur (Chongqing) Outlets and New Century Department Store Outlets as the latter only
targets lower to middle-income families by offering mass brands. Hence, Sasseur
(Chongqing) Outlets does not face direct competition from New Century Department Store
Outlets.

Due to Chongqing’s strong potential in terms of its outlet business, Beijing Capital Land
has launched plans to open a new outlet with an estimated GFA of 96,700 square meters
on the west side of Tongjiang Avenue, Oulu Garden, Lujiao New Town, Banan District,
Chongqing (重庆巴南区鹿角新城欧丽花园城通江大道西侧). Construction began on
March 9th, 2017, with the outlet expected to be opened for business in October, 2018.
## Analysis on comparable properties

### Comparable 1

<table>
<thead>
<tr>
<th>Name</th>
<th>New Century Department Store Outlets (新世纪百货奥特莱斯)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floors</td>
<td>7</td>
</tr>
<tr>
<td>Location</td>
<td>No.3 Jianbei 1st Branch Road, Jiangbei District</td>
</tr>
<tr>
<td>Developer</td>
<td>Chongqing General Trading Group</td>
</tr>
<tr>
<td>Year of Completion</td>
<td>2016</td>
</tr>
<tr>
<td>GFA</td>
<td>80,000 square meters</td>
</tr>
<tr>
<td>NLA</td>
<td>60,000 square meters</td>
</tr>
<tr>
<td>Type</td>
<td>Urban Outlets (previous retail department)</td>
</tr>
<tr>
<td>Transportation</td>
<td>Inside Guanyinqiao Commercial Area</td>
</tr>
<tr>
<td></td>
<td>West to Guanyinqiao East Ring Road; East to Guanyinqiao Pedestrian Street</td>
</tr>
<tr>
<td></td>
<td>Metro: Chongqing Rail Transit Line 3</td>
</tr>
<tr>
<td></td>
<td>Bus: over 40 bus lines pass through there</td>
</tr>
<tr>
<td>Occupancy Rate</td>
<td>100%</td>
</tr>
<tr>
<td>Current Tenants</td>
<td>Skechers, Lining, Teenie Weenie, Ochirly, E-land, Mesux, Koradior, Aimer, Boni, Biem.L.Fdlkk, Septwolves, Youngor, Paw in Paw, GoodBaby</td>
</tr>
</tbody>
</table>

### Facilities and Amenities

**Banks:** ICBC, CCB, HSBC, SCB, BOC, Citibank, Chongqing Rural Commercial Bank, Ping An Bank, Bank of Communications, China Merchants Bank, Huaxia Bank, Bank of Chongqing, China Citic Bank, China Everbright Bank, Evergrowing Bank, Industrial Bank, China Minsheng Bank, Fudian Bank

**Educational Institutions:** New Oriental School, Xincun Experimental Primary School, Chongqing Jiangbei Huaxin Experimental Primary School, Chongqing No.18 Middle School, Shudu Primary School, Chongqing Singing and Dancing Troupe School, Dadi Middle School

**Hospitals:** Traditional Chinese Medical Hospital of Jiangbei District, Jiangbei District No.1 People Hospital, Chongqing Aier Eye Hospital, 324 Hospital, Meigeer Dental

**Commercial Services:** Imix Park, Beicheng Tianjie, Sunning, Jinyuan Lively District, Tiantian Shangjie Shopping Plaza, Woman Impression Fashion Shopping Square, Rongheng Times Plaza, New Shanghai Mansion, Starlight68

### Comparability

Distance to Sasseur (Chongqing) Outlets: 7km

Operating using the outlets format

Chongqing General Trading Group is a reputable state-owned enterprise in the retail business

*Source: China Insights Consultancy (March 2017)*

### Competitive Strengths of Sasseur (Chongqing) Outlets
Location: Located in metropolitan area of Chongqing, Sasseur (Chongqing) Outlets has a very broad and strong coverage due to the city’s dominant influence in west China. It pioneered and offers outlets shopping experience in Chongqing city which consists of more than 30 million residents. It also attracts customers from nearby provinces such as Yunnan, Guizhou and Sichuan.

Transportation: Sasseur (Chongqing) Outlets is easily accessible as it is located in the traffic hub of Chongqing. It is also within walking distance to the Station of Chongqing Rail Transit Line 3. Besides, Chongqing Rail Transit Line 10 has put into use on December 28th, 2017. This has further strengthened the traffic convenience of Sasseur (Chongqing) Outlets.

Market positioning: Sasseur (Chongqing) Outlets targets middle and upper income consumers who desire a lifestyle experience, through its unique experiential shopping concept and brand offerings. In addition to apparel, shoes, bags, and suitcases, Sasseur (Chongqing) Outlets introduces lifestyle elements such as featured restaurants, household appliances department, children recreation facilities, UME Cinema which provides a convenient one-stop service and expands the pool of consumers that Outlet shopping typically attracts.

4.1.8 Bishan Outlets

1. Location
Overview

Bishan Outlets is located at No. 9 Baiyang Road, in the Bishan District in the west of Chongqing. As the closest district to the downtown area of Chongqing, Bishan Outlets can be accessible within a one-hour drive (approximately 37 km) from the downtown area of Chongqing.

Specifically, the mall is situated south of Shuangxing Avenue, north of Baiyang Road, and east of Biqing Road and is within 3 km away from downtown of Bishan District. It is around 28 km away from Guanyinqiao retail hub and 21 km away from Shapingba retail hub. In addition, Bishan Outlets is located next to the Jinjian Mountain, a tourism and leisure area. The government has recently released a detailed plan to promote the area's further development in the tourism and leisure industry and these tourism spots have the potential to bring visitors to Bishan each year, thereby providing a significant customer pool for Bishan Outlets. It is also close to the central area of Xiyong Town which is approximately 7 km away, and Xiyong High-tech Industrial Park which is approximately 8 km away, and its captive consumer base can cover 19 colleges and a residential population of approximately one million.

Transportation

In addition, Bishan Outlets is also conveniently accessible through several main roads nearby, including S109 Shuangxing Avenue, S108 Biqing Road, Daxuecheng Middle Road, the G319 Xiacheng Expressway, and the G5001 Chongqing Beltway.

Bishan Outlets is around 50 km away from Chongqing Jiangbei International Airport and can be reached within approximately a 1-hour drive from there.

Bishan Outlets is also within 20 km from Chengdu-Chongqing Railway Bishan Station. Chengdu-Chongqing Railway was put into operation on December 26, 2015. It has a total length of 308 km and brings passengers from Chengdu East Station to Bishan Station.

For public transportation, Bishan Outlets provides a free shuttle bus every two hours from Monday to Friday, and every hour on the weekends, between the outlets and the college town where the terminus of the Chongqing Rail Transit Line 1 is located. Line 1 is expected...
to be further extended into the Bishan District, with the opening of a new station within 2 km from Bishan Outlets in 2018.
In addition, Bishan's bus terminal is only 3 km away from Bishan Outlets. The bus stop is located directly at the outlets with bus service running from 6:30 am to 10:00 pm every day.

**Surroundings and Facilities**

Due to its abundant natural landscape, Bishan is famous for its nature. Some of the attractive natural landscapes in this area include the Qinglong Lake National Forest Park, Yunwu Mountain National Wetland Park, and Jinjian Mountain Tourism and Leisure Area. Bishan Outlets is also located near the future Six Flags Theme Park, Tianci Spa Resort and eight parks including Guanyintang Wetland Park and Xiuhu Park. These tourism spots attract large amounts of visitors to Bishan each year, thereby providing a large potential customer pool for Bishan Outlets.

In addition, Bishan Outlets is surrounded by well-developed facilities such as the Bishan Sports Center, Bank of China, Postal Savings Bank of China, Bank of Communication, and People's Hospital of Bishan District. With regards to dining options, a variety of franchised fast food and Chongqing-style restaurants, such as hotpot restaurants, are nearby.

2. Property Overview
Located at No. 9 Baiyang Road, Bishan District, Chongqing, the Bishan Outlets have three zones (namely Zone A, B, and C) with four floors above ground and two floors underground in both Zones A and B, and three floors above ground and one floor underground in Zone C. The Bishan Outlets has a GFA of 68,791.4 sq m and an NLA of 45,171.5 sq m as at 30 September 2017. The soft launch opening of Bishan Outlets occurred in January 2014. It commenced operations in October 2014 (Zones A and B) and February 2016 (Zone C), and has 400 car park lots.

The architectural design of Bishan Outlets was inspired by ancient Roman architectural sites and Italian towns to create an atmosphere that is warm, exotic, and full of artistic beauty. The semi-open buildings, bi-level layout design, and scattered distribution enable consumers to enjoy shopping in an eclectic and multi-dimensional visual shopping space.

The Bishan Outlets was developed with unique features. There are a number of theme restaurants, fast food franchises, child recreational facilities, children’s photography agencies, as well as early childhood training institutions which provide a one-stop experience. In addition, there is a Stellar Theater with 4D features in Bishan Outlets.

As of 30 April 2017, Bishan Outlets has approximately 203 stores carrying 350 brands and they include carefully curated luxury top brands, as well as a wide selection of domestic brands to attract local customers.

3. Value proposition

Generally speaking, outlets feature luxury brands, popular international brands, and popular domestic brands with attractive discounts but located relatively further away from downtown than ordinary shopping malls. Outlets usually cover a broader area and target
customers with above average purchasing power and interested in branded goods at good value.

The Bishan Outlets targets consumers not only from the Bishan District, but also from the Yuzhong District, Jiulongpo District, Jiangbei District, Shapingba District, and the College Town. The target market consists of a population of three million. As a famous tourism spot, Bishan Outlets also attracts customers from the downtown area of Chongqing who come to Bishan for weekend breaks. Additionally, as Bishan District is focused on the tourism sector and has earned a good reputation nationwide as a tourist destination, it is expected that the Bishan Outlets will benefit from the increasing number of visitors visiting Bishan.

Unlike traditional department stores in the Bishan district, Bishan Outlets provides carefully selected top luxury brands, to maintain its reputation. It is also organized to match the shopping habits of Bishan residents by offering a wide selection of domestic brands to attract local customers. The Bishan Outlets is also designed to be one of the largest and a holistic one-stop shopping destination in Bishan and the West Chongqing area, combining retail shopping with entertainment, food, education and leisure. As a Super Outlet, Bishan Outlets features a specially designed Super Children Center which includes a selection of babies and children clothing brands, an early childhood education center, an enrichment center, a children's playground, a children's photography center and a children's theater. Bishan Outlets also has a Super Sports Hall which houses brands such as Nike, Adidas, Puma, Lacoste and Le Coq Sportif as well as a fitness center. In addition, Bishan Outlets offers an ideal meeting point for younger, trendier crowd through its offering of pubs and bars, a running club and a spa resort.

Bishan Outlets’ target customers are residents aged 18 to 60. For the younger population, Bishan Outlets offers some trendy brands such as JNBY, PeaceBird and IZZUE, and attracts young professionals and students from College Town. For target customers aged 50 and above that usually have strong purchasing power and more shopping time, Bishan Outlets offers its wide range of product and service to satisfy the retail and lifestyle experiences to meet the needs of the middle to upper class households.

As one of the priority projects in Bishan District, Bishan Outlets has enjoyed a series of favourable government policies, especially in relation to land acquisition cost and taxation. In addition, the government has put forward strong efforts on infrastructure development surrounding Bishan Outlets. Bishan Outlets is now surrounded by well-developed facilities such as the Bishan Sports Center, Bank of China, Postal Savings Bank of China, Bank of Communication, and People’s Hospital of Bishan District. With regards to dining options, a variety of franchised fast food and Chongqing-style restaurants, such as hotpot restaurants, are nearby. As a result, Bishan Outlets has benefited from significant real estate value appreciation since 2014. With the continued development of the Bishan District, it is projected that the real-estate value of Bishan Outlets will continue to improve in the near future.

4. Performance Metrics

Bishan Outlets’ occupancy rate experienced a gradual increase from 74% in 2014 to 81% in 2016 because of tenant mix adjustment to meet local demands and the on-going construction of new spaces (Zone C, completed in 2015). After the transition period, the occupancy rate of Bishan Outlets is expected to climb rapidly.
Despite the marketing strategy repositioning and drop in occupancy rate, Bishan Outlets still achieved an increase in sales for three consecutive years, thanks to its provision of unmatched lifestyle shopping experiences and strong customer footfall. As the first mover in the Bishan outlet market, Bishan Outlets stays at the forefront of the outlets scene in Bishan. It is expected that sales increases would accelerate in the next few years after the strategic marketing adjustment and construction of new spaces.

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy Rate (%)</td>
<td>74.3%</td>
<td>79.2%</td>
<td>81.4%</td>
</tr>
<tr>
<td>Sales per Square Meter (RMB/year/m²)</td>
<td>2,691</td>
<td>3,645</td>
<td>4,303</td>
</tr>
<tr>
<td>Sales Growth Rate (%)</td>
<td>NA</td>
<td>35%</td>
<td>18%</td>
</tr>
</tbody>
</table>

5. Competition Analysis

There are no other outlets in Bishan District. At present, the closest competing shopping mall is Chongqing Department Store-Bishan Shopping Center owned by Chongqing Department Store Co., Ltd., which was opened for business in 2012 with an initial investment over RMB200 million. Located in the downtown of Bishan District, Bishan Shopping Center targets lower-middle to middle class families in Bishan by offering domestic brands.

As the only outlet in Bishan District, Bishan Outlets’ unique market positioning enables it to avoid direct competition from any other retail players. In addition, there will not be any new entrants for outlet industry in the near future. Bishan Outlets will remain the only premium shopping outlet in Bishan region in the next few years.
Analysis on comparable properties

### Comparable 1

<table>
<thead>
<tr>
<th><strong>Name</strong></th>
<th>Bishan Shopping Center (重百·壁山购物中心)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Floors</strong></td>
<td>5</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>No.30 Yanhe West Road North Section, Bishan County, Chongqing</td>
</tr>
<tr>
<td><strong>Developer</strong></td>
<td>Chongqing Department Store Co. Ltd</td>
</tr>
<tr>
<td><strong>Year of Completion</strong></td>
<td>2000</td>
</tr>
<tr>
<td><strong>GFA</strong></td>
<td>19,000 square meters</td>
</tr>
<tr>
<td><strong>NLA</strong></td>
<td>15,048 square meters</td>
</tr>
<tr>
<td><strong>Type</strong></td>
<td>Department Store</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>Bus: No.103, No.107, No.108, No.203</td>
</tr>
<tr>
<td><strong>Occupancy Rate</strong></td>
<td>100%</td>
</tr>
<tr>
<td><strong>Current Tenants</strong></td>
<td>Only, Etam, La Chapelle, Jack Jones, Adidas, Nike, E-land, Chow Tai Fook</td>
</tr>
</tbody>
</table>
| **Facilities and Amenities** | **Banks:** BOC, ICBC, ABC, CCB, Chongqing Rural Commercial Bank, Postal Savings Bank of China  
**Educational Institutions:** Beijie Primary School, Experimental Primary School, Bishan Middle School, Bishan Career Education Center, Chongqing Radio & TV University Bishan Campus  
**Hospitals:** Bishan County People’s Hospital, Bishan County Women and Children Care Service Center, Traditional Chinese Medical Hospital of Bishan County, Bishan Xiehe Hospital  
**Commercial Services:** Minghao Pedestrian Street, Shidai Shangdu Pedestrian Street, Yinzuo Mansion, Sunning, Haier |
| **Comparability** | Distance to Bishan Outlets: 2.2km  
The largest shopping center in the downtown of Bishan District  
Some overlaps on domestic brands with Bishan Outlets |

Source: China Insights Consultancy (March 2017)

### Competitive Strengths of Bishan Outlets

**Location:** Bishan Outlets is located in Bishan District, which is the district closest to downtown Chongqing. It is also located in a famous tourism and leisure area and will benefit from shopping by visitors to the area.

**Transportation:** Bishan Outlets can be reached through several main roads and bus line No.111. Chongqing Rail Transit Line 1 is also expected to reach Bishan District in 2018.

**Market Positioning:** Bishan Outlets is the only outlets within the region, it is also the only shopping complex offering high-end products and service that can satisfy the retail and

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lifestyle experiential needs of middle to high-end households in the area. Its high-end premium and guaranteed product quality is a key differentiation from its competitor.

4.2 Kunming

4.2.1 Overview of Kunming, Anning and Taiping New City

As the capital of Yunnan Province, Kunming is strategically positioned as a key hub connecting the PRC with Southeast Asia, having taken advantage of friendly government policies to support its economic growth. Kunming’s long-term stable GDP growth rate, growing population density, and abundant natural resources contribute to the enormous potential of its consumption market and on the back of these competitive advantages of Kunming, the PRC government has launched new development plans for Kunming and its surroundings, including proposing a plan for the development of the Dianzhong New Area.

Dianzhong New Area comprises a district covering around 482 square kilometers with Kunming at its core. The new area will be supported directly by Kunming’s sustainable, long-term industrial potential and is positioned to become a major center of development at the national level. The establishment of Dianzhong New Area represents the government’s effort to comprehensively upgrade Yunnan’s industrial and economic structure during its 13th Five-year Plan. As a result, manufacturers and service providers engaged in key industrial sectors, e.g., electronic and information technology, biomedicine, and professional services, have all started establishing operations in the area, bringing with them significant new business opportunities.

The Dianzhong New Area constitutes an extension of Kunming by assigning specific roles to surrounding minor cities within an extended metropolitan area, one of which is Anning City. According to The Urban Planning of Dianzhong Metropolitan Area (2009-2030), four minor cities will undertake essential functions as laid out in the development plan. Of the four cities, Anning is slated to be an important base for the service sector as well as being a center for green development, both for the new area and the whole of Western China. In addition, Anning is endowed with natural tourism-related attractions, such as hot springs and the Qinglong Gorge. The development plan of Dianzhong New Area will assist Anning City to better integrate its tourism industry with both retail and cultural industries. This integration plan will not only further promote the overall attractiveness of Anning City as a travel destination, but also enhance the position of the service industry within Anning City’s economic structure.
In 2006, the government of Anning City launched a long-term project to construct a new development platform – namely, Taiping New City, where Kunming Outlets is located. The total planning area of Taiping New City is 110.6 square kilometers, of which approximately 12.8 square kilometres of construction has been completed. Located in northeastern Anning, Taiping New City is one of only a few cities that can boast advantages in terms of transportation and an appealing natural environment.

The city is a 30-minute drive from the center of Kunming, and also enjoys the added convenience from four highways and one railway lines connecting the whole of Yunnan. A short drive from central Kunming, Taiping New City is accessible via Kun’an Highway, Northwest Highway, and Shi’an Class One Road to the north, along with Anjin Highway to the south, and with Gaohai Highway running east and west. Moreover, other infrastructure is also in place to help better connect the city, including Chengkun Railway, the Sino-Myanmar Petroleum Pipeline, and the Kunyu Petroleum Pipeline. Currently, a light rail is under construction, which will connect to Kunming’s metro Line 3, improving access to Kunming City. Within the newly constructed city itself, a well-developed transportation network has also been completed. Eighteen municipal roads, with some 58 kilometers now in operation, facilitate movement between various sections in the new city. These infrastructural developments will provide the foundation for the continued successful development of Taiping New City.
The growing Taiping New City is well-known for its good air quality and its impressive afforestation rate. Up until now, Taiping New City has already attracted 69 investment projects, which including retail, tourism, and modern technology to-date.

According to Kunming City Development Plan, Kunming city will continue with its fast expansion in the next few years with increasing urbanization. It is expected that both real estate development and associated commercial business growth will profit from the development process.

4.2.2 Macroeconomics of Kunming

From 2012 to 2016, the GDP of Kunming achieved higher growth rate than that of the PRC, representing a CAGR of 9.3%. More specifically, its GDP increased from RMB301.1 billion (USD45.3 billion) in 2012 to RMB430.0 billion (USD64.6 billion) in 2016. It is expected that Kunming’s GDP will continue growing and will increase to RMB636.1 billion (USD95.6 billion) by 2021, representing a CAGR of 8.1% over the next five years.
Rapid economic development also contributed to a high growth rate in terms of Kunming’s per capita GDP. Between 2012 and 2016, Kunming’s per capita GDP increased significantly from RMB46,300 (USD6,959.5) to RMB64,600 (USD9,710.2), which represents a CAGR of 8.7%. Kunming’s per capita GDP is expected to continue increasing steadily to RMB94,100 (USD14,144.4) by 2021, representing a CAGR of 7.8% between 2016 and 2021.

Kunming has the highest residential density among the cities in Yunnan Province and its population has been expanding at a steady rate. Between 2012 and 2016, Kunming’s total residential population rose from 6.5 million to 6.8 million, representing a CAGR of 1.2% between 2012 and 2016. According to the Government’s New Urbanization Implementation Plan (2016-2020), the residential population of Kunming is expected to exceed 7.5 million by 2020. It is forecasted that the total residential density in Kunming is expected to increase to 7.7 million residents by 2021, representing a CAGR of 2.3% from 2016 to 2021.
One of the direct consequences from Kunming’s strong economic performance has been its rapid urbanization. Kunming’s urban population increased from 4.4 million to 4.8 million between 2012 and 2016, maintaining a CAGR of 2.5%. In 2016, 70.6% of Kunming’s total residential population constituted its urban population. Taking into consideration the efforts of the national government to accelerate Kunming’s development, it is expected that Kunming’s urban population will continue growing to 5.6 million by 2021, with an estimated urbanization rate of 73.6%.

Along with the significant growth in Kunming’s GDP, there has been a significant rise in its per capita disposable incomes. Between 2012 and 2016, per capita disposable income for Kunming’s urban residents increased from RMB25,200 (USD3,787.9) to RMB36,700 (USD5,516.5), representing a CAGR of 9.8%. With several large development plans launched in Kunming and its vicinities in recent years, it is expected that the city’s per capita disposable income is expected to continue to rise at a relatively high rate, is likely to reach RMB55,400 (USD8,327.3) by 2021. This positive trend demonstrates a huge potential of the consumption market in Kunming.
Per capita annual disposable income of urban residents, Kunming, 2012-2021E

RMB thousand

- CAGR (2012-2016): 9.8%
- CAGR (2016-2021E): 8.6%

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</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>25.2</td>
<td>28.4</td>
<td>31.3</td>
<td>34.0</td>
<td>36.7</td>
<td>39.7</td>
<td>43.1</td>
<td>46.8</td>
<td>50.9</td>
<td>55.4</td>
</tr>
</tbody>
</table>

Higher disposable incomes usually encourage higher living standards and daily expenditures. As such, per capital expenditure of Kunming’s urban residents increased from RMB17.0 thousand (USD2.6 thousand) in 2012 to RMB22.0 thousand (USD3.3 thousand) in 2016, representing a CAGR of 6.7%. With growing wealth and more consumption choices, this will accelerate and hit a record high of RMB31.2 thousand (USD4.7 thousand) by 2021.

Per capita annual expenditure of urban residents, Kunming, 2012-2021E

RMB thousand

- CAGR (2012-2016): 6.7%
- CAGR (2016-2021E): 7.3%

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</tr>
</thead>
<tbody>
<tr>
<td>Expenditure</td>
<td>17.0</td>
<td>17.5</td>
<td>19.3</td>
<td>20.6</td>
<td>22.0</td>
<td>23.5</td>
<td>25.1</td>
<td>27.0</td>
<td>29.0</td>
<td>31.2</td>
</tr>
</tbody>
</table>

Kunming is a city famous for its abundant tourist attractions, with the tourism industry contributing significantly to the Kunming’s economy. Between 2012 and 2016, Kunming’s income from tourism increased from RMB40.5 billion (USD6.1 billion) to RMB107.4 billion (USD16.1 billion), representing a high CAGR of 27.6%. Furthermore, the tourism industry in Kunming still has considerable potential, with Kunming expected to derive an income of RMB239.5 billion (USD36.0 billion) from its tourism industry in 2021.
4.2.3 Analysis of Regulatory Policies by the Kunming Government

**Trial Measures for Favourable Policies for Investors in the Modern Service Sector, Dianzhong New Area, Yunnan (云南滇中新区现代服务业招商引资优惠政策试行办法) (2016)**

The government provides grants to attract targeted investments and subsidizes companies that invest in fixed assets above RMB500.0 million up to 70% of the interest cost incurred by the investment. Grants are also provided to cover the rental expenses of companies engaged in the modern service sector, with subsidies of 100%, 50%, and 30% of their annual rent during the first three years of operation respectively.


Qualified investors requiring use of land in Dianzhong New Area are compensated. Land-development projects costing less than RMB500.0 million will be compensated with 0.2% of the total investment; projects costing between RMB500.0 million and RMB1.0 billion will be compensated 0.15% of the total investment; projects costing between RMB1.0 and RMB2.0 billion will be compensated 0.1% of the total investment; while larger projects will be compensated 0.05% of the total investment.

**Instructions Regarding Promoting Sustainable Development of the Real Estate Industry (云南省人民政府关于促进房地产业平稳健康可持续发展的指导意见) (2015)**

The government encourages real estate developers to integrate their real estate development with Yunnan’s unique natural and cultural assets. Developers are encouraged to focus on tourism properties, cultural assets, and commercial properties in line with the development strategies of the cities and the region. The policy further eases the financial burden placed on real estate developers by deferring payment for some expenses, such as for electrical and municipal infrastructure charges.

**Instructions Regarding Destocking for the Real Estate Industry (关于房地产去库存的若干意见) (2016)**
This policy tries to reduce the number of real estate development projects in central Kunming to avoid over building. Emphasis is put on the quality of buildings rather than the quantity. The government encourages real estate developers to incorporate and adapt traditional development with modern cultural and tourism related properties.

*Implementation Rules for Supply Side Structural Reform and Destocking, People’s Government of Yunnan Province* (云南省人民政府关于供给侧结构性改革去库存的实施意见)(2016)

This policy allows real estate developers to adjust the designated use of the land and buildings they own. For instance, an excessive supply of residential properties can be readjusted to meet demand from other emerging segments, such as the demand for new cultural related properties. The government will act to decrease the land supply in cities and counties where excess stock exists. Some expenses charged by the government can be waived in order to reduce the financial costs of real estate developers involved in the supply adjustments.

### 4.2.4 Kunming’s Total Retail Sales Value of Consumer Goods

As the overall economy developed and the population expanded over the past decades, Kunming’s retail sales market experienced rapid growth. Kunming’s total retail sales value of consumer goods increased from RMB149.4 billion (USD22.5 billion) in 2012 to RMB231.0 billion (USD34.7 billion) in 2016, representing a CAGR of 11.5%. At the same time, an increasingly sophisticated market also attracts more upscale retailing channels. Therefore, the total retail sales value of consumer goods in Kunming will continue growing, with total sales projected to reach RMB340.5 billion (USD51.2 billion) by 2021.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Retail Sales Value of Consumer Goods (RMB billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>149.4</td>
</tr>
<tr>
<td>2013</td>
<td>170.2</td>
</tr>
<tr>
<td>2014</td>
<td>190.6</td>
</tr>
<tr>
<td>2015</td>
<td>206.2</td>
</tr>
<tr>
<td>2016</td>
<td>231.0</td>
</tr>
<tr>
<td>2017</td>
<td>244.0</td>
</tr>
<tr>
<td>2018</td>
<td>264.7</td>
</tr>
<tr>
<td>2019</td>
<td>287.7</td>
</tr>
<tr>
<td>2020</td>
<td>313.2</td>
</tr>
<tr>
<td>2021E</td>
<td>340.5</td>
</tr>
</tbody>
</table>

CAGR (2012-2016): 11.5%
CAGR (2016-2021E): 8.1%

*Source: Extracted from Kunming Municipal Bureau of Statistics (March, 2017)*

*China Insights Consultancy (March, 2017)*
4.2.5 Kunming’s Commercial Retail Facilities

Core retail hubs in Kunming

Overview of core retail hubs in Kunming

<table>
<thead>
<tr>
<th>Retail Hubs</th>
<th>Description</th>
<th>Retail Properties</th>
</tr>
</thead>
</table>
| Sanshi Street     | • At the center of the city, this retail hub was the first retail hub in Kunming.  
                   • This shopping paradise contains various shopping and entertainment venues, including department stores, supermarkets, pedestrian streets, etc. | • Bailian Parkson Plaza  
                   • Shuncheng Wangfujing Shopping Mall  
                   • Zhengyifang Shopping Mall  
                   • New World·Sinobright  
                   • Kunming Emporium |
| Xiaoximen         | • This commercial center is located in a relatively mature region.  
                   • The development of retail markets are also supported by telecommunication industries. | • Daguan Commercial City  
                   • Meichen Emporium |
| Baita road        | • This retail hub is popular for its high-end and premium brands.  
                   • The development of this commercial region is also supported by premium hotels and high-end commercial buildings. | • Gingko (center)  
                   • Gingko (Jinlong)  
                   • Gingko (Huidu)  
                   • ME TOWN |
| Qingnian road     | • The typical retailers in this commercial hub are high-street and fashion brands. | • IWE Brand Store  
                   • Golden Eagle  
                   • Ao City |

According to City Master Planning of Kunming (2011-2020), which has been approved by the State Council of the PRC, Kunming is expected have a population of 4.3 million by 2020. Meanwhile, 430 square kilometres of land will be designated for urban construction. Kunming's Special Planning for Developing and Utilising Underground Space.
Kunming has designated 11 areas within central Kunming for the development of underground complexes and retail hubs, in order to take advantage of the development potential of Kunming. Kunming has also launched an extensive subway construction project in the 13th Five Year Plan. Currently, three metro lines in Kunming are in operation – Line 1, Line 2 and Line 6. By the end of 2019, it is projected that all Lines 1-6 will all be operational, and there will further plans to develop Lines 7-9. It is forecasted that by 2020, the use of public transit in Kunming by its population will reach 38%, which is much higher than current national average of approximately 10% or less in Tier 3 / other developing cities and 20% in Tier 1 and 2 / developed cities.

### Future retail space supply in Kunming’s core retail hubs

<table>
<thead>
<tr>
<th>Future Retail Space Supply</th>
<th>Year of Completion</th>
<th>Estimated GFA (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renmin Road No. One Square</td>
<td>2017</td>
<td>382,960</td>
</tr>
<tr>
<td>Snail Bay Joy City</td>
<td>2017</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Dianchi Universal Mall</td>
<td>2017</td>
<td>540,000</td>
</tr>
<tr>
<td>Aegean Shopping Center (New Era)</td>
<td>2017</td>
<td>500,000</td>
</tr>
<tr>
<td>Aegean Shopping Center (Ruiding City)</td>
<td>2018</td>
<td>200,000</td>
</tr>
<tr>
<td>Spring City 66</td>
<td>2018</td>
<td>434,000</td>
</tr>
<tr>
<td>New City My Yue Square</td>
<td>2019</td>
<td>500,000</td>
</tr>
</tbody>
</table>

*Source: China Insights Consultancy (March, 2017)*

#### 4.2.6 Kunming Outlets

1. **Location**

   ![Kunming Outlets Map](Source: Google Maps (March 2017), China Insights Consultancy (March 2017))
Kunming Outlets is located at No. 181 Aotelaisi Avenue, Anning City, which is situated outside the center of Kunming City and Anning City. Specifically, Kunming Outlets is situated southwest from downtown Kunming, approximately 20 km away from the four retail hubs in central Kunming. In addition, Kunming Outlets is located in Taiping New City, a new living and leisure area which the local government has strongly supported in its industrial development plans, including retail, tourism, and modern technology industries.

2. Transportation

Kunming Outlets is situated in a convenient transportation hub within Taiping New City. It is within a 5 minute drive from the highway exit and is connected to the Kun’an Highway, Anjin Highway, Gaohai Highway, and Northwest Highway, as well as Chengkun Railway and China National Highway G320 Shangrui Expressway, which cross through the city. In April 2016, the Yunnan Transportation Department implemented its toll-free highway policy that offers free access for highway transportation from Kunming to both Taiping New City and Anning starting from June 2017 to promote transport and support economic growth. The nearest airport is Kunming Changshui International Airport which is only a one hour drive from Kunming Outlets. The easy accessibility and an established land transportation network across these three regions of Kunming, Anning and Taiping New City is expected to provide an impetus to the growth of regional economies and enhance the development of local industries.

Kunming Outlets has taken advantage of its location and the transportation development in Taiping New City by having the avenue to the west of the outlets named “Aotelaisi Avenue”, with the nearest planned bus stop named “Sasseur (Kunming) Outlets stop”, and the future light railway station in Taiping New City named “Taiping New City (Sasseur) Station”. The latter will be connected to Kunming’s metro Line 3 in future.

Source: Google Maps (March 2017), China Insights Consultancy (March 2017)
3. Surroundings and Facilities

The development plan of Taiping New City aims to take advantage of its location and resources to build a new city town that is equally attractive for “live work and play” – with well integrated housing, commerce, shopping, and entertainment activities. In front of Kunming Outlets there is the First People’s Hospital of Yunnan Province New Kunhua Hospital, the largest Class 3 hospital in Yunnan Province, which has 1,300 beds in operation and plans to expand to 3,300 beds by 2019. This total investment for the Hospital was about RMB2.37 billion.

In addition, Taiping New City also has excellent potential for the education industry. One of the best universities in Yunnan Province – Yunnan University of Finance and Economics – has committed to set up a new campus in Taiping New City, which will be completed as soon as September 2018. In addition, the Taiping branch of Anning Middle School is also under construction within 5 kilometres from Kunming Outlets. The Taiping branch of Anning Middle School is designed for 3,000 students, and will start in operation by 2018. It is expected that the completion of these two leading local education institutions will attract more people and promote further growth for this area.

The tourism business around Taiping New City is also being planned for development in the near future. The largest marine park, named ‘White Whale of Kunming, Fantastic World’ (海洋公园——昆明大白鲸•奇幻世界), is currently under construction with a total investment of approximately RMB16.0 billion. It will cover an area of around 3.73 square kilometers, and aims to be the new standards for the Marine Park industry in China and even in the
Southeast Asia region. Dalian Shengya, one of the largest tourism companies in China, has published the Ocean Park project to be launched in Taiping New City, within 10 kilometres from Kunming Outlets. The Ocean Park project, to be built over two phases, will cover an area of 4.39 square kilometres. Such large-scale tourism projects will bring more travelers and increase consumption spending in Taiping New City, and also in Kunming Outlets.

4. Property Overview

Source: Sasseur Group (March 2017)

Located at No. 181 Aotelaisi Avenue, Anning City, the Kunming Outlets has a Gross Floor Area (GFA) of 88,256.8 sq m, and a Net Leasable Area (NLA) of 70,067.2 sq m as at 30 September 2017. It comprises of two buildings – Building 1 and Building 2A, both of which are 23.15 metres high. Building 1 has four floors above ground and three floors underground; Building 2A has five floors above ground and two floors underground. The property has 2,000 car parking lots.

Based on the unique business model of Kunming Outlets, the two buildings constitute a comprehensive social ecosphere, comprising outlets shopping, amusement, and cultural activities. It offers a wide array of retail options comprising outlet mall shopping, entertainment and cultural facilities, thereby offering customers a comprehensive lifestyle and entertainment experience to promote retail spending and enhance customers' loyalty.

5. Value Proposition

Outlets create value by offering brand name products at an attractive discount for middle-income customers with relatively good purchasing power. Located at approximately 20 km from downtown Kunming and 12 km away from downtown Anning, Kunming Outlets primarily serve middle class populations in Yunnan. Its target customers are middle class consumers aged 25-50, with many female residents among them.
Kunming Outlets does not only offer traditional luxury brands, but also cooperates with other top brands, including domestic ones, to cater to the preferences of different customer segments. This is in line with its positioning as a mall for the people, and recognizes that the target customers have a variety of demands, and all brands that are popular and desired by local customers should be welcomed. As at 30 April 2017, Kunming Outlets had approximately 185 stores carrying approximately 300 brands, including well-known luxury brands, international first-class brands, and domestic brands. Kunming Outlets has developed exclusive partners with 30% of these brands. For example, the famous jewelry brand Chow Tai Fook chose Kunming Outlets as its first store in the outlet market in Yunnan Province. This extensive popular brand coverage has contributed significantly to the success of Kunming Outlets' business, making it the largest outlet mall in terms of GFA in Yunnan Province.

Kunming Outlets was planned and developed as a comprehensive retail hub to provide customers with unique consumption experiences in shopping, catering, and other entertainment activities. Currently, several entertainment houses are under negotiation or construction, such as Red Star Cinema, Ice and Snow World, fitness center, children's driving school, etc. All these planned entertainment activities are expected to enhance consumers’ shopping experience in Kunming Outlets and attract more consumers to make Kunming Outlets as their preferred shopping destination.

6. Performance Metrics

Kunming Outlets commenced operations in December 2016. As the first mover in Taiping New City, Kunming Outlets remains competitive in the market, with a high initial occupancy rate and its commission rate at a competitive and reasonable level within the market.

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy Rate (%)</td>
<td>82%</td>
</tr>
<tr>
<td>Sales Per Square Meters (RMB/year/m²)</td>
<td>N/A</td>
</tr>
<tr>
<td>Sales Growth Rate (%)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

7. Competition Analysis

There is no other outlet in Taiping New City and Anning City. At present, the nearest outlet is Gingko Outlets located in Kunming, which is a small-scaled outlets mall owned by Gingko Department Store Group.

Analysis on comparable properties

<table>
<thead>
<tr>
<th>Comparable 1</th>
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<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Floors</td>
</tr>
<tr>
<td>Location</td>
</tr>
<tr>
<td>Developer</td>
</tr>
<tr>
<td>Year of Completion</td>
</tr>
<tr>
<td>Type</td>
</tr>
</tbody>
</table>
Position: Provision of middle- to high-end branded products to the middle class and above

GFA: 35,000 square meters
NLA: 25,000 square meters
Parking lots: 250
Rental: 5-10 RMB/m²/day
Occupancy Rate: 100%
Current Tenants: Coach, Armani, Max Mara, I.T, Gucci, Ports, Michael Kors, Ecco, Dunhill, Polo Ralph Lauren, Starbucks, Gingko Market, E-land Kids, Nike, Lining, etc.
Facilities and Amenities: Banks: ICBC, CCB, etc.
Educational Institutions: Taihe Elementary School, Yunnan University Dianchi College, Xishan Hupanzhimeng Elementary School, etc.
Hospitals: Qianwei Taihe Community Health Service Station, Yunnan Traditional Chinese Medicine Hospital Dianchi Branch, Kunming City Center for Disease Control and Prevention, etc.
Major retail competitors: Distance to Aegean Shopping Park: 1.2km
Distance to N.E.W Mall: 2.9km
Distance to Wanda Plaza: 4.0km
Comparability: Distance to Kunming Outlets: 12.9km

Source: China Insights Consultancy (March, 2017)

Competitive Strengths

Location: The location of Kunming Outlets matches the general business concept of outlets. Unlike Gingko Outlets, Kunming Outlets is relatively farther from the traditional business circle in central Kunming, and avoids the high rent and fierce competition among commercial complexes. There is no similar commercial entity near Kunming Outlets, which further exempts it from business competition. Meanwhile, residents living in the downtown core are within 20km away from the Kunming Outlets, who can easily access it within a 30-minute drive, which is acceptable for most customers.

Property: With a Gross Floor Area (GFA) of 88,256.8 sq m as at 30 September 2017, Kunming Outlets enjoys great advantages over competitors in terms of its business scale and volume. More space means that cooperation can be established with more brands, and larger areas can be assigned to each partner. Consequently, customers will have a much better shopping experience.

Brand resources: Due to the business prestige of Sasseur and the advantages in its facilities, Kunming Outlets has enjoyed much more brand exposure than its competitors. To date, approximately 300 brands have set up stores in Kunming Outlets, of which around 30% were exclusive partners of Sasseur. Other international brands and domestic brands accounted for another 30% of the total brands represented. This illustrates the superior brand relationships that Kunming Outlets enjoys and hence its strong attraction for customers.
4.3 Hefei

4.3.1 Overview of the City

As the capital and largest city of Anhui Province, Hefei has long been the central axis for Anhui Province’s development, including in politics, economics, culture, information technology and education. Situated within the hinterland of the Yangtze River Delta, Hefei has become a strategic location for economic development within the Yangtze River Delta. With the promotion of regional economic integration at various levels, Hefei will gain increasing significance as a regional transportation hub. Meanwhile, given its important function as the capital of Anhui Province, Hefei’s own economic development will also drive the development of surrounding counties and cities. For now, Anhui Province is focused on building an economic network with Hefei at its core, promoting “compatibility, complementation, and integration” with Nanjing and Wuhan, along with the Wanjiang city belt and city clusters along the Huai River.

There are many divisions under the city's jurisdiction, including four urban districts, four counties, one county-level city, and three development zones. These jurisdictions are termed as follows: 1) Yaohai, Luyang, Shushan and Baohe Districts; 2) Feidong, Feixi, Changfeng, and Lujiang Counties; 3) Chaohu City; and, 4) Hefei State New & High Technology Industrial Development Zone, Hefei Economic and Technological Development Area, and Hefei New Railway Station Comprehensive Development Experimental Zone.

Hefei is a national class two regional transportation hub in the PRC. With a well-developed expressway network with access in all directions, Hefei is connected with six railway lines and has an international airport. There are over 30 domestic air routes and direct flights to major cities all over the world. In the future, the Jianghuai Canal, which is currently under construction, will make Hefei a waterway transportation center between the Yangtze and Huai Rivers.
Based on the Hefei City Development Plan shown above, the area of Hefei city is expected to expand to 11,433 sq km by 2020 and its urban area is expected to expand to 1,126 sq km. The center area of Hefei city will also expand to 486.6 sq km. The fast expansion of Hefei city is expected to benefit real estate development and associated commercial business growth.

4.3.2 Macroeconomics of Hefei

By making good use of its abundant resources of land and natural minerals, advantages in science and education and low labor cost, Hefei is well placed for rapid economic development. Hefei’s GDP increased from RMB416.4 billion (USD62.6 billion) in 2012 to RMB627.4 billion (USD94.3 billion) in 2016, representing a CAGR of 10.8%. With a full range of industries and supporting infrastructure, Hefei is a burgeoning industrial city with competitive strengths in manufacturing. The high-tech industry in Hefei has undergone rapid development, thus attracting other key related industries to the region. Future growth in GDP is estimated to be RMB939.5 billion (USD141.2 billion) by 2021, representing a CAGR of 8.9% from 2016 to 2021.

Source: Hefei Urban Planning Bureau (March 2017), China Insights Consultancy (March, 2017)
Accompanying the growth in overall GDP, per capita GDP in Hefei has also increased, rising from RMB55,200 (USD8,297.3) in 2012 to RMB80,500 (USD12,100.2) in 2016, representing a CAGR of 9.9%. The Hefei Government is expected to establish a conducive environment for economic development with investor friendly policies and measures for preferential taxation, increased investments in infrastructure, strengthening management of the environment. Hefei’s economy is therefore expected to see strong growth, with its per capita GDP projected to increase to RMB121,400 (USD18,248.0) by 2021, at a CAGR of 8.6%.

The population of Hefei increased from 7.6 million to 8.3 million between 2010 and 2015, rising at a CAGR of 0.8%. The city’s total population is expected to continue growing given the implementation of a two-child policy in 2015. With the development of local industry and education, migration into Hefei is expected to further increase the population. As a result, the population of Hefei is expected to reach an estimated 8.3 million by the end of 2021, representing a CAGR of 1.0% since 2016.
Between 2012 and 2016, the urbanization rate in Hefei increased from 66.4% to 72.4%. The Government of Hefei has implemented a series of new policies to promote the urbanization process, including accelerating the integration of rural populations, promoting entrepreneurship and employment opportunities, improving housing for residents, creating a sound support system for the elderly, and so on. These policies aim to raise the urbanization rate of Anhui to 82.3% by 2021. An expanding urban population will provide a considerable developmental boost for the local retail industry.

Per capita disposable income for Hefei’s urban residents has also increased from RMB25,400 (USD3,817.9) in 2012 to RMB34,800 (USD5,230.9) in 2016, increasing at a CAGR of 8.2%. The Government of Hefei has enacted several policies to improve the living standard of its citizens. Consequently, the per capita disposable income of urban residents is expected to continue growing at a CAGR of 7.8% till 2021, reaching a total RMB50,500
Increasing disposable incomes will most likely increase the purchasing power of its urban residents, thereby benefiting the local retail industry.

Per capita annual disposable income of urban residents, Hefei, 2012-2021E

As a result of rising per capita disposable incomes, per capital expenditures for urban residents in Hefei rose from RMB15.6 thousand (USD2.3 thousand) in 2012 to RMB21.6 thousand (USD3.2 thousand) in 2016, rising at a CAGR of 8.4%. This number is likely to continue growing, and is anticipated to reach RMB31.6 thousand (USD4.7 thousand) by 2021 representing a CAGR of 7.9%. This will result in higher purchasing power for Hefei residents, and help drive growth of the local retail industry with an increase in retail demand.

Per capita annual expenditure of urban residents, Hefei, 2012-2021E

Hefei has been recognized as a key city for tourism in China, with attractive natural scenery and abundant heritage assets. As an important tourist destination, Hefei’s tourism income increased from RMB44.5 billion (USD6.7 billion) in 2012 to RMB113.8 billion (USD17.1 billion) in 2016, achieving an impressive CAGR of 26.5% during this period. It is projected that Hefei’s tourism income will grow to RMB301.1 billion (USD45.3 billion) by
2021, representing a CAGR of 21.5%. The rapid development of Hefei will attract increasingly more visitors and benefit the retail and outlet businesses.

**Tourism income of Hefei, 2012-2021E**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tourism income (RMB billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>44.5</td>
</tr>
<tr>
<td>2013</td>
<td>50.9</td>
</tr>
<tr>
<td>2014</td>
<td>77.4</td>
</tr>
<tr>
<td>2015</td>
<td>95.3</td>
</tr>
<tr>
<td>2016</td>
<td>113.8</td>
</tr>
<tr>
<td>2017E</td>
<td>138.6</td>
</tr>
<tr>
<td>2018E</td>
<td>166.9</td>
</tr>
<tr>
<td>2019E</td>
<td>202.8</td>
</tr>
<tr>
<td>2020E</td>
<td>246.5</td>
</tr>
<tr>
<td>2021E</td>
<td>301.1</td>
</tr>
</tbody>
</table>

**Source:** Extracted from Hefei Municipal Bureau of Statistics (March 2017) China Insights Consultancy (March 2017)

### 4.3.3 Analysis of Regulatory Policies by the Hefei Government


The Hefei government plans to develop special commercial districts in the city with the establishment of key projects. The government also plans to implement development for major subway stations in Hefei's business district; this is to upgrade and modernize the old town, e.g., Changjiang Road, Huaihai Road; and redevelop the central business district. Furthermore, the government will give equal attention to improving the traditional service industry and promote the development of the service industry. It will also promote the construction of business facilities in major districts like Binhu New District, along with the zones along metro lines, including the southern station for the High-Speed Railway, among others. The government will encourage investment from enterprises, targeting the world’s top 500 companies and attracting leading enterprises, both domestic and internationally famous brands in order to upgrade and modernize business facilities and practices. The government will further develop the industry cluster at Wangzui Lake. With the Hefei Outlets as a base, the government plans to develop other projects for complementary outlets shopping, and establish an industry and commercial cluster for well-known international and domestic clothings and fashions, along with lifestyle services in dining, leisure and entertainment.

**Several Measures Promoting the Industrial Transformation and Development of the High-tech District, Hefei** (合肥市高新区促进产业转型发展若干政策措施) (2015)

The government aims to encourage enterprises to establish their headquarters and sales operations in the High-tech District. Their plan is based on a two-way principle: corporations that belong to the top 500 enterprise list in China, or any famous international enterprise, choosing to set up its headquarters and sales operations in the High-tech District will be granted no more than RMB10 million; furthermore, the setting up of a provincial level headquarters and sales operation will be granted no more than RMB5 million. The government
will provide grants for high-growth enterprises: companies with a high-growth business performance in the region will be given grants no more than RMB40 million based on various economic criteria, with consideration for social contribution. The government will also provide subsidies for enterprise recruitment. For any key enterprise hiring more than 400 new employees, the local government will provide grants of RMB200 per person, capped at no more than RMB200 thousand in total grants per enterprise.

4.3.4 Hefei’s Total Retail Sales Value of Consumer Goods

With the restructuring of residents’ consumption, the retail industry in Hefei has experienced a period of rapid development, with the total retail sales value of consumer goods increasing from RMB149.4 billion (USD22.5 billion) in 2012 to RMB244.6 billion (USD36.8 billion) in 2016, representing a CAGR of 13.1%. The retail industry in Hefei is transforming from traditional retailing to a more modern form with multiple retail formats. The total retail sales value of consumer goods is expected to reach RMB397.5 billion (USD59.7 billion) in 2021, representing a CAGR of 10.2% during the period from 2016 and 2021.

Total retail sales value of consumer goods, Hefei, 2012-2021E

Source: Extracted from Hefei Municipal Bureau of Statistics (March 2017)
China Insights Consultancy (March 2017)
4.3.5 Hefei’s Commercial Retail Facilities

Core retail hubs in Hefei

Source: Google Maps (March 2017), China Insights Consultancy (March 2017)

Overview of core retail hubs in Hefei

<table>
<thead>
<tr>
<th>Retail Hubs</th>
<th>Description</th>
<th>Retail Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sipailou</td>
<td>• Mature development</td>
<td>• Parkson</td>
</tr>
<tr>
<td></td>
<td>• Middle- and high-end customers</td>
<td>• Gulou Mall</td>
</tr>
<tr>
<td></td>
<td>• Comprehensive retail hub</td>
<td>• Commercial Capital</td>
</tr>
<tr>
<td>North First Ring</td>
<td>• Rapid development in commerce, trade, shopping, entertainment, and dining</td>
<td>• Fun2</td>
</tr>
<tr>
<td></td>
<td>• High concentration of financial institutions</td>
<td>• Tesco</td>
</tr>
<tr>
<td></td>
<td>• Convenient transportation</td>
<td>• BHG Mall</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Xintiandi International Plaza</td>
</tr>
<tr>
<td>Sanli’an</td>
<td>• Emerging regional retail hub</td>
<td>• Guogou Plaza</td>
</tr>
<tr>
<td></td>
<td>• Traditional shopping center</td>
<td>• BHG Mall</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Experience Plaza</td>
</tr>
<tr>
<td>Ma’anshan Road</td>
<td>• Focus on leisure and entertainment</td>
<td>• New Cityplace Plaza</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Wanda Plaza</td>
</tr>
<tr>
<td>South Seven Ring</td>
<td>• Emerging traditional retail hub</td>
<td>• Datang International Plaza</td>
</tr>
</tbody>
</table>
The retail business is concentrated in the city center and distributed in different districts, including Sipailou, North First Ring, Sanli’an, Ma’anshan Road, South Seven Ring, New Municipal District, Yuanyi, and Sanxiaokou. Emerging business areas like the Binhu District have also attracted many leading retail developers like Wanda and CITIC Capital. Nevertheless, at present, Hefei Outlets is the first retail establishment whose business model is based on offering a large collection of discounted brands and products, as well as providing an upscale and stylish shopping experience, with an integrated elements of leisure, ecology, arts, culture, and commerce. In the coming years, there will be over two million retail spaces available to Hefei consumers, and this will increase competition within the mentioned business areas.

Future retail space supply in Hefei’s core retail hubs

<table>
<thead>
<tr>
<th>Future Retail Space Supply</th>
<th>Year of Completion</th>
<th>Estimated GFA (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huasheng Outlets</td>
<td>2017</td>
<td>130,000</td>
</tr>
<tr>
<td>Ligang Yinhe Square</td>
<td>2017</td>
<td>55,000 (with residence)</td>
</tr>
<tr>
<td>Greenland Center</td>
<td>2017</td>
<td>800,000 (with residence)</td>
</tr>
<tr>
<td>Bingo Square</td>
<td>2017</td>
<td>55,000 (with residence)</td>
</tr>
<tr>
<td>Baolifeng Square</td>
<td>2017</td>
<td>125,000 (with residence)</td>
</tr>
<tr>
<td>Hefei Yuzhou Central City</td>
<td>2017</td>
<td>180,000 (with residence)</td>
</tr>
<tr>
<td>Hefei Baili Square</td>
<td>2017</td>
<td>80,000</td>
</tr>
<tr>
<td>Zhongxing City Commercial Street</td>
<td>2017</td>
<td>140,000</td>
</tr>
<tr>
<td>Hefei Baili Center</td>
<td>2017</td>
<td>250,000 (with residence)</td>
</tr>
</tbody>
</table>
4.3.6 Hefei Outlets

1. Location

Hefei Outlets is located at No. 1888 Changning Avenue, Gaoxin District in the west of Hefei. Considering the high level of consumption demand from surrounding cities and a lack of large-scale retail formats in these cities, including outlets, Hefei Outlets is well-positioned to attract consumers from surrounding cities, such as Wuhu, Liu’an, Huainan, Bengbu, Chuzhou, and Chaohu. This is especially the case given that Hefei can take advantage of its ‘one-hour economic catchment circle’ and intercity railway network that has five lines consisting of two vertical lines and one horizontal line.

Hefei Outlets is located in the High-Tech Industrial Development Zone (HTIDZ) and beside Wangzui Lake. With the rapid development of the HTIDZ, the Wangzui Lake area has become the center of western Hefei, having benefited from the original planning concept of “One Lake with Two Mountains”. As one of the PRC’s National High-Tech Industrial Development Zones, Hefei’s HTIDZ has received considerable support from the government, transforming Hefei into “a Lake City, and an innovation pool.” Hefei has attracted a number of high-tech companies and research institutes, such as iFLYTEK and...
the Institute of Advanced Technology of University of Science and Technology of China (中国科学技术大学先进技术研究院) established in 2012, which is one of top research institutes in China and located only 1.5 kilometers away from Hefei Outlets. In addition, The new campus of University of Science and Technology of China（中国科学技术大学）is under construction and located in the High-Tech Industrial Development Zone and 2.5 kilometers from Hefei Outlets. Leading real estate developers, such as Sunriver, Poly Group, Hailiang, Cifi Group, Lefuqiang, have participated in the development of regions surrounding Wangzui Lake. Meanwhile, the Wangzui Lake area has been selected for the establishment of a central business district focused on key industries such as business, scientific research, commerce, and tourism. In the future, there will be three metro lines serving the region.

2. Transportation

Source: Google Maps (March 2017), China Insights Consultancy (December 2017)

Hefei Outlets is the first true outlet mall in the entire Anhui Province. It is situated near four main urban roadways, including Changjiang West Road, Wangjiang West Road, Xiyou Road, and Chuangxin Avenue. Hefei Outlets is located 24 kilometers from Hefei railway station and 23 kilometers from Hefei Xinqiao International Airport and is served by public buses. Consumers could also take public bus transport No.665 and No.29 to reach Hefei Outlets.

The Metro Line 2 has commenced operation on December 26th, 2017. The nearest station is around 1.2 km from Hefei Outlets. There will also be two additional metro lines (namely
Metro Line 4 and Metro Line 7) in the future, connecting Hefei Outlets with the city center, thereby improving the accessibility of Hefei Outlets and broadening the consumer base.

3. Surrounding Environment and Facilities

As the core zone in western Hefei, and guided by the city’s development strategy which aims to develop Hefei as megacity, and Lu’an, Huainan, Chaohu and Tongcheng as big city, HTIDZ achieved a GDP of RMB26.1 billion (USD3.9 billion) in 2016, and continues to maintain a leading position in the local economy. Hefei Outlets is located within the center of HTIDZ, close to corporate headquarters, academic institutions, high-end villas, and an ecological tourism zone. In addition, the new campus of University of Science and Technology of China is under construction and located in HTIDZ right next to Hefei Outlets. Therefore, Hefei Outlets will benefit from an excellent captive consumer base. It is estimated that by the end of 2020 there will be 200,000 consumers from high income households living in the high-end residential zone nearby. Taken as a whole, the high-tech district will attract over 2.0 million people. Current, there are few good retail facilities within a 5 kilometers of the area. With the continued growth of the population and development within the high-tech district, Hefei Outlets will potentially become more important as a business hub of the area in the future.

Source: Google Maps (March 2017), China Insights Consultancy (March 2017)
4. Property Overview

The first phase of the Hefei project was completed and commenced operations in May 2016. Hefei Outlets is the first international standard outlet mall in Anhui, consisting of four floors above ground and one floor underground in Zone A, five floors above ground and one floor underground in Zone B as well as 1,566 car park lots. Consumers enjoyed 30%-70% off selected products at Hefei Outlets throughout the entire year and received additional discount offers and promotions during large annual events like Christmas, New Year, etc.

Hefei Outlets similarly targets middle class consumers. As of 30 April 2017, it has approximately 265 stores carrying approximately 420 brands. Hefei Outlets has developed "1+N" business model by focusing on the combination and quantity of product offerings, with many shopping, dining, entertainment and sports options. The UME project in the Hefei Outlets is the largest cinema in east China and also the first five-star cinema in Hefei. Equipped with the most advanced visual and audio technologies and the latest interior design, UME has 17 showrooms with more than 2,500 seats and is able to deliver an outstanding entertainment experience for its customers.

Hefei Outlets has a GFA of 141,181.7 sq m with NLA of 138,449.4 sq m as at 30 September 2017, and will expand to 320.0 thousand sq m in the forthcoming years, providing ample space for holding exhibitions and other similar activities. The 2016 Anhui Car Festival and the 2016 Hefei International Food Festival were held last year and they attracted large numbers of visitors, providing a boom for businesses. Hefei Outlets has been successful even with its short history and considered as an establishment of international standing.

5. Value proposition

Hefei Outlets has large collection of leading brands and appealing architecture, it has attracted huge crowds, especially during weekends and holidays. Meanwhile, its suburban
location avoids some of the direct competition from the full-priced stores for similar brands. The local government stands to benefit and actively supports development of outlets projects as they will complement regional commercial facilities, diversify business formats and improve the overall level of economic activity.

In addition, the average land price for the new high-tech district increased from RMB3,150 (USD473.5) per square meters to RMB19,650 (USD2,953.6) per square meters, registering a CAGR of 58% from 2012 to 2016. The continuing increase in land prices reflects the market’s increasing recognition and future potential business value of HTIDZ.

6. Performance Metrics

Coach’s same-store sales exceeded RMB1,300 thousand (USD195.4 thousand) and Adidas’s same-store sales exceeded RMB300.0 thousand (USD45.1 thousand) on the opening day of Hefei Outlets. It was reported that visitor number hit 100 thousand and the total turnover reached nearly RMB10 million, which was twice that of the revenue achieved on the soft opening day on 23rd of April 2016. The total sales hit RMB0.26 billion (USD0.04 billion) at the end of 2016. The occupancy rate of Hefei Outlets reached 82%. After an initial ramp up period which usually takes 3-5 years, both the occupancy rate and rental rate will rise and stabilizes.

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy Rate (%)</td>
<td>82%</td>
</tr>
<tr>
<td>Sales Per Square Meters (RMB/year/m²)</td>
<td>N/A</td>
</tr>
<tr>
<td>Sales Growth Rate (%)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

7. Competition Analysis

In the future, two outlets, built by Capital Group and Huasheng Group respectively, will compete with Hefei Outlets. Huasheng Outlets was opened on 28th April 2017 with brands coverage focusing on sports and domestic brands (its occupancy rate is around 30% as at 30th April, 2017), while Capital Outlets will open in 2018 and is still under construction. Therefore, Hefei Outlets is expected to be well positioned to compete with its potential competitors as it gears up and will continue to benefit from its first-mover advantage. Hefei Outlets may face competition from Hefei Yintai Centre, but that is not an outlet but a department store located in the city center.
## Analysis of Comparable Properties

### Comparable 1

<table>
<thead>
<tr>
<th>Name</th>
<th>Huasheng Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floors</td>
<td>4</td>
</tr>
<tr>
<td>Location</td>
<td>3rd Exchange Square, South China City, Feixi County, Hefei</td>
</tr>
<tr>
<td>Developer</td>
<td>Huasheng Group</td>
</tr>
<tr>
<td>Year of Completion</td>
<td>2017</td>
</tr>
<tr>
<td>GFA</td>
<td>130,000 square meters</td>
</tr>
<tr>
<td>NLA</td>
<td>100,000 square meters</td>
</tr>
<tr>
<td>Type</td>
<td>Outlets</td>
</tr>
<tr>
<td>Transportation</td>
<td>Bus: NO.80, NO.81, NO.696</td>
</tr>
<tr>
<td>Occupancy Rate</td>
<td>~30%</td>
</tr>
<tr>
<td>Current Tenants</td>
<td>Nike, Adidas, Puma, AOBIO, Another Home, VAGEDON, La Chapelle, Eifini, Seifini</td>
</tr>
</tbody>
</table>
| **Facilities and Amenities** | **Educational Institutions**: Feixi County Shaomai Middle School, Feixi County Shaomai Primary School, Xi’an Primary School  
**Commercial Services**: Hualian Supermarket |
| Comparability | Distance to Hefei Outlets: 8.5km   |

*Source: China Insights Consultancy (April 2017)*
Comparable 2

<table>
<thead>
<tr>
<th>Name</th>
<th>Hefei Yintai Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floors</td>
<td>28</td>
</tr>
<tr>
<td>Location</td>
<td>No.98 Changjiang Middle Road, Luyang Dist., Hefei</td>
</tr>
<tr>
<td>Developer</td>
<td>Intime Department Store (Group) Company Limited</td>
</tr>
<tr>
<td>Year of Completion</td>
<td>2012</td>
</tr>
<tr>
<td>GFA</td>
<td>90,000 square meters</td>
</tr>
<tr>
<td>NLA</td>
<td>67,500 square meters</td>
</tr>
<tr>
<td>Type</td>
<td>Department Store</td>
</tr>
<tr>
<td>Transportation</td>
<td>Bus: NO.1, NO.3, NO.129, NO.117, NO.109, NO.121</td>
</tr>
<tr>
<td>Occupancy Rate</td>
<td>~100%</td>
</tr>
<tr>
<td>Current Tenants</td>
<td>Louis Vuitton, PRADA, GUCCI, Cartier, Versace, BURBERRY, TOD’S, Ermenegildo Zegna, Salvatore Ferragamo, Emporio Armani, HUGO BOSS, PIAGET, BVLGARI, MaxMara</td>
</tr>
</tbody>
</table>
| Facilities and Amenities | **Banks:** Postal Savings Bank of China, CCB, ABC, ICBC, BOC, CMB, CEB  
**Educational Institutions:** Hefei No.9 Middle School, Hefei City Xiaoyao Jin Primary School, Hongxin road Primary School, Hefei No.3 Middle School, Hefei No.42 Middle School  
**Hospitals:** Anhui Provincial Hospital, Hefei Stomatological Hospital  
**Commercial Services:** Baina Lady's Street, New Times Square, Guotai Malls  
**Department Stores:** Pedestrians Street Parkson shopping center, Hefei Department Store, Baida Gulou Top Brands Center. |
| Comparability     | Distance to Hefei Outlets: 17km  
Similar collection of brands  
Few discounts during normal times |

Source: China Insights Consultancy (March 2017)

Competitive Strengths

**Market positioning:** Hefei Outlets is the first retail mall in outlets in Hefei and Anhui. As a first mover, Hefei Outlets is able to enjoy a large catchment market and attracts consumers not only from Hefei, but also from surrounding cities. Hefei Outlets holds advantages given its pioneering position even with existing competition.

**Property:** With a GFA of 141,181.7 sq m as at 30 September 2017, Hefei Outlets provides an excellent venue to hold many activities, attracting large visitor traffic and further driving retail consumption. With good facilities and resources for catering, entertainment, and...
leisure activities, the property also supports such services for surrounding areas which lack suitable commercial facilities.

**Transportation:** Hefei Outlets is located next to Wangzui Lake, and is only a 20-minutes’ drive from the city center or from Hefei Xinqiao Airport. Metro Line 2 has commenced operation on December 26th, 2017. In the future, two addition metro lines (namely Metro Line 4 and Metro Line 7) will also connect Hefei Outlets with the city center thus improving its accessibility for its customers.
Conclusion
5 CONCLUSION

Outlets are popular shopping destinations for middle-class families all over the world. Compared with the outlet industry in developed countries, China’s outlet industry is still at a very early stage in its development and therefore has enormous growth potential. China’s outlet industry has experienced strong growth in terms of sales revenue between 2012 and 2016, rising at a CAGR of 30.8%. The market is expected to continue growing at a CAGR of 24.2% during the next five years, reaching RMB144.9 billion (USD21.8 billion) by 2021. By 2030, China could surpass the US to become the largest outlet market in the world as a result of China’s fast-growing middle-class population. During this process, it is expected that the top outlet mall operators will outperform the industry average in China’s outlet industry with more successful outlets malls under their management given their first-mover advantages and brand reputations. Being a leading private outlet mall operator in China, Sasseur is expected to enjoy an increase in business and footprint, with an expansion of its network of outlet malls in China.
APPENDIX: EXCHANGE RATES, TERMS AND ABBREVIATIONS

Exchange rates

For the reader's convenience, Renminbi amounts in this report have been translated into U.S. dollars based on the exchange rate of US$1=RMB6.6528 as at 30 September 2017.

Terms and abbreviations

Bishan Outlets: Sasseur (Bishan) Outlets 砂之船(璧山) 奥特莱斯
BOC: Bank of China 中国银行
BOCOM: Bank of Communication 交通银行
CAGR: Compound Annual Growth Rate 复合年均增长率
CBRC: China Banking Regulatory Commission 中国银行业监督管理委员会
Sasseur (Chongqing) Outlets: 砂之船（重庆）奥特莱斯
Hefei Outlets: Sasseur (Hefei) Outlets 砂之船（合肥）奥特莱斯
ICBC: Industrial and Commercial Bank of China 中国工商银行
IMF: International Monetary Fund 国际货币基金组织
Kunming Outlets: Sasseur (Kunming) Outlets 砂之船（昆明）奥特莱斯
MOF: Ministry of Finance of the People’s Republic of China 中华人民共和国财政部
MOFCOM: Ministry of Commerce of the People’s Republic of China 中华人民共和国商务部
NBSC: National Bureau of Statistics of the People’s Republic of China 中华人民共和国国家统计局
Nominal GDP: Nominal Gross Domestic Production 名义国内生产总值
PRC: People’s Republic of China 中华人民共和国
SAT: State Administration of Taxation of the People’s Republic of China 中华人民共和国税务总局
SOE: State Owned Enterprise 国有企业
sq m: square meters
sq km: square kilometers
The Company, Sasseur: Sasseur Group 砂之船集团
VAT: Value-added Tax 增值税

Thank You!
APPLICATIONS are invited for the subscription of the Units at the Offering Price per Unit on the terms and conditions set out below and in the printed application forms to be used for the purpose of the Offering and which forms part of the prospectus (the “Application Forms”) or, as the case may be, the Electronic Applications (as defined below).

Investors applying for the Units in the Offering by way of Application Forms or Electronic Applications are required to pay in Singapore dollars, the Offering Price of S$0.80 per Unit, subject to a refund of the full amount or, as the case may be, the balance of the applications monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

1. The minimum initial subscription is for 1,000 Units. You may subscribe for a larger number of Units in integral multiples of 100. Your application for any other number of Units will be rejected.

2. You may apply for the Units only during the period commencing at 8.00 p.m. on 26 March 2018 and expiring at 12.00 noon on 26 March 2018. The Offering period may be extended or shortened to such date and/or time as the Manager may agree with the Joint Bookrunners and Underwriters, subject to all applicable laws and regulations and the rules of the SGX-ST.

3. (a) Your application for the Units offered in the Public Offer (the “Public Offer Units”) may be made by way of the printed WHITE Public Offer Units Application Forms or by way of automated teller machines (“ATM”) belonging to the Participating Banks (“ATM Electronic Applications”), the Internet Banking (“IB”) website of the relevant Participating Banks (“Internet Electronic Applications”) or the DBS Bank Ltd. (“DBS Bank”) mobile banking interface (“mBanking Applications”, which together with the ATM Electronic Applications and Internet Electronic Applications, shall be referred to as “Electronic Applications”).

(b) Your application for the Units offered in the Placement Tranche (the “Placement Units”) may be made by way of the printed BLUE Placement Units Application Forms (or in such other manner as the Joint Bookrunners and Underwriters may in their absolute discretion deem appropriate).

4. You may use up to 35.0 per cent. of your CPF Investible Savings (“CPF Funds”) to apply for the Units under the Public Offer. Approval has been obtained from the Central Provident Fund Board (“CPF Board”) for the use of such CPF Funds pursuant to the Central Provident Fund (Investment Schemes) Regulations, as may be amended from time to time, for the subscription of the Units. You may also use up to 35.0 per cent. of your CPF Funds for the purchase of the Units in the secondary market.

5. If you are using CPF Funds to apply for the Units, you must have a CPF Investment Account maintained with a CPF agent bank, i.e. DBS Bank, Oversea-Chinese Banking Corporation Limited or United Overseas Bank Limited (the “CPF Agent Bank”). You do not need to instruct the CPF Board to transfer CPF Funds from your CPF Ordinary Account to your CPF Investment Account. The use of CPF Funds to apply for the Units is further subject to the terms and conditions set out in the section on “Terms and Conditions for Use of CPF Funds” on page G-25.

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(6) Only one application may be made for the benefit of one person for the Public Offer Units in his own name. Multiple applications for the Public Offer Units will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.

You may not submit multiple applications for the Public Offer Units via the Public Offer Units Application Form, or Electronic Applications. A person who is submitting an application for the Public Offer Units by way of the Public Offer Units Application Form may not submit another application for the Public Offer Units by way of Electronic Applications and vice versa.

A person, other than an approved nominee company, who is submitting an application for the Public Offer Units in his own name should not submit any other applications for the Public Offer Units, whether on a printed Application Form or by way of Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Public Offer Units shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Units may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

(7) Multiple applications may be made in the case of applications by any person for (i) the Placement Units only (via Placement Units Application Forms or such other form of application as the Joint Bookrunners and Underwriters may in their absolute discretion deem appropriate) or (ii) the Placement Units together with a single application for the Public Offer Units.

(8) Applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.

(9) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased’s name at the time of the application.

(10) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 11 below.

(11) **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.
(12) If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application. If you do not have an existing Securities Account with CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.

(13) Subject to paragraphs 14 to 17 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card ("NRIC") or passport number or company registration number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.

(14) If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.

(15) This Prospectus and its accompanying documents (including the Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying documents (including the Application Forms) may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

Without limiting the generality of the foregoing, neither this Prospectus and its accompanying documents (including the Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in part in or into the United States or any other jurisdiction (other than Singapore) and they do not constitute an offer of securities for sale into the United States or any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer. The Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. The Units are being offered and sold outside the United States (including institutional and other investors in Singapore) in reliance on Regulation S. There will be no public offer of Units in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

The Manager reserves the right to reject any application for Units where the Manager believes or has reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying documents (including the Application Form) may treat the same as an offer or invitation to subscribe for any Units unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.
(16) The Manager reserves the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, in the ATMs and IB websites of the relevant Participating Banks and the mobile banking interface (“mBanking Interface”) of DBS Bank) or, in the case of an application by way of an Application Form, the contents of which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.

(17) The Manager further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms and in the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof. Without prejudice to the rights of the Manager, each of the Joint Bookrunners and Underwriters as agents of the Manager, has been authorised to accept, for and on behalf of the Manager, such other forms of application as the Joint Bookrunners and Underwriters may, in consultation with the Manager, deem appropriate.

(18) The Manager reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of the Manager, nor any of the Joint Bookrunners and Underwriters will entertain any enquiry and/or correspondence on the decision of the Manager. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Joint Bookrunners and Underwriters may, in consultation with the Manager, deem appropriate. In deciding the basis of allocation, the Manager, in consultation with the Joint Bookrunners and Underwriters, will give due consideration to the desirability of allocating the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

(19) In the event that the Manager lodges a supplementary or replacement prospectus (“Relevant Document”) pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Offering, and the Units have not been issued, the Manager will (as required by law) at the Manager’s sole and absolute discretion either:

(a) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(b) within seven days of the lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to withdraw your application; or

(c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 19(a) and 19(b) above to withdraw his application shall, within 14 days from the date of lodgement of the Relevant Document, notify the Manager whereupon the Manager shall, within seven days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom and at his own risk).
In the event that the Units have already been issued at the time of the lodgement of the Relevant Document but trading has not commenced, the Manager will (as required by law) either:

(i) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Manager the Units which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(ii) within seven days from the lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to return the Units which you do not wish to retain title in; or

(iii) deem the issue as void and refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 19(i) and 19(ii) above to return the Units issued to him shall, within 14 days from the date of lodgement of the Relevant Document, notify the Manager of this and return all documents, if any, purporting to be evidence of title of those Units, whereupon the Manager shall, within seven days from the receipt of such notification and documents, pay to him all monies paid by him for the Units without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Units issued to him shall be deemed to be void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

(20) The Units may be reallocated between the Placement Tranche and the Public Offer for any reason, including in the event of excess applications in one and a deficit of applications in the other at the discretion of the Joint Bookrunners and Underwriters, in consultation with the Manager subject to any applicable laws.

(21) There will not be any physical security certificates representing the Units. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Units, a statement of account stating that your Securities Account has been credited with the number of Units allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Manager. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue or transfer of the Units allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications.

(22) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Units allocated to you pursuant to your application, to the Manager, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters and any other parties so authorised by CDP, the Manager, the Sole Financial Adviser and Issuer Manager, the Joint Global Coordinators and/or the Joint Bookrunners and Underwriters.
(23) Any reference to “you” or the “Applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Units by way of an Application Form or by way of Electronic Application or by such other manner as the Joint Bookrunners may, in their absolute discretion, deem appropriate.

(24) By completing and delivering an Application Form and, in the case of: (i) an ATM Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM, (ii) in the case of an Internet Electronic Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other button on the IB website screen, or (iii) in the case of an mBanking Application, by transmitting “Submit” or “Continue” or “Yes” or “Confirm” or any other icon via the mBanking Interface of DBS Bank in accordance with the provisions herein, you:

(a) irrevocably agree and undertake to purchase the number of Units specified in your application (or such smaller number for which the application is accepted) at the Offering Price and agree that you will accept such number of Units as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, the Prospectus and its accompanying documents (including the Application Forms) and the Trust Deed;

(b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying documents (including the Application Form) and those set out in the IB websites, mBanking Interface of DBS Bank or ATMs of the relevant Participating Banks, the terms and conditions set out in this Prospectus and its accompanying documents (including the Application Forms) shall prevail;

(c) in the case of an application by way of a Public Offer Units Application Form or an Electronic Application, agree that the Offering Price for the Public Offer Units applied for is due and payable to the Manager upon application;

(d) in the case of an application by way of a Placement Units Application Form or such other forms of application as the Joint Bookrunners and Underwriters may in their absolute discretion deem appropriate, agree that the Offering Price for the Placement Units applied for is due and payable to the Manager upon application;

(e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Manager in determining whether to accept your application and/or whether to allocate any Units to you;

(f) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, Securities Account number, CPF Investment Account number, Unit application details, the outcome of your application (including the number of Units allocated to you pursuant to your application) and other personal data (“Personal Data”) by the Unit Registrar, CDP, CPF Board and the CPF Agent Bank, Securities Clearing Computer Services (Pte) Ltd (“SCCS”), SGX-ST, the Participating Banks, the Manager, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters and/or other authorised operators (the “Relevant Parties”) for the purpose of the processing of your application for the Units, and in order for the Relevant Parties to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”) and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to
the Relevant Parties, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Parties of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and/or the Joint Bookrunners and Underwriters considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the “Personal Data Privacy Terms”);

(g) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of the Manager nor any of the Joint Bookrunners and Underwriters will infringe any such laws as a result of the acceptance of your application;

(h) agree and confirm that you are outside the United States (within the meaning of Regulation S);

(i) understand that the Units have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. There will be no public offer of the Units in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws; and

(j) agree and confirm that, for the purposes of Rule 229(5) of the SGX-ST Listing Manual, you are not connected to the Sole Financial Adviser and Issue Manager.

(25) Acceptance of applications will be conditional upon, among others, the Manager being satisfied that:

(a) permission has been granted by the SGX-ST to deal in and for the quotation of all of the (i) Units comprised in the Offering, (ii) the Sponsor Units, (iii) the Consideration Units, (iv) the Cornerstone Units and (v) Units which will be issued to the Manager from time to time in full or part payment of the Manager’s fees on the Main Board of the SGX-ST;

(b) the Underwriting Agreement, referred to in the section on “Plan of Distribution” in this Prospectus, has become unconditional and has not been terminated; and

(c) the Authority has not served a stop order which directs that no or no further Units to which this Prospectus relates be allotted or issued (“Stop Order”). The Securities and Futures Act provides that the Authority shall not serve a Stop Order if all the Units have been issued, sold, and listed for quotation on the SGX-ST and trading in them has commenced.

(26) In the event that a Stop Order in respect of the Units is served by the Authority or other competent authority, and:

(a) the Units have not been issued (as required by law), all applications shall be deemed to be withdrawn and cancelled and the Manager shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or
(b) if the Units have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and the Manager shall refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the Stop Order.

This shall not apply where only an interim Stop Order has been served.

(27) In the event that an interim Stop Order in respect of the Units is served by the Authority or other competent authority, no Units shall be issued to you until the Authority revokes the interim Stop Order. The Authority is not able to serve a Stop Order in respect of the Units if the Units have been issued and listed on the SGX-ST and trading in them has commenced.

(28) Additional terms and conditions for applications by way of Application Forms are set out in the section “Additional Terms and Conditions for Applications using Printed Application Forms” on pages G-8 to G-11 of this Prospectus.

(29) Additional terms and conditions for applications by way of Electronic Applications are set out in the section “Additional Terms and Conditions for Electronic Applications” on pages G-13 to G-19 of this Prospectus.

(30) All payments in respect of any application for Public Offer Units, and all refunds where (a) an application is rejected or accepted in part only or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(31) All payments in respect of any application for Placement Units, and all refunds where (a) an application is rejected or accepted in part only or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(32) All refunds where (a) an application is rejected or accepted in part only or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(33) No application will be held in reserve.

(34) This Prospectus is dated 21 March 2018. No Units shall be allotted or allocated on the basis of this Prospectus later than 12 months after the date of this Prospectus.

Additional Terms and Conditions for Applications using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below, as well as those set out under the section entitled “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore” on pages G-1 and G-26 of this Prospectus and the Trust Deed.

(1) Applications for the Public Offer Units must be made using the printed WHITE Public Offer Units Application Forms and printed WHITE official envelopes “A” and “B”, accompanying and forming part of this Prospectus.

Applications for the Placement Units must be made using the printed BLUE Placement Units Application Forms (or in such manner as the Joint Bookrunners and Underwriters may in their absolute discretion deem appropriate), accompanying and forming part of this Prospectus.

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Without prejudice to the rights of the Manager and the Joint Bookrunners and Underwriters, the Joint Bookrunners and Underwriters, as agents of the Manager, have been authorised to accept, for and on behalf of the Manager, such other forms of application, as the Joint Bookrunners and Underwriters may (in consultation with the Manager) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. The Manager reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus (or, in the case of applications for the Placement Units, followed) which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.

(2) You must complete your Application Forms in English. Please type or write clearly in ink using BLOCK LETTERS.

(3) You must complete all spaces in your Application Forms except those under the heading “FOR OFFICIAL USE ONLY” and you must write the words “NOT APPLICABLE” or “N.A.” in any space that is not applicable.

(4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with Sasseur REIT’s Unit Registrar. The Manager reserves the right to require you to produce documentary proof of identification for verification purposes.

(5) (a) You must complete Sections A and B and sign page 1 of the Application Form.

(b) You are required to delete either paragraph 7(c) or 7(d) on page 1 of the Application Form. Where paragraph 7(c) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 7(c) or 7(d), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

(6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Units is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.
You may apply and make payment for your application for the Units in Singapore currency in the following manner:

(a) **Using cash only** – Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Offering Price, in respect of the number of Units applied for. The remittance must in the form of a **BANKER’S DRAFT** or **CASHIER’S ORDER** drawn on a bank in Singapore, made out in favour of “**SASSEUR UNIT ISSUE ACCOUNT**” crossed “**A/C PAYEE ONLY**” with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Banker’s Draft or Cashier’s Order for different CDP Securities Accounts shall be accepted. Remittances bearing “**NOT TRANSFERABLE**” or “**NON-TRANSFERABLE**” crossings will be rejected.

(b) **CPF Funds only** – You may apply for the Units using only CPF Funds. Each application must be accompanied by a remittance in Singapore currency for the full amount payable at the Offering Price per Unit, in respect of the number of Units applied for. The remittance must be in the form of a **CPF CASHIER’S ORDER** (available for purchase at the CPF Agent Bank with which you maintain your CPF Investment Account), made out in favour of “**SASSEUR UNIT ISSUE ACCOUNT**” with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. For additional terms and conditions governing the use of CPF Funds, please refer to page G-25 to G-26 of this document.

(c) **Cash and CPF Funds** – You may apply for the Units using a combination of cash and CPF Funds, PROVIDED THAT the number of Units applied for under each payment method is a minimum of 1,000 Units. You may subscribe for a larger number of Units in integral multiples of 100. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that applications for Offer Units are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used.

An applicant applying for the minimum subscription of 1,000 Units must use either **cash only or CPF Funds only**. No acknowledgement of receipt will be issued for applications and application monies received.

Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post, in the event of oversubscription for the Units, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), at your own risk. Where your application is rejected or accepted or in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.
(10) By completing and delivering the Application Forms, you agree that:

(a) in consideration of the Manager having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:

   (i) your application is irrevocable;

   (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and

   (iii) you represent and agree that you are located outside the United States (within the meaning of Regulation S);

(b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the Units for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Manager;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of the Manager, the Sponsor, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters or any other person involved in the Offering shall have any liability for any information not contained therein;

(f) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;

(g) for the purpose of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of the Manager, of your name, NRIC/Passport number or Company registration number, address, nationality, permanent resident status, CDP Securities Account number, Unit application amount and application details and other personal data (the “Relevant Particulars”) to the Relevant Parties; and

(h) you irrevocably agree and undertake to purchase the number of Units applied for as stated in the Application Form or any smaller number of such Units that may be allocated to you in respect of your application. In the event that the Manager decides to allocate any smaller number of Units or not to allocate any Units to you, you agree to accept such decision as final.
Procedures Relating to Applications for the Public Offer Units by Way of Printed Application Forms

(1) Your application for the Public Offer Units by way of printed Application Forms must be made using the WHITE Public Offer Units Application Forms and WHITE official envelopes “A” and “B”.

(2) You must:

(a) enclose the WHITE Public Offer Units Application Form, duly completed and signed, together with correct remittance for the full amount payable at the Offering Price in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents, in the WHITE official envelope “A” provided;

   (i) write your name and address;

   (ii) state the number of Public Offer Units applied for; and

   (iii) tick the relevant box to indicate form of payment;

(b) SEAL THE WHITE OFFICIAL ENVELOPE “A”;

(c) write, in the special box provided on the larger WHITE official envelope “B” addressed to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, the number of Public Offer Units you have applied for;

(d) insert the WHITE official envelope “A” into the WHITE official envelope “B” and seal the WHITE OFFICIAL ENVELOPE “B”;

(e) affix adequate Singapore postage on the WHITE official envelope “B” (if dispatching by ordinary post) and thereafter DESPATCH BY ORDINARY POST OR DELIVER BY HAND the documents at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, so as to arrive by 12.00 noon on 26 March 2018 or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners and Underwriters. Courier services or Registered Post must NOT be used.

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected. Except for application for the Placement Units where remittance is permitted to be submitted separately, applications for the Public Offer Units not accompanied by any payment or any other form of payment will not be accepted.

(4) ONLY ONE APPLICATION should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.
Procedures Relating to Applications for the Placement Units by Way of Printed Application Forms

(1) Your application for the Placement Units by way of printed Application Forms must be made using the BLUE Placement Units Application Forms.

(2) The completed and signed BLUE Placement Units Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Offering Price, as the case may be, for each Unit in respect of the number of Placement Units applied for, with your name, CDP Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for Placement Units must be delivered to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, to arrive by 12.00 noon on 26 March 2018 or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners and Underwriters. Courier services or Registered Post must NOT be used.

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

(4) ONLY ONE APPLICATION should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below and those under the section “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore” on pages G-1 to G-26 of this Prospectus, as well as the Trust Deed.

(1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the mBanking Interface of DBS Bank (in the case of mBanking Applications). DBS Bank is the only Participating Bank through which mBanking Applications may be made.

(2) For illustration purposes, the procedures for Electronic Applications for Public Offer Units through ATMs, the IB website of DBS Bank and the mBanking Interface (together the “Steps”) are set out in pages G-13 to G-19 of this Prospectus. The Steps set out the actions that you must take at ATMs, the IB website or the mBanking Interface of DBS Bank to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM screens, the IB website screens of the respective Participating Banks. Please read carefully the terms and conditions of this Prospectus and its accompanying documents (including the Application Form), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

(3) Any reference to “you” or the “Applicant” in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Units through an ATM of one of the relevant Participating Banks, the IB website of a relevant Participating Bank or the mBanking Interface of DBS Bank.
(4) If you are making an ATM Electronic Application:

(a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Units at an ATM belonging to other Participating Banks.

(b) You must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own CDP Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

(c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

(5) If you are making an Internet Electronic Application or a mBanking Application:

(a) You must have an existing bank account with, and a User Identification ("User ID") as well as a Personal Identification Number ("PIN") given by, the relevant Participating Bank.

(b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.

(c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or the mBanking Interface of DBS Bank, there will be an on-screen confirmation ("Confirmation Screen") of the application which can be printed out or screen captured by you for your record. This printed record or screen capture of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

(6) In connection with your Electronic Application for Public Offer Units, you are required to confirm statements to the following effect in the course of activating the Electronic Application:

(a) that you have received a copy of the Prospectus (in the case of Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Units and the Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

(b) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;

(c) for the purpose of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of the Manager, of your Relevant Particulars to the Relevant Parties; and

(d) where you are applying for the Public Offer Units, that this is your only application for the Public Offer Units and it is made in your name and at your own risk.
Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the website screen or the mBanking Interface. By doing so, you shall be treated as signifying your confirmation of each of the three statements above. In respect of statement 6(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

By making an Electronic Application you confirm that you are not applying for the Public Offer Units as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application for the Public Offer Units and shall not make any other application for the Public Offer Units whether at the ATMs of any Participating Bank, the IB websites of the relevant Participating Banks or the mBanking Interface of DBS Bank or on the Application Forms. Where you have made an application for the Public Offer Units on an Application Form, you shall not make an Electronic Application for the Public Offer Units and vice versa.

(7) You must have sufficient funds in your bank account and/or your CPF Investment Account with your Participating Bank and/or CPF Agent Bank at the time you make your ATM Electronic Application, Internet Electronic Application or mBanking Application, failing which such Electronic Application will not be completed. Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs or on the IB website of the relevant Participating Bank or the mBanking Interface of DBS Bank, as the case may be, through which your Electronic Application is being made shall be rejected.

(8) You may apply and make payment for your application for the Public Offer Units in Singapore currency in the following manner:

(a) **Cash only** – You may apply for the Public Offer Units through any ATM or IB website of your Participating Bank or the mBanking Interface of DBS Bank (as the case may be) by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.

(b) **CPF Funds only** – You may apply for the Public Offer Units through any ATM or IB website of your CPF Agent Bank or the mBanking Interface of DBS Bank (as the case may be) using only CPF Funds by authorising your CPF Agent Bank to deduct the full amount payable from your CPF Investment Account with the respective CPF Agent Bank. For additional terms and conditions governing the use of CPF Funds, please refer to page G-25 to G-26 of this Prospectus.

(c) **Cash and CPF Funds** – You may apply for the Public Offer Units through any ATM or IB website of your Participating Bank and/or CPF Agent Bank or the mBanking Interface of DBS Bank (as the case may be) using a combination of cash and CPF Funds, PROVIDED THAT the number of Public Offer Units applied for under each payment method is a minimum of 1,000 Units. You may subscribe for a larger number of Units in integral multiples of 100. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that such applications are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used.
An applicant applying for the minimum subscription of 1,000 Public Offer Units must use either cash only or CPF Funds only.

(9) You irrevocably agree and undertake to subscribe for and to accept the number of Public Offer Units applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event that the Manager decides to allocate any lesser number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the Internet screen or the mBanking Interface of DBS Bank) of the number of Public Offer Units applied for shall signify and shall be treated as your acceptance of the number of Public Offer Units that may be allocated to you and your agreement to be bound by the Trust Deed.

(10) The Manager will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank or CPF Agent Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require) provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

Where your Electronic Application is accepted or rejected in full or in part only, the balance of the application monies, as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank or CPF Agent Bank, within 14 Market Days after the close of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks and/or CPF Agent Bank. Therefore, you are strongly advised to consult your Participating Bank and/or CPF Agent Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Units, if any, allocated to you before trading the Units on the SGX-ST. None of the SGX-ST, CDP, CPF Board, CPF Agent Banks, SCCS, the Participating Banks, the Manager, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

(11) If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.
(12) Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

<table>
<thead>
<tr>
<th>Bank</th>
<th>Telephone</th>
<th>Other Channels</th>
<th>Operating Hours</th>
<th>Service expected from</th>
</tr>
</thead>
<tbody>
<tr>
<td>DBS Bank Ltd. (including POSB) (&quot;DBS Bank&quot;)</td>
<td>1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)</td>
<td>Internet Banking <a href="http://www.dbs.com(1)">http://www.dbs.com(1)</a></td>
<td>24 hours a day</td>
<td>Evening of the balloting day</td>
</tr>
<tr>
<td>Oversea-Chinese Banking Corporation Limited (&quot;OCBC&quot;)</td>
<td>1800 363 3333</td>
<td>Phone Banking/ATM/Internal Banking <a href="http://www.ocbc.com(2)">http://www.ocbc.com(2)</a></td>
<td>24 hours a day</td>
<td>Evening of the balloting day</td>
</tr>
<tr>
<td>United Overseas Bank Limited (&quot;UOB Group&quot;)</td>
<td>1800 222 2121</td>
<td>ATM (Other Transactions &quot;IPO Results Enquiry&quot;)/Phone Banking/Internet Banking <a href="http://www.uobgroup.com(3)">http://www.uobgroup.com(3)</a></td>
<td>24 hours a day</td>
<td>Evening of the balloting day</td>
</tr>
</tbody>
</table>

Notes:

(1) Applicants who have made Internet Electronic Applications through the IB websites of DBS Bank or mBanking Applications through the mBanking Interface of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.

(2) Applicants who have made Electronic Applications through the ATMs of OCBC may check the results of their applications through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking services.

(3) Applicants who have made Electronic Applications through the ATMs or the IB website of the UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.

(13) ATM Electronic Applications shall close at 12.00 noon on 26 March 2018 or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners and Underwriters. All Internet Electronic Applications and mBanking Applications must be received by 12.00 noon on 26 March 2018, or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners and Underwriters. Internet Electronic Applications and mBanking Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.

(14) You are deemed to have irrevocably requested and authorised the Manager to:

(a) register the Public Offer Units allocated to you in the name of CDP for deposit into your Securities Account or a nominee of CDP for deposit in the special CPF securities sub-account of the nominee company of the CPF Agent Bank;

(b) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected or if the Offering does not proceed for any reason, by automatically crediting your bank account with your Participating Bank or CPF Agent Bank, with the relevant amount within 24 hours after balloting (or such shorter period as the SGX-ST may require), or within three Market Days if the Offering does not proceed for any reason, after the close or discontinuation (as the case may be) of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account; and
(c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank or CPF Agent Bank, at your risk, with the relevant amount within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account.

(15) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, the CPF Agent Bank, the Manager, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters, and if, in any such event the Manager, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters, and/or the relevant Participating Bank and/or CPF Agent Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Manager, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters the relevant Participating Bank and/or CPF Agent Bank for any Public Offer Units applied for or for any compensation, loss or damage.

(16) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. The Manager shall reject any application by any person acting as nominee (other than approved nominee companies).

(17) All your particulars in the records of your Participating Bank or CPF Agent Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank or CPF Agent Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank or CPF Agent Bank.

(18) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank or CPF Agent Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.

(19) By making and completing an Electronic Application, you are deemed to have agreed that:

(a) in consideration of the Manager making available the Electronic Application facility, through the Participating Banks or CPF Agent Banks acting as agents of the Manager, at the ATMs and Internet Banking websites of the relevant Participating Banks and the mBanking Interface of DBS Bank:

(i) your Electronic Application is irrevocable;

(ii) your Electronic Application, the acceptance by the Manager and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts; and

(iii) you represent and agree that you are not located in the United States (within the meaning of Regulation S);
(b) none of CDP, the Manager, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators the Joint Bookrunners and Underwriters and the Participating Banks or the CPF Board shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to the Manager, or CDP or the SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 15 above or to any cause beyond their respective controls;

(c) in respect of the Public Offer Units for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any payment received by or on behalf of the Manager;

(d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of the Manager, the Sponsor, the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators the Joint Bookrunners and Underwriters or any other person involved in the Offering shall have any liability for any information not contained therein; and

(f) you irrevocably agree and undertake to subscribe for the number of Public Offer Units applied for as stated in your Electronic Application or any smaller number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event the Manager decides to allocate any smaller number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final.

Steps for ATM Electronic Applications for Public Offer Units through ATMs of DBS (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS Bank or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “amt”, “appln”, “&”, “I/C”, “No.”, “SGX” and “Max” refer to “Account”, “amount”, “application”, “and”, “NRIC”, “Number”, “SGX-ST” and “Maximum”, respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS (including POSB)), may differ slightly from those represented below.

Step 1: Insert your personal DBS Bank or POSB ATM Card.

2: Enter your Personal Identification Number.

3: Select “MORE SERVICES”.

4: Select language (for customers using multi-language card).

5: Select “ESA-IPO/Rights Appln/Bonds/SSB/SGS/INVESTMENTS”.

6: Select “ELECTRONIC SECURITIES APPLN (IPOS/BOND/SECURITIES)”.

7: Read and understand the following statements which will appear on the screen:
• (In the case of a securities offering that (i) is subject to a prospectus/offer information statement/document/profile statement lodged with and/or registered by the Monetary Authority of Singapore or, as the case may be, the Singapore Exchange Securities Trading Limited or (ii) requires a simplified disclosure document and/or product highlights sheet to be announced or otherwise disseminated to the securities market operated by the securities exchange at the time the offer is made) the offer of securities (or units of securities) will be made in, or accompanied by a copy of the prospectus/offer information statement/document/profile statement (and if applicable, a copy of the replacement or supplementary prospectus/offer information statement/document/profile statement) or, if applicable, a simplified disclosure document (as supplemented or replaced, if applicable) and/or product highlights sheet which can be obtained from the issue manager(s) or, as the case may be, the manager(s) for the offer, or if applicable, DBS/POSB branches in Singapore and the various participating banks during banking hours, subject to availability.

• (In the case of a securities offering that (i) is subject to a prospectus/offer information statement/document/profile statement lodged with and/or registered by the Monetary Authority of Singapore or the Singapore Exchange Securities Trading Limited or (ii) requires a simplified disclosure document and/or product highlights sheet to be announced or otherwise disseminated to the securities market operated by the securities exchange at the time the offer is made) anyone wishing to acquire these securities (or units of securities) should read the prospectus/offer information statement/document/profile statement (as supplemented or replaced, if applicable) or, if applicable, a simplified disclosure document (as supplemented or replaced, if applicable) and/or product highlights sheet before submitting his application which will need to be made in the manner set out in the prospectus/offer information statement/document/profile statement (as supplemented or replaced, if applicable) or, if applicable, a simplified disclosure document (as supplemented or replaced, if applicable), a copy of the prospectus/offer information statement/document/profile statement, and if applicable, a copy of the replacement or supplementary prospectus/offer information statement/document/profile statement has been lodged with and/or registered by the Monetary Authority of Singapore or, as the case may be, the Singapore Exchange Securities Trading Limited, which takes no responsibility for its or their contents. Where applicable, a copy of the simplified disclosure document (as supplemented or replaced, if applicable) and/or product highlights sheet which are available on our website has been announced or otherwise disseminated to the securities market operated by the securities exchange, which takes no responsibility for its or their contents.
• (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT TO BE LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED AND DOES NOT REQUIRE A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE RELEVANT SECURITIES EXCHANGE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE NOTICE/CIRCULAR/DOCUMENT BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.

8: Select “SASSEUR” to display details.

9. Press the “ENTER” key to acknowledge:

• YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL THE TERMS OF THE APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS, OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET AND/OR NOTICE/CIRCULAR.

• FOR THE PURPOSES OF FACILITATING YOUR APPLICATION, YOU CONSENT TO THE BANK COLLECTING AND USING YOUR NAME, NRIC/PASSPORT NUMBER, ADDRESS, NATIONALITY, CDP SECURITIES ACCOUNT NUMBER, CPF INVESTMENT ACCOUNT NUMBER, APPLICATION DETAILS AND OTHER PERSONAL DATA AND DISCLOSING THE SAME FROM OUR RECORDS TO SHARE REGISTRARS SECURITIES OF THE ISSUER, SGX, CDP, CPF, ISSUER/VENDOR(S) AND ISSUE MANAGER(S).

• THIS APPLICATION IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

• FOR FIXED AND MAXIMUM PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

• THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.

• FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

• YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY
10: Select your nationality.

11: Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.

12: Enter the number of securities you wish to apply for using cash.

13: Enter or confirm (if your CDP Securities Account number has already been stored in DBS’s records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your Securities Account Number has already been stored in DBS’s records).

14: Check the details of your securities application, your CDP Securities Account number, number of securities and application amount on the screen and press the “ENTER” key to confirm your application.

15: Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Application for Public Offer Units through the IB Website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS IB website are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “&”, “amt”, “I/C” and “No.” refer to “Account”, “and”, “Amount”, “NRIC” and “Number”, respectively).

Step 1: Click on DBS website (www.dbs.com).

2: Login to Internet banking.

3: Enter your User ID and PIN.

4: Enter your DBS IB Secure PIN.

5: Select “Electronic Security Application (ESA)”.  

6: Click “Yes” to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a US person (as such term is defined in Regulation S under the United States Securities Act of 1933, amended).

7: Select your country of residence and click “Next”.

8: Click on “SASSEUR” and click “Next”.

G-22
9: Click on “Next” to confirm, among others:

- You have read, understood and agreed to all terms of this application set out in the Prospectus/Offer Information Statement/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Offer Information Statement/Document/Profile Statement/Simplified Disclosure Document and/or applicable notice/circular.

- For the purposes of facilitating your application, you consent to the Bank collecting and using your name, I/C or Passport No., address, nationality, CDP Securities Account No., CPF Investment A/c No., securities application amount application details and other personal data and disclosing the same from our records to registrars of securities, SGX, SCCS, CDP, CPF Board, the issuer/vendor(s) and issue manager(s).

- You are not a US Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “US person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- This application is made in your own name and at your own risk.

- For FIXED/MAXIMUM price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

- For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

- For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

10: Fill in details for securities application and click “Next”.

11: Check the details of your securities application, your CDP Securities Account No. and click “Confirm” to confirm your application.

12: Print the Confirmation Screen (optional) for your reference and retention only.
Steps for mBanking Applications for Public Offer Units through the mBanking Interface of DBS Bank

For illustrative purposes, the steps for making an mBanking Application are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "/C", "SGX" and "No." refer to "Account", "and", "Amount", "NRIC", "SGX-ST" and "Number", respectively).

Step 1: Click on DBS Bank mBanking application using your User ID and PIN.

2: Select “Investment Services”.

3: Select “Electronic Securities Application”.

4: Select “Yes” to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a US Person (as such term is defined in Regulation S under the United States Securities Act of 1933 as amended).

5: Select your country of residence.

6: Select “SASSEUR”.

7: Select “Yes” to confirm, among others:

- You have read, understood and agreed to all terms of application set out in the Prospectus/Offer Information Statement/Document/Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Offer Information Statement/Document/Profile Statement.

- For purposes of facilitating your application, you consent to the bank collecting and using your name, NRIC or Passport No., address, nationality, CDP Securities Account No., CPF Investment A/c No., securities application amount application details and other personal data and disclosing the same from our records to registrars of securities, SGX, SCCS, CDP, CPF Board, the issuer/vendor(s) and issue manager(s).

- You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “US person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- This application is made in your own name and at your own risk.
• For FIXED/MAXIMUM price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

• FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

• FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

8: Fill in details for securities application and click “Submit”.

9: Check the details of your securities application, your CDP Securities Account No. and click “Confirm” to confirm your application.

10: Where applicable, capture Confirmation Screen (optional) for your reference and retention only.

Terms and Conditions for Use of CPF Funds

(1) If you are using CPF Funds to subscribe for the Units, you must have a CPF Investment Account maintained with a relevant CPF Agent Bank at the time of your application. The CPF Investment Account is governed by the Central Provident Fund (Investment Schemes) Regulations, as may be amended from time to time. CPF Investment Accounts may be opened with any branch of the CPF Agent Banks. If you are applying for the Units through an ATM Electronic Application, you must have an ATM card with that CPF Agent Bank at the time of your application before you can use the ATMs of that CPF Agent Bank to apply for the Units. For an Internet Electronic Application or mBanking Application, you must have an existing bank account with, and a User ID as well as a PIN given by the relevant CPF Agent Bank. Upon the completion of your Internet Electronic Application through the IB website of the relevant CPF Agent Bank or mBanking Application through the mBanking Interface of DBS Bank, there will be a Transaction Completed Screen of the application which can be printed out by you for your record. This printed record of the Transaction Completed Screen is for your retention and should not be submitted with any printed Application Form.

If you are using CPF Funds to subscribe for the Units through an ATM or IB website (as the case may be), you must subscribe for the Units through the ATM or IB website (as the case may be) of the CPF Agent Bank with which you maintain your CPF Investment Account.

(2) CPF Funds may only be withdrawn for applications for the Units subject to a minimum initial subscription of 1,000 Units. You may subscribe for a larger number of Units in integral multiples of 100.

(3) If you are applying for the Units using a printed Application Form and you are using CPF Funds to apply for the Units, you must submit a CPF Cashier’s Order for the total amount payable for the number of Units applied for using CPF Funds.

(4) Before you apply for the Units using your CPF Funds, you must first make sure that you have sufficient funds in your CPF Investment Account to pay for the Units. You need not instruct
the CPF Board to transfer your CPF Funds from your CPF Ordinary Account to your CPF Investment Account. If the balance in your CPF Investment Account is insufficient and you have sufficient investible CPF Funds in your CPF Ordinary Account, the CPF Agent Bank with which you maintain your CPF Investment Account will automatically transfer the balance of the required amount from your CPF Ordinary Account to your CPF Investment Account immediately for you to use these funds to buy a CPF Cashier’s Order from your CPF Agent Bank in the case of an application by way of a printed Application Form or submit your application in the case of an application by way of an Electronic Application. The automatic transfer facility is available until the close of the Public Offer, and the operating hours of the facility are between 8.00 a.m. and 10.00 p.m. from Mondays to Saturdays, and between 8.00 a.m. and 5.00 p.m. on Sundays and public holidays.

(5) The special CPF securities sub-account of the nominee company of the CPF Agent Bank (with whom you maintain a CPF Investment Account) maintained with CDP will be credited with the principal amount of the Units you subscribed for, or such number of Units allocated to you, with CPF Funds.

(6) Where you are using CPF Funds, you cannot apply for the Units as nominee for any other person.

(7) All instructions or authorisations given by you in a printed Application Form or through an Electronic Application are irrevocable.

(8) All information furnished by the CPF Board and the CPF Agent Banks on your authorisation will be relied on as being true and correct. For the purposes of facilitating your application, you consent to the collection, use, processing and disclosure by the relevant CPF Agent Bank of your Relevant Particulars to the Relevant Parties.
## APPENDIX H

### LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPs OF DIRECTORS AND EXECUTIVE OFFICERS

(A) Directors of the Manager

(1) Xu Rongcan

<table>
<thead>
<tr>
<th>Current Directorships</th>
<th>Past Directorships (for a period of five years preceding the Latest Practicable Date)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changchun Sasseur Zhongdong Commercial Management Co., Ltd.</td>
<td>Chongqing Bishan Sasseur Zhouyi Trading Co., Ltd.</td>
</tr>
<tr>
<td>Chongqing Shazhou E-Commerce Co., Ltd.</td>
<td>Chongqing Liangjiang Sasseur Trading Co., Ltd.</td>
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<td>Guiyang Sasseur Commercial Management Co., Ltd.</td>
<td>Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd.</td>
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<tr>
<td>Hangzhou Sasseur Commercial Management Co., Ltd.</td>
<td>Hefei Sasseur Commercial Management Co., Ltd.</td>
</tr>
<tr>
<td>Nanjing Sasseur Asset Management Co., Ltd.</td>
<td>Hefei Sasseur Trading Co., Ltd.</td>
</tr>
<tr>
<td>Sasseur (Guiyang) Investment Consultancy Co., Ltd.</td>
<td>Hong Sun Development Group Limited</td>
</tr>
<tr>
<td>Sasseur (Shanghai) Enterprise Management Consultancy Co., Ltd.</td>
<td>Kunming Sasseur Trading Co., Ltd.</td>
</tr>
<tr>
<td>Sasseur (Shanghai) Holding Company Limited</td>
<td>Sasseur (Chongqing) Business Co., Ltd.</td>
</tr>
<tr>
<td>Sasseur (Xi’an) Shopping Mall Co., Ltd.</td>
<td>Sasseur (Hefei) Investment Consultancy Co., Ltd.</td>
</tr>
<tr>
<td>Sasseur Asset Management Pte. Ltd.</td>
<td>Sasseur (Kunming) Investment Consultancy Co., Ltd.</td>
</tr>
<tr>
<td>Sasseur Cayman Holding Limited</td>
<td>Sasseur Bishan (BVI) Limited</td>
</tr>
<tr>
<td>Sasseur Cayman Holding II Ltd.</td>
<td>Sasseur Bishan HK Limited</td>
</tr>
<tr>
<td>Sasseur Chongqing (BVI) Limited</td>
<td>Sasseur Hefei HK Limited</td>
</tr>
<tr>
<td>Sasseur Chongqing HK Limited</td>
<td>Sasseur Hefei Limited</td>
</tr>
<tr>
<td>Sasseur Hangzhou (BVI) Limited</td>
<td>Sasseur Jinan HK Limited</td>
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<td>Sasseur Hangzhou HK Limited</td>
<td>Sasseur Jinhua Limited</td>
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<td>Sasseur Kunming HK Limited</td>
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<td>Sasseur Kunming Limited</td>
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<td>Sasseur Xi’an HK Limited</td>
<td>Sasseur Xi’an Limited</td>
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<td>Sasseur Xi’an Limited</td>
<td>Shimmer Fair Holdings Limited</td>
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<tr>
<td>Xi’an Sasseur Commercial Management Co., Ltd.</td>
<td></td>
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</table>
(2) Yang Xue

**Current Directorships**

Changchun Sasseur Zhongdong Commercial Management Co., Ltd.
Chongqing Shazhou E-Commerce Co., Ltd.
Guiyang Sasseur Commercial Management Co., Ltd.
Hangzhou Sasseur Commercial Management Co., Ltd.
Nanjing Sasseur Asset Management Co., Ltd.
Sasseur (Guiyang) Investment Consultancy Co., Ltd.
Sasseur (Nanjing) Commercial Management Co., Ltd.
Sasseur (Shanghai) Enterprise Management Consultancy Co., Ltd.
Sasseur (Shanghai) Holding Company Limited
Sasseur (Xi’an) Shopping Mall Co., Ltd.
Sasseur Asset Management Pte. Ltd.
Sasseur Cayman Holding Limited
Sasseur Cayman Holding II Ltd.
Xi’an Sasseur Commercial Management Co., Ltd.

**Past Directorships (for a period of five years preceding the Latest Practicable Date)**

Chongqing Bishan Sasseur Zhouyi Trading Co., Ltd.
Chongqing Liangjiang Sasseur Trading Co., Ltd.
Chongqing Sasseur Suge Apparel Joint Stock Co., Ltd.
Chongqing Zhuangdian Department Store Co., Ltd.
Hefei Sasseur Commercial Management Co., Ltd.
Hefei Sasseur Trading Co., Ltd.
Kunming Sasseur Commercial Management Co., Ltd.
Kunming Sasseur Trading Co., Ltd.
Sasseur (Chongqing) Business Co., Ltd
Sasseur (Hefei) Investment Consultancy Co., Ltd.
Sasseur (Kunming) Investment Consultancy Co., Ltd.

(3) Wang Jun

**Current Directorships**

Crystal Jade Group Holdings Pte Ltd
Iconic Locations Ltd
L Catterton Singapore Pte. Ltd.
Sasseur Asset Management Pte. Ltd.
Sasseur Cayman Holding Limited
Trendy (China) Group Co., Ltd.

**Past Directorships (for a period of five years preceding the Latest Practicable Date)**

Glorious Cayman Ltd.

(4) Zhou Yimin

**Current Directorships**

Landsea Green Properties Co., Ltd.
Sasseur Asset Management Pte. Ltd.
CIFI Holdings (Group) Co. Ltd.

**Past Directorships (for a period of five years preceding the Latest Practicable Date)**

Nil
(5) Gu Qingyang

**Current Directorships**

- China Life Insurance (Singapore) Pte. Ltd.
- Sasseur Asset Management Pte. Ltd.

**Past Directorships**

- Anbang Insurance Group Co. Ltd.

(6) Mario Boselli

**Current Directorships**

- Banca 5 S.P.A.
- Intesa Sanpaolo Forvalue S.P.A.
- M.Seventy S.R.L.
- Mario Boselli S.R.L.
- Mediocredito Italiano S.P.A.
- Sasseur Asset Management Pte. Ltd.
- Schmid S.P.A.

**Past Directorships**

- Accedo S.P.A.
- Banca Popolare Commercio E Industria S.P.A.
- Caleffi S.P.A.
- Camera Moda S.R.L. Unipersonale
- Cariplo – Cassa Di Risparrimo Delle Provincie Lombarde S.P.A.
- Centrobanca S.P.A.
- Cofitra S.P.A.
- Collezioni Grandi Firme S.P.A.
- Dollfus-Mieg Et Compagnie
- Freestyle S.R.L.
- Fondo Pensioni Per Il Personale Cariplo
- Futurimpresa S.G.R. S.P.A.
- Gestione E Partecipazioni Immobiliari S.R.L.
- Gipitex S.R.L.
- GPX S.R.L.
- Gruppo Italiano Seta
- Haute Future Academy S.R.L.
- I.T.P. Investment Textile Parcel S.P.A.
- I.T.P. Investment Textile Parcel S.R.L.
- MarioBoselli Holdings S.P.A.
- Marbos I.E.C. S.P.A.
- MarioBoselli Yarns & Jersey S.P.A.
- MarioBoselli Yarns S.P.A.
- Mercury Payment Services S.P.A.
- Metroweb S.P.A.
- Metroweb Italia S.P.A.
- Miro Radici AG
- Pitti Immagine S.R.L.
- Pre-Tex S.P.A.
- Pro Mac S.R.L.
- Profilo Merchant Co. S.R.L. Societa’ Con Socio Unico
- Ratti S.P.A.
- Sea Point Societa’ Per Azioni-Tessuti Stampati E Uniti Per Abbigliamento
- Setefi Services S.P.A.
- Sviluppo Garibaldi Repubblica S.P.A.
- Triennale Di Milano Servizi S.R.L.
- Ufficio Italiano Seta
- Unione Di Banche Italiane S.P.A.
(7) Cheng Heng Tan

**Current Directorships**

- Chip Eng Seng Corporation Ltd.
- Omakase (Partners) Pte. Ltd.
- Omakase Burger (Orchard) Pte. Ltd.
- Omakase Burger Pte. Ltd.
- Omakase IT Pte. Ltd.
- Omakase Pte. Ltd.
- Sasseur Asset Management Pte. Ltd.
- Walton Heng Investments Pte. Ltd.

**Past Directorships (for a period of five years preceding the Latest Practicable Date)**

- Nil

(8) Wu Geng

**Current Directorships**

- Delong Holdings Limited
- Drew & Napier LLC
- Foreland Fabrictech Holdings Limited
- Sasseur Asset Management Pte. Ltd.
- Shengli Oil & Gas Pipe Holdings Limited

**Past Directorships (for a period of five years preceding the Latest Practicable Date)**

- CFLD (Singapore) Investment Pte. Ltd.
- CFLD Investment III Pte. Ltd.
- Sinopipe Holdings Limited
(B) Executive Officers of the Manager

(1) Anthony Ang Meng Huat

Current Directorships

- Europtronic Group Ltd
- Heatec Jietong Holdings Ltd.
- Imperiale Investment Company Limited
- Sasseur Asset Management Pte. Ltd.
- Sasseur Bishan HK Limited
- Sasseur Hefei HK Limited
- Sasseur Jinan HK Limited
- Sasseur Singapore Holdings Pte. Ltd.
- SYW Pte. Ltd.
- Yong Tai Berhad

Past Directorships (for a period of five years preceding the Latest Practicable Date)

- ADF Dragon II (H.K.) Limited
- ADF Dragon One Limited
- ADF Falcon I Limited
- ADF Lion I Limited
- ADF Phoenix IV Limited
- ADF Phoenix V Limited
- ADF Tiger I Limited
- ADF Tiger II Limited
- ADF Tiger IV Limited
- ADF Tiger V Limited
- Am ARA REIT Managers Sdn Bhd
- Aqua Holdings Limited
- ARA Asia Dragon Limited
- ARA Asset Management (Fortune) Limited
- ARA Managers (Beijing) Limited
- Armstrong Industrial Corporation Limited
- Dalian Defang Property Management Co., Ltd
- E3 Holdings Ltd.
- Elite Trade Investments Limited
- IPS Securex Holdings Limited
- Lei Fu Property (Shanghai) Co., Ltd.
- Lei Fu Property Management (Shanghai) Co., Ltd.
- Majulah Connection Limited
- Pearl Properties II Pte. Ltd.
- Pearl Properties Pte. Ltd.
- Pearl Properties V Pte. Ltd.
- Phoenix Properties Pte. Ltd.
- Rich Field (China) Limited
- Twin Prosper Limited
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<th>Current Directorships</th>
<th>Past Directorships (for a period of five years preceding the Latest Practicable Date)</th>
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<td>1MK Office Sdn Bhd</td>
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<td>PIP Canberra Investments Limited</td>
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<tr>
<td>Current Directorships</td>
<td>Past Directorships (for a period of five years preceding the Latest Practicable Date)</td>
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<td>Trophy Limited</td>
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(3) Ken Chew Hian Chin

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<th>Current Directorships</th>
<th>Past Directorships (for a period of five years preceding the Latest Practicable Date)</th>
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<td>Fosun Kinzon Capital Pte. Ltd.</td>
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<td>Fosun Management (Southeast Asia) Pte. Ltd.</td>
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</table>

(4) Chen Zhen

<table>
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<th>Current Directorships</th>
<th>Past Directorships (for a period of five years preceding the Latest Practicable Date)</th>
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<tbody>
<tr>
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<td>Nil</td>
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INDEPENDENT FINANCIAL ADVISER’S LETTER IN RELATION TO THE ENTRUSTED MANAGEMENT AGREEMENTS IN RELATION TO THE INITIAL PORTFOLIO

For the purposes of this letter, capitalised terms not otherwise defined herein shall have the same meaning given as in the prospectus dated 21 March 2018 (the “Prospectus”) of Sasseur Real Estate Investment Trust (“Sasseur REIT” or the “Trust”) in relation to, inter alia, the above matters

1 INTRODUCTION

Overview

In respect of the Initial Portfolio, the Manager and the Trustee have entered into the Master Entrusted Management Agreement with the Sponsor on 1 March 2018, pursuant to which the Trustee and the Manager have agreed to appoint, and the Sponsor, on behalf of its wholly-owned subsidiary, Sasseur Shanghai, has accepted the appointment of Sasseur Shanghai as the Entrusted Manager of the Properties. Under the terms of the Master Entrusted Management Agreement, each of the PRC Property Companies has entered into an Individual Entrusted Management Agreement on 1 March 2018 with the Entrusted Manager and the respective PRC Property Company, in respect of each of the Properties, whereby the Entrusted Manager will manage the end-to-end operations of the Properties for and on behalf of the PRC Property Companies (the Individual Entrusted Management Agreements together with the Master Entrusted Management Agreement, are hereinafter referred to as the “Entrusted Management Agreements”).

The term of the Entrusted Management Agreements will be for 10 years commencing from the Listing Date, with an option to extend for another 10 years, subject to the terms of the Entrusted Management Agreements.
The Entrusted Manager shall have, among others, the following roles and responsibilities in respect of the Properties:

- take charge of the end-to-end operations of the Properties, including but not limited to (a) managing tenant relationships on behalf of the Manager as well as the tenant mix; (b) creating annual budgets and business plans including leasing plans, business strategies and objectives for the Manager; and (c) facilitating rental negotiations with the tenants of the Properties as well as monitoring the sales performance and records of the tenants and evaluating sales opportunities of prospective tenants;

- provide marketing services to the Properties, including but not limited to (a) conducting viewings of the Properties to market vacant units; (b) organising promotions and/or events at the Properties to attract local residents and tourists; (c) performing analyses of the PRC fashion and outlet mall market; (d) conducting market surveys to understand consumer preferences; (e) managing and maintaining the brands portfolio list to ensure that the list of tenants and prospective tenants is in line with the current fashion trends; (f) implementing pro-active marketing plans such as online-to-offline initiatives and customer loyalty programs to increase shopper traffic to the Properties; (g) monitoring tenants’ inventories and where suitable, make recommendations to tenants to conduct sales and promotions to push and promote slow-moving inventory; and (h) stipulating average discount rates that are required to be met by the tenants throughout the year;

- manage and administer, on behalf of the PRC Property Companies, the sales collection of the tenants and other receipts associated with the operations of the Properties, including the collection of sales proceeds of the tenants, monthly payments of the balance sales proceeds (net of rentals and other charges) to the tenants, payments for expenses related to the Properties and relevant taxes. The Entrusted Manager’s responsibility for cash management will be subject to the Manager’s strict oversight and stringent control; and

- brand authentication, such as performing periodic checks on the products sold by the tenants in the Properties to ensure authenticity and prevent any trademark infringements.

In addition to the above, the Entrusted Management Agreements provide that the Sponsor, on behalf of the Entrusted Manager will be responsible for paying directly to, or reimbursing the Trustee in full in the form of cash, all costs and expenses incurred and payable by, or attributable to, the Trustee or the relevant PRC Property Company in the ownership, operation, maintenance, management and marketing of the Properties.

KPMG Corporate Finance Pte Ltd (“KPMG Corporate Finance”) has been appointed as the independent financial adviser (“Independent Financial Adviser” or “IFA”) to provide an opinion to the independent directors (“Independent Directors”) of the Manager and the Trustee to advise as to whether the Entrusted Management Agreements are on normal commercial terms and not prejudicial to the interests of Sasseur REIT and its minority Unitholders.
2 TERMS OF REFERENCE

Our responsibility is to provide an opinion in respect of the Entrusted Management Agreements.

Our opinion is delivered for the use and benefit of the Independent Directors and the Trustee for their deliberations on the Entrusted Management Agreements, before arriving at a decision on the merits or demerits of the Entrusted Management Agreements, and in making any recommendations. We were not involved in any aspect of the negotiations pertaining to the Entrusted Management Agreements, nor were we involved in the deliberations leading up to the decisions of and recommendations by Independent Directors to proceed with the Entrusted Management Agreements. The decisions of and recommendations made by the Independent Directors shall remain their sole responsibility.

Our opinion should not be relied on as a recommendation to any Unitholder as to how they should vote in relation to the Entrusted Management Agreements or any matters related thereto. The Unitholders may have different investment objectives and considerations and should seek professional advice.

We have not conducted a comprehensive review of the business, operations or financial condition of Sasseur REIT. Our terms of reference also do not require us to evaluate or comment on the merits and/or risk, whether strategic, commercial, financial or otherwise, of the Entrusted Management Agreements or on the future prospects of Sasseur REIT and as such, we do not express an opinion thereon. Such evaluations or comments remain the sole responsibility of the Independent Directors.

It is also not within our terms of reference to compare the relative merits of the Entrusted Management Agreements to any alternative transactions previously considered by, or that may have been available to Sasseur REIT or any alternative transactions that may be available in the future. Such evaluations or comments remain the sole responsibility of the Independent Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion.

In addition, we have not made any independent evaluation or appraisal of the existing or proposed assets or liabilities (including without limitation, real property) of Sasseur REIT.

In formulating our opinion, we have held discussions with the board of directors of the Manager (the “Directors”) and its management team (the “Management”). We have considered the information contained in the Prospectus, publicly available information collated by us as well as information, both written and verbal, provided by the Manager and its professional advisers, which may include solicitors, auditors, tax advisers and valuers. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of and do not accept any responsibility for the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied on by us. We have nevertheless made reasonable enquiries and used our judgment in assessing such information and have found no reason to doubt the reliability of such information.

We have relied upon the representation of the Directors (including those who may have delegated detailed supervision of the Prospectus, and the Entrusted Management Agreements) that they have taken all reasonable care to ensure that all information and facts stated in the Prospectus are fair and accurate and all information and facts in relation to the Entrusted Management Agreements have been disclosed to us, and that no material information and facts have been omitted, the omission of which would render any statement
in the Prospectus, information and facts disclosed to us or our opinion in this letter to be inaccurate, incomplete or misleading in any material respect. The Directors (including those who may have delegated detailed supervision of the Prospectus and the Entrusted Management Agreements) have jointly and severally accepted responsibility in the “Directors’ Responsibility Statement” of the Prospectus. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information and facts.

Our opinion is based upon market, economic, industry, monetary and other conditions (where applicable) in effect on, and the information made available to us as at 1 March 2018. Such conditions and information can change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in the light of any subsequent changes or developments after 1 March 2018 even if it may affect our opinion contained herein. Unitholders should take note of any announcements relevant to their consideration of the Entrusted Management Agreements which may be released by Sasseur REIT after 1 March 2018.

In rendering our opinion, we did not have regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Unitholder. As different Unitholders would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any Unitholder who may require specific advice in relation to his investment portfolio(s) consult his or their stockbroker, bank manager, accountant or other professional advisers.

The Independent Directors have been separately advised by their professional advisers in the preparation of the Prospectus (other than this letter). We have no role or involvement and have not and will not provide any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Prospectus (other than this letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Prospectus (other than this letter).

Our opinion in relation to the Entrusted Management Agreements should be considered in the context of the entirety of this letter and the Prospectus.

3 DETAILS CONCERNING ENTRUSTED MANAGEMENT AGREEMENTS

3.1 Roles and responsibilities of Entrusted Manager

The Entrusted Manager shall have, among others, the following roles and responsibilities in respect of the Properties:

- take charge of the end-to-end operations of the Properties, including but not limited to (a) managing tenant relationships on behalf of the Manager as well as the tenant mix; (b) creating annual budgets and business plans including leasing plans, business strategies and objectives for the Manager; and (c) facilitating rental negotiations with the tenants of the Properties as well as monitoring the sales performance and records of the tenants and evaluating sales opportunities of prospective tenants;

- provide marketing services to the Properties, including but not limited to (a) conducting viewings of the Properties to market vacant units; (b) organising promotions and/or events at the Properties to attract local residents and tourists; (c) performing analyses of the PRC fashion and outlet mall market; (d) conducting market surveys to understand consumer preferences; (e) managing and maintaining the brands portfolio list to ensure that the list of tenants and prospective tenants is in line with the current fashion trends; (f) implementing pro-active marketing plans such as online-to-offline initiatives and
customer loyalty programs to increase shopper traffic to the Properties; (g) monitoring tenants’ inventories and where suitable, make recommendations to tenants to conduct sales and promotions to push and promote slow-moving inventory; and (h) stipulating average discount rates that are required to be met by the tenants throughout the year;

- manage and administer, on behalf of the PRC Property Companies, the sales collection of the tenants and other receipts associated with the operations of the Properties, including the collection of sales proceeds of the tenants, monthly payments of the balance sales proceeds (net of rentals and other charges) to the tenants, payments for expenses related to the Properties and relevant taxes. The Entrusted Manager’s responsibility for cash management will be subject to the Manager’s strict oversight and stringent control; and

- brand authentication, such as performing periodic checks on the products sold by the tenants in the Properties to ensure authenticity and prevent any trademark infringements.

In addition to the above, the Entrusted Management Agreements provide that the Sponsor, on behalf of the Entrusted Manager will be responsible for paying directly to, or reimbursing the Trustee in full in the form of cash, all costs and expenses incurred and payable by, or attributable to, the Trustee or the relevant PRC Property Company in the ownership, operation, maintenance, management and marketing of the Properties.

3.2 The Initial Portfolio

The Initial Portfolio consists of the following Properties:

**Sasseur (Chongqing) Outlets** (砂之船·重庆)奥特莱斯 (“Chongqing Outlets”)

Chongqing Outlets comprises five zones (namely Zones A, B, C, D and E) and 500 car park lots. Zones A to D consist of six floors above ground and one floor underground while Zone E consists of two floors above ground. Chongqing Outlets was designed and built to reflect an Italian architectural style, with carefully selected decorations such as fountains and floral designs, reflecting the Sponsor’s core value of “art inspired commerce”.

Chongqing Outlets commenced operations in September 2008 and has since distinguished itself through an experiential shopping concept which targets middle and upper class consumers with higher disposable incomes. In addition to retail tenants whose products include apparel, shoes, bags, and suitcases, Chongqing Outlets houses a cinema, children recreational facilities as well as an array of restaurants. As at 30 September 2017, Chongqing Outlets features 414 stores, carrying approximately 600 brands, including a number of popular and international luxury brands, such as Gucci, Ermenegildo Zegna, Salvatore Ferragamo, Hugo Boss, Max Mara, Bally, Armani, Coach and Michael Kors.

**Sasseur (Bishan) Outlets** (砂之船·璧山)奥特莱斯 (“Bishan Outlets”)

Bishan Outlets is located in the Bishan District (璧山区) of Chongqing (重庆市) in the PRC and comprises three zones (namely Zones A, B and C) with four floors above ground and two floors underground in both Zones A and B, and three floors above ground and one floor underground in Zone C. It commenced operations in October 2014 and has 400 car park lots. The architectural style of Bishan Outlets was inspired by ancient Roman architecture and Italian towns, exuding an artistic influence. 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.
As part of the “Super Outlet” business model adopted by the Sponsor, 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. As at 30 September 2017, Bishan Outlets features 213 stores carrying approximately 350 brands, including a wide selection of popular domestic brands as well as luxury brands such as Calvin Klein.

**Sasseur (Hefei) Outlets (𤋥عبارة) (“Hefei Outlets”)**

Hefei Outlets consists of four floors above ground and one floor underground in Zone A, five floors above ground and one floor underground in Zone B, and 1,566 car park lots. It commenced operations in May 2016 and is located in the High-Tech Industrial Development Zone, which is one of the PRC’s national high-tech industrial development zones.

Hefei Outlets caters to middle class consumers by offering a wide range of entertainment choices as well as luxury brand stores. According to the Independent Market Research Consultant, 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. As at 30 September 2017, Hefei Outlets features 283 stores carrying approximately 450 brands, including Coach, Giorgio Armani and Givenchy.

**Sasseur (Kunming) Outlets (𤋥عبارة) (“Kunming Outlets”)**

Kunming Outlets comprises two buildings, namely Building 1 and Building 2A, and has 2,000 car park lots. Building 1 has four floors above ground and three floors underground, and Building 2A has five floors above ground and two floors underground. 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. It commenced operations in December 2016 and according to the Independent Market Research Consultant, it is the largest outlet mall (in terms of GFA) in the Yunnan Province.

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. As at 30 September 2017, it features 209 stores carrying approximately 350 brands,

(each a “Property” and collectively, the “Properties”).

### 3.3 Entrusted Management Fee

Under the Entrusted Management Agreements, the Entrusted Manager is entitled to the Entrusted Management Fee in respect of its management of the Properties, which comprises:

- a base fee (the “EM Base Fee”); and
- a variable performance fee (the “EM Performance Fee”).
The EM Base Fee shall be derived in the following manner and shall be payable monthly:

- **EM Base Fee** = Lower of:
  - 30% of Gross Revenue per annum; and
  - Gross Revenue per annum – EMA Resultant Rent (as defined below).

The EM Performance Fee shall be based on the differential between the Gross Revenue and EMA Resultant Rent and after deducting the EM Base Fee and shall be payable annually and derived in the following manner:

- **EM Performance Fee** = 60% X ((Gross Revenue – EMA Resultant Rent) – EM Base Fee)

Under the Entrusted Management Agreements, the Entrusted Manager will ensure that Sasseur REIT receives for each financial year (the “**EMA Resultant Rent**”), payable monthly, which shall be the sum of a fixed component (the “**Fixed Component**”) and a variable component (the “**Variable Component**”). The Fixed Component for each Property for Forecast Period 2018 has been determined as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Forecast Period 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed Component</td>
</tr>
<tr>
<td>Chongqing Outlets</td>
<td>142.9</td>
</tr>
<tr>
<td>Bishan Outlets</td>
<td>29.2</td>
</tr>
<tr>
<td>Hefei Outlets</td>
<td>88.4</td>
</tr>
<tr>
<td>Kunming Outlets</td>
<td>58.4</td>
</tr>
</tbody>
</table>

For Forecast Period 2018, the Fixed Component is expected to contribute not more than 70% of the EMA Resultant Rent. The Fixed Component for each Property shall increase at an escalation rate of 3.0% per annum, in line with inflationary expectation.

For Forecast Period 2018, the aggregate Variable Component is expected to contribute not less than 30% of the EMA Resultant Rent. The Variable Component for each Property will be pegged to a percentage of their respective total sales in accordance with the following percentages:

- 4.0% of total sales with respect to Chongqing Outlets;
- 4.5% of total sales with respect to Bishan Outlets;
- 5.5% of total sales with respect to Hefei Outlets; and
- 5.0% of total sales with respect to Kunming Outlets.

Further to the EMA Resultant Rent, the Entrusted Manager shall ensure that Sasseur REIT receives rental income that is not less than the Minimum Rent on a portfolio basis. This Minimum Rent requirement will commence from the Listing Date and payment of which will be made on a semi-annual basis in arrears. Starting from Forecast Period 2018, if the derived annual EMA Resultant Rent on a portfolio basis should exceed the stipulated Minimum Rent for two consecutive years, the Minimum Rent condition will fall away.
The Minimum Rent amount is calculated based on the formula for the EMA Resultant Rent above, using the forecast sales of the Properties. The Minimum Rent for Sasseur REIT for Forecast Period 2018 and Projection Year 2019 are calculated based on the aggregate of the forecast EMA Resultant Rent for each Property in each respective year. In the event that the actual EMA Resultant Rent is less than what has been forecasted for that financial year, Sasseur REIT will receive the Minimum Rent as follows:

- RMB 472.9 million with respect to Forecast Period 2018 (to be pro-rated, if applicable, for the period from the Listing Date to 31 December 2018); and
- RMB 611.4 million with respect to Projection Year 2019.

The Minimum Rent from FY2020 onwards (if applicable) shall be equivalent to the Projection Year 2019 Minimum Rent.

4 OUR EVALUATION

In arriving at our opinion in relation to the Entrusted Management Agreements, we have taken into account the following key factors:

4.1 Rationale for the Entrusted Management Agreements

The Manager has provided the rationale for entering into the Entrusted Management Agreements, the following extracted from section Business and Properties of the Prospectus:

“By entering into the Entrusted Management Agreements, in addition to leveraging on the Entrusted Manager’s operational experience and capabilities, Sasseur REIT will be able to transfer the full measure of the risks as well as uncertainty due to fluctuations associated with such sales-based income to the Entrusted Manager. This is because under the Entrusted Management Agreements, the Entrusted Manager will ensure that the aggregate of the Fixed Component and Variable Component that is payable to Sasseur REIT from the rental income collected from the Properties will not be less than the Minimum Rent. If the amount payable to Sasseur REIT falls below the Minimum Rent, Sasseur REIT shall be entitled to receive the shortfall. The Minimum Rent requirement will only fall away if the Initial Portfolio achieves the Minimum Rent for two consecutive years commencing from Forecast Period 2018. The Minimum Rent requirement will help to mitigate the impact of such business and operational risks on Sasseur REIT’s rental income, and ensure that Sasseur REIT receives stable distributable income from the Properties.

The Manager believes that the Entrusted Manager is best placed to assume and manage the associated business and operational risks related to the Properties for the following reasons:

(i) due to the specialised nature of outlet mall operations as well as the fact that the bulk of the revenue generated from the Properties are predominantly sales-driven, the management of outlet malls would be resource-intensive and have significant manpower requirements which Sasseur REIT as a REIT would not be able to undertake on its own. As an experienced outlet mall operator, the Entrusted Manager would be able to commit experienced staff and manpower who have already been managing the Properties since their inception to continue managing the Properties on behalf of Sasseur REIT so as to maintain operational continuity and effectiveness;
(ii) the Entrusted Manager is familiar with the specialised retail outlet mall business model and it has a strong operating track record and distinct management capabilities in operating and managing retail outlet malls (including those owned by third parties); and

(iii) the Entrusted Manager, in its role as the Entrusted Manager of the Properties, shall be exercising full control over the running, operation and performance of the Properties, subject to the oversight of the Manager.”

The rationale has been reviewed and is considered to be reasonable.

4.2 Comparable fee arrangements

The Entrusted Management Fee under the Entrusted Management Agreements has been compared against those of other real estate investment trusts (“REITs”) listed on the SGX-ST which operate retail malls in the People’s Republic of China (the “PRC”) as a predominant business activity (the “Broadly Comparable REITs”).

The selected Broadly Comparable REITs are not exhaustive and they differ from Sasseur REIT in terms of, inter alia, size, location, yield and composition of property portfolio, growth strategies, market capitalisation, track record, risk profile, gearing, future prospects and other relevant criteria. Accordingly, the comparison set out below is purely for reference purposes only.

The table below sets out the property operating expenses for each of the Broadly Comparable REITs and further shows each of these as a percentage of gross rental income, as well as gross revenue. These ratios have been contrasted with the fees payable under the Entrusted Management Agreements, which comprise substantially similar services.

<table>
<thead>
<tr>
<th>SASSEUR REIT – Comparable Companies</th>
<th>Mapletree Greater China Commercial Trust (SGX: RW0U)</th>
<th>BHG Retail REIT (SGX: BMGU)</th>
<th>Capitaland Retail China Trust (SGX: AU8U)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIALS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year ended</td>
<td>31-Mar-17</td>
<td>31-Dec-16</td>
<td>31-Dec-16</td>
</tr>
<tr>
<td>Units</td>
<td>S$’000</td>
<td>S$’000</td>
<td>S$’000</td>
</tr>
<tr>
<td>Rental Revenue</td>
<td>298,761</td>
<td>59,172</td>
<td>200,164</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>51,868</td>
<td>7,062</td>
<td>14,208</td>
</tr>
<tr>
<td><strong>Gross Revenue</strong></td>
<td>350,629</td>
<td>66,234</td>
<td>214,372</td>
</tr>
<tr>
<td>Property Operating Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Management &amp; Leasing Fees</td>
<td>13,868</td>
<td>2,182</td>
<td>12,751</td>
</tr>
<tr>
<td>Staff Costs</td>
<td>13,337</td>
<td>246</td>
<td>9,165</td>
</tr>
<tr>
<td>Utilities &amp; property maintenance</td>
<td>13,328</td>
<td>N.A.¹</td>
<td>N.A.¹</td>
</tr>
<tr>
<td>Repair &amp; maintenance</td>
<td>N.A.¹</td>
<td>3,299</td>
<td>8,701</td>
</tr>
<tr>
<td>Utilities</td>
<td>N.A.¹</td>
<td>9,542</td>
<td>6,142</td>
</tr>
<tr>
<td>Marketing &amp; promotion expenses</td>
<td>4,741</td>
<td>1,217</td>
<td>5,046</td>
</tr>
<tr>
<td>Property related taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate tax</td>
<td>N.A.¹</td>
<td>N.A.¹</td>
<td>17,329</td>
</tr>
<tr>
<td>Business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge</td>
<td>N.A.¹</td>
<td>1,539</td>
<td>5,448</td>
</tr>
<tr>
<td>Property &amp; other taxes</td>
<td>14,871</td>
<td>5,069</td>
<td>N.A.³</td>
</tr>
<tr>
<td>SASSEUR REIT – Comparable Companies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other property expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>1,254</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i.e. insurance premiums,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>miscellaneous)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of plant &amp;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>equipment</td>
<td>N.A.</td>
<td>239</td>
<td>2,088</td>
</tr>
<tr>
<td>Impairment losses on loans and</td>
<td></td>
<td>87</td>
<td>143</td>
</tr>
<tr>
<td>receivables/trades</td>
<td>N.A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land rental</td>
<td>N.A.</td>
<td>N.A.</td>
<td>5,908</td>
</tr>
<tr>
<td>Amortisation of deferred</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>expenditure included in other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>receivables</td>
<td>N.A.</td>
<td>N.A.</td>
<td>59</td>
</tr>
<tr>
<td>Plant and equipment written off</td>
<td>N.A.</td>
<td>N.A.</td>
<td>89</td>
</tr>
<tr>
<td><strong>Total Property Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses (OPEX)</td>
<td>(65,049)</td>
<td>(24,037)</td>
<td>(74,634)</td>
</tr>
<tr>
<td><strong>Net Property Income (NPI)</strong></td>
<td>285,580</td>
<td>42,197</td>
<td>139,738</td>
</tr>
<tr>
<td>Adjusted Property OPEX$^2$</td>
<td>(65,049)$^2$</td>
<td>(23,711)$^2$</td>
<td>(72,255)$^2$</td>
</tr>
<tr>
<td>Rental Revenue</td>
<td>21.77%</td>
<td>40.07%</td>
<td>36.10%</td>
</tr>
<tr>
<td>Adjusted Property OPEX$^2$/</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>18.55%</td>
<td>35.80%</td>
<td>33.71%</td>
</tr>
</tbody>
</table>

*Source: Company’s Annual Reports, KPMG Analysis*

**Notes:**

1. N.A. is included in instances where the particular line item is not included as part of the Property Operating Expenses.

2. For the purposes of determining the ratio of Property OPEX/Rental Revenue and Property OPEX/Gross Revenue, the following line items: “Depreciation of plant & equipment”, “Impairment losses on loans and receivables/trades”, “Amortisation of deferred expenditure included in other receivables”, “Plant and equipment written off”, have been excluded from Total Property OPEX, which were relevant to the Broadly Comparable REITs, but may not be relevant for an operator such as the Entrusted Manager.

Having benchmarked the property operating expenses, it is observed that the percentage of EM Base Fee payable under the Entrusted Management Agreements is comparable to the Broadly Comparable REITs for substantially similar services.

With regards to the EM Performance Fee, the Manager has provided confidential financial projections for the 10 year period of the Entrusted Management Agreements ("Financial Projections").

Based on the Financial Projections, the projected annual Entrusted Management Fee, including the EM Base Fee and EM Performance Fee, reaches a maximum of 29% of projected gross revenues up until the final year of the Entrusted Management Agreements. The maximum of 29% is noted to be within the range of property operating expenses as a percentage of the gross revenues for the Broadly Comparable REITs.

**4.3 Minimum Rent**

Further to the EMA Resultant Rent, Sasseur REIT will receive the Minimum Rent as follows:

- RMB 472.9 million with respect to Forecast Period 2018 (to be pro-rated, if applicable, for the period from the Listing Date to 31 December 2018); and
- RMB 611.4 million with respect to Projection Year 2019.
The Minimum Rent from FY2020 onwards (if applicable) shall be equivalent to the Projection Year 2019 Minimum Rent.

The Minimum Rent provisions will help to mitigate the impact of business and operational risks on the rental income of Sasseur REIT, and ensure that it receives stable distributable income from the Properties.

4.4 Alignment of interests

The fees payable to the Entrusted Manager under the Entrusted Management Agreements are structured to align the interests of the Entrusted Manager and the Unitholders with the EM Base Fee and EM Performance Fee structure based on the performance of the Properties.

The Entrusted Manager is obliged to ensure that Sasseur REIT receives rental income that is not less than the Minimum Rent on a portfolio basis. Accordingly, if the amount payable to Sasseur REIT falls below the Minimum Rent, Sasseur REIT will be entitled to receive the shortfall from the Sponsor.

Whilst Sasseur REIT will be entitled to the Minimum Rent, subject to it falling away as a result of the annual EMA Resultant Rent on a portfolio basis exceeding the stipulated Minimum Rent for two consecutive years, the Entrusted Manager will be entitled to the EM Performance Fee. The EM Performance Fee will be 60% of the differential between the Gross Revenue and EMA Resultant rent after deducting the EM Base Fee.

Based on the Financial Projections provided by the Manager, Sasseur REIT will be entitled to shortfall amounts in Forecast Period 2018, but note that the Entrusted Manager is projected to receive EM Performance Fees from FY2021 through FY2026.

The interests of the Entrusted Manager and Sasseur REIT are considered to be aligned.

4.5 Expertise and track record of Entrusted Manager

The Entrusted Manager’s principal business is the marketing, leasing and management of outlet malls owned and managed by the Sponsor Group. Since its incorporation in 2012, the Entrusted Manager and the rest of the Sponsor Group have been managing and marketing nine properties comprising the Properties in the Initial Portfolio and the ROFR Properties and Pipeline Properties. The Entrusted Manager has gathered considerable experience in securing and attracting top brands and optimal tenant mixes as well as actively working with tenants to help promote their sales in the malls by understanding their business plans and operations, thereby consequently driving sales performance in the outlet malls that it manages.

Additionally, in respect of the Properties, the Entrusted Manager will have a team of experienced professionals who are dedicated to providing services solely to Sasseur REIT’s properties. The Manager is of the view that management of the outlet malls will be resource-intensive and will require significant manpower requirements which Sasseur REIT would not be able to undertake on its own.

The attainment of an experienced outlet mall manager is considered to be prudent, and the restrictions that Sasseur REIT would experience in providing the requisite manpower to manage the outlet malls on its own has been noted.
4.6 Performance Reserve

The Sponsor will provide a performance reserve of RMB 100.0 million to Sasseur REIT ("Performance Reserve Amount"), which takes into account a portion of the relevant expenses borne by the PRC Property Companies under the Entrusted Management Agreements as well as the difference between the annualised 2018 forecasted Gross Revenue and the expected annualised EMA Resultant Rent for 2018, in the form of bank guarantees or cash: (i) as security for performance by the Sponsor and the Entrusted Manager, as the case may be, of all their respective obligations under the Entrusted Management Agreements; and (ii) to secure or indemnify the Trustee as well as any of the subsidiaries of Sasseur REIT against:

(a) any losses, damages, liability or expenses incurred or sustained arising out of any default by the Sponsor and the Entrusted Manager, as the case may be, under the Entrusted Management Agreements; and

(b) any claims, losses, damages, liabilities or other obligations by the Trustee or any of the subsidiaries of Sasseur REIT at any time against the Entrusted Manager in relation to any matter arising out of or in connection with the Properties.

The setting up of the performance reserve is considered to be prudent. It provides some assurance that the Sponsor and the Entrusted Manager will perform their obligations under the EMA.

4.7 Indemnity

The Entrusted Manager shall indemnify and keep, among others, the respective PRC Property Companies fully indemnified from and against any actions, costs, claims, damages, expenses or demands to arising from the Entrusted Manager’s (i) breach or non-compliance of any terms or its obligations under the respective Individual Entrusted Management Agreements, and (ii) breach of any representations and warranties under the respective Individual Entrusted Management Agreements, save where such action, cost, claim, damage, expense or demand results from the gross negligence or wilful misconduct of the PRC Property Companies.

4.8 Assignability

The Entrusted Manager may assign or transfer its rights, benefits or obligations under Individual Entrusted Management Agreements with the prior written consent of the respective PRC Property Companies.

We consider the limitations on assignment to be beneficial. Sasseur REIT will have certainty as to the party providing the services, which is especially important given that the management of outlet malls is specialized in nature.

4.9 Termination

Excepting other termination rights, the PRC Property Companies may terminate the appointment of the Entrusted Manager under the respective Individual Entrusted Management Agreements without cause, by giving written notice of six months to the Entrusted Manager, without being required to pay any compensation to the Entrusted Manager.

We note that the prescribed termination processes of the Entrusted Management Agreements allows Sasseur REIT to discontinue with the arrangement if a better arrangement is available.
5 OUR OPINION

In arriving at our opinion on whether the Entrusted Management Agreements, in respect of the Initial Portfolio, are on normal commercial terms and whether they are prejudicial to the interests of Sasseur REIT and its minority Unitholders, we have considered, *inter alia*, the factors set out in the previous sections of this letter.

After carefully considering the information available to us as at 1 March 2018, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on 1 March 2018, we are of the opinion that the Entrusted Management Agreements, in respect of the Initial Portfolio, are on normal commercial terms and are not prejudicial to Sasseur REIT and its minority Unitholders.

This opinion is addressed to the Independent Directors and the Trustee for their use and benefit, in connection with and for the purpose of their consideration of the Entrusted Management Agreements, in respect of the Initial Portfolio.

The recommendations to be made by the abovementioned parties to the Unitholders shall remain their responsibility. A copy of this letter may be reproduced in the Prospectus.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
for and on behalf of

KPMG Corporate Finance Pte Ltd

Vishal Sharma
*Executive Director*

Jeremy Bogue
*Director*
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Legal Adviser to the Offering, and to the Manager and the Sponsor
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<table>
<thead>
<tr>
<th>Legal Adviser to the Manager and the Sponsor as to PRC Law</th>
<th>Legal Adviser to the Sole Financial Adviser, Issue Manager, Joint Global Coordinators, Joint Bookrunners and Underwriters as to Singapore Law</th>
<th>Legal Adviser to the Sole Financial Adviser, Issue Manager, Joint Global Coordinators, Joint Bookrunners and Underwriters as to PRC Law</th>
<th>Legal Adviser to the Sole Financial Adviser, Issue Manager, Joint Global Coordinators, Joint Bookrunners and Underwriters as to United States Federal Securities Law</th>
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<tr>
<td>Jingtian &amp; Gongcheng</td>
<td>Allen &amp; Gledhill LLP</td>
<td>King &amp; Wood Mallesons</td>
<td>Slaughter and May</td>
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<td>999 Huai Hai Road (M) Shanghai 200031, P.R. China</td>
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</tbody>
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SPONSOR’S FOOTPRINTS

- Initial Portfolio Assets
- ROFR Properties
- Pipeline Properties