



SASSEUR REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 30 October 2017
under the laws of the Republic of Singapore)

ACQUISITION OF SHOP UNITS IN HEFEI OUTLETS

1. INTRODUCTION

Sasseur Asset Management Pte. Ltd., in its capacity as manager (the “**Manager**”) of Sasseur Real Estate Investment Trust (“**Sasseur REIT**”), is pleased to announce that Hefei Sasseur Commercial Management Co., Ltd. (合肥砂之船商业管理有限公司) (the “**PRC Property Company**”), a wholly-owned entity of Sasseur REIT, has today entered into several sale and purchase agreements (collectively, the “**Sale and Purchase Agreements**”) with third-party vendors (the “**Vendors**”) to acquire additional shop units with existing tenancies (the “**Shop Units**”) comprising a total gross floor area (“**GFA**”) of 6,133.84 square metres (“**sqm**”) located in the annex block of Sasseur (Hefei) Outlets (the “**Hefei Outlets**”) which are not already owned by Sasseur REIT.

2. BACKGROUND AND RATIONALE

2.1 Background

- (i) Hefei is the capital and largest city of Anhui Province, a fast-growing and sizable city with a total population of 8.1 million¹;
- (ii) Hefei Outlets, which commenced operation in May 2016, is well-located in the High-Tech Industrial Development Zone, which is one of the PRC’s national High-Tech Industrial Development Zones.

¹ As of 1 November 2018, based on latest data from the Bureau of Statistics of Anhui Province.

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Sasseur REIT (the “**Offering**”). DBS Bank Ltd. and Bank of China Limited, Singapore Branch were the joint global coordinators to the Offering. DBS Bank Ltd., Bank of China Limited, Singapore Branch, China International Capital Corporation (Singapore) Pte. Limited, Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited, Haitong International Securities (Singapore) Pte. Ltd. and Maybank Kim Eng Securities Pte. Ltd. were the joint bookrunners and underwriters to the Offering.

- (iii) Hefei Outlets has demonstrated strong operating performance, having consistently outperformed its forecast since Sasseur REIT's IPO in 2018;
- (iv) Hefei Outlets consist of a main block and annex block with a total GFA of 141,181.68 sqm as disclosed in the IPO prospectus. With this acquisition of strata units located in the annex block, Sasseur REIT will increase its ownership share which is part of Sasseur REIT's investment strategy to gradually purchase more strata units over time with the intent of aligning the REIT's operating objectives and thus improving the performance.
- (v) Operationally, the whole of Hefei Outlets is managed by Sasseur (Shanghai) Holding Company Limited, the entrusted manager of Sasseur REIT ("**EM**").

2.2 The Shop Units

As disclosed in the initial public offering ("**IPO**") prospectus of Sasseur REIT, 162 shop units located on the peripheral areas of Hefei Outlets, which includes the Shop Units, were sold to various parties including the Vendors.

The Shop Units acquired by Sasseur REIT under the Sale and Purchase Agreements (the "**Acquisition**") are wholly-owned by the relevant Vendors and have a total GFA of 6,133.84 sqm and an occupancy rate of 100.0% as at 24 April 2019. There are in total 5 tenants for the Shop Units, which include fashion brands, an indoor zoo, children's entertainment facilities and food and beverage outlets. The weighted average lease expiry ("**WALE**") of these Shop Units is 5.4 years, which provides stability to the rental income of Sasseur REIT and will further complement and enlarge the existing tenancies of Hefei Outlets and increase the number of customers visiting Hefei Outlets.

Prior to the Acquisition, Sasseur REIT owns circa 77.8% of the total GFA in the Hefei Outlets. Following the Acquisition, Sasseur REIT's ownership interest in the whole of the Hefei Outlets will increase to circa 81.2%.

2.3 Rationale

The Manager considers the Acquisition a strategic and attractive opportunity for Sasseur REIT to increase its holdings and consolidate ownership of Hefei Outlets. It is expected to bring the following key benefits to the unitholders of Sasseur REIT:

- (i) Increased income contribution and greater potential value uplift from Hefei Outlets

The Acquisition will increase Sasseur REIT's ownership of Hefei Outlets from circa 77.8% to 81.2% of the total GFA of the Hefei Outlets. The Shop Units are currently 100.0% leased to multiple tenants with a long WALE, which provides income stability, and will contribute higher income to Sasseur REIT immediately post completion of the Acquisition. Furthermore, Hefei Outlets had shown robust sales growth, with Year-on-Year ("**YoY**") sales growth for the financial year ended 31 December 2018 ("**FY2018**") compared to the financial year ended 31 December 2017² showing an improvement of 53.9% and actual FY2018 sales outperforming its FY2018 forecast by 9.6%. As stated

² Based on same period comparison from 28 March to 31 December as the listing date of Sasseur REIT was 28 March 2018.

in the IPO Prospectus, the Manager had forecasted the sales growth rate for Hefei Outlets to be 30% for financial year ending 31 December 2019. Hence, the Acquisition will position Sasseur REIT to enjoy greater potential income and value uplift with the enlarged base of shop units in Hefei Outlets;

- (ii) The Acquisition is DPU accretive

The Acquisition is expected to be distribution per unit (“DPU”) accretive to unitholders of Sasseur REIT. As stated in the section on “Method of Financing and Pro Forma Financial Effects” below, on a pro forma basis, DPU would increase by 0.99% from 5.128 cents to 5.179 cents. In addition, the Purchase Consideration of RMB 98.3 million represents a discount of 4.1% to the average of the independent valuations of the Shop Units as stated in the section on “Purchase Consideration and Valuation” below;

- (iii) Increase the synergy of management for the whole of the Hefei Outlets by the EM and attract future yield-accretive acquisitions from third party owners in Hefei Outlets

The Acquisition will result in Sasseur REIT owning more shop units in Hefei Outlets, allowing for better management of the premises by the EM and better planning for the areas that Sasseur REIT owns. The Acquisition is also in line with Sasseur REIT’s objective to consolidate greater ownership of Hefei Outlets over time by continuing to engage with various other third party owners in Hefei Outlets with the view of pursuing such yield-accretive acquisitions when the right opportunity arises; and

- (iv) Offers greater flexibility and scope for asset enhancement initiatives

Sasseur REIT’s increased ownership of Hefei Outlets through this Acquisition will facilitate better management and ease of planning of the premises owned by Sasseur REIT, including the opportunity to broaden trade offerings and introduce new retail concepts. In addition, this will allow Sasseur REIT greater flexibility and scope to undertake strategic asset enhancement initiatives (“AEI”), such as replacing the road separating the building that houses the Shop Units with a walkway lined with cafes and shops, thus increasing accessibility and footfall for the Hefei Outlets. Sasseur REIT also plans to develop the surrounding area by adding new amenities, including “Super Kids” and “Super Farm” experiential destinations targeting children and families. These AEIs will further improve the future performance of the Hefei Outlets.

3. PURCHASE CONSIDERATION AND VALUATION

The purchase consideration payable by Sasseur REIT to the Vendors for the Acquisition is estimated to be an aggregate of RMB 98.3 million (approximately S\$19.8 million³) (the “Purchase Consideration”) and was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuations of the Shop Units.

The Manager and the Trustee have commissioned two independent valuers, Savills Real Estate Valuation (Beijing) Limited (“Savills”) and Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL”), to value the Shop Units. Savills, in its valuation report dated 28

3 Based on the exchange rate of S\$1 : RMB 4.9674.

February 2019 on the Shop Units, stated that the aggregate market value of the Shop Units as a whole as at 28 February 2019 is RMB 100.0 million (approximately S\$20.1 million). JLL, in its valuation report dated 28 February 2019 on the Shop Units, stated that the aggregate market value of the Shop Units as a whole as at 28 February 2019 is RMB 105.0 million (approximately S\$21.1 million). Savills and JLL both valued the Shop Units using the discounted cash flow method.

The Purchase Consideration of RMB 98.3 million represents a discount of approximately 4.1% to the appraised value of the Shop Units based on RMB 102.5 million, being the average of the two independent valuations of the Shop Units.

4. EXPECTED COMPLETION DATE

Pursuant to the respective terms of the Sale and Purchase Agreements, the completion of the Acquisition is expected to take place within 60 working days after the execution of the respective Sale and Purchase Agreements.

5. ESTIMATED TOTAL COST OF THE ACQUISITION

The estimated total cost of the Acquisition to Sasseur REIT (the “**Total Acquisition Cost**”) is approximately RMB 100.1 million (approximately S\$20.2 million), comprising:

- (i) the Purchase Consideration which is estimated to be RMB 98.3 million (approximately S\$19.8 million); and
- (ii) the estimated acquisition fee, professional and other fees and expenses incurred by Sasseur REIT in connection with the Acquisition amount to approximately RMB 1.8 million (approximately S\$0.4 million).

6. METHOD OF FINANCING AND PRO FORMA FINANCIAL EFFECTS

The Manager intends to fund the Acquisition fully through existing cash.

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the DPU and net asset value (“**NAV**”) per unit of Sasseur REIT are as follows.

	Before Acquisition ⁽¹⁾	After Acquisition	% Change
DPU	5.128 cents	5.179 cents ⁽²⁾	+0.99%
NAV per unit	90.33 cents	90.37 cents ⁽³⁾	+0.04%

Notes:

- (1) Based on the audited financial statements of Sasseur REIT as at 31 December 2018.
- (2) For the financial period from 28 March 2018 (listing date) to 31 December 2018 (“**FY2018**”) and as if the Acquisition was completed on 27 March 2018 and Sasseur REIT held and operated the Shop Units in FY2018.
- (3) As if the Acquisition was completed on 31 December 2018.

7. OTHER INFORMATION

7.1 Directors' Service Contracts

No person is or is proposed to be appointed as a director of the Manager in connection with the Acquisition.

7.2 Disclosure under Rule 1010(13) of the Listing Manual

Based on the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual, the Acquisition is a "non-discloseable transaction" within the meaning of Rule 1008 of the Listing Manual.

7.3 Documents for Inspection

Copies of the Valuation Reports are available for inspection during normal business hours (by prior appointment only) at the registered office of the Manager at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, for a period of three months commencing from the date of this Announcement⁴.

By Order of the Board

Sasseur Asset Management Pte. Ltd.

(Company registration no. 201707259N)

(as Manager of Sasseur Real Estate Investment Trust)

Anthony Ang Meng Huat

Chief Executive Officer

24 April 2019

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

⁴ Prior appointment with the Manager is appreciated.

Appendix – Indoor Zoo at Hefei Outlets



Indoor Zoo Entrance



Bird Aviary



Reptile Exhibition



Jellyfish Exhibition



Clown Performance



Lumina Lighting Installation