



**SASSEUR REAL ESTATE INVESTMENT TRUST**  
**Unaudited Financial Statements and Distribution Announcement**  
**For the First Quarter Ended 31 March 2019**

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

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**Introduction**

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

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

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

- **Chongqing Outlets**

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

- **Bishan Outlets**

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

- **Hefei Outlets**

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

- **Kunming Outlets**

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

Sasseur REIT is presenting its financial results for the first quarter ended 31 March 2019 (“1Q 2019”).

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**Distribution Policy**

Sasseur REIT intends to make distribution to the Unitholders on quarterly basis. Sasseur REIT's distribution policy is to distribute 100% of distributable income for the financial year from 1 January 2019 to 31 December 2019. Thereafter, Sasseur REIT will distribute at least 90.0% of its annual distributable income for each subsequent financial year. The actual level of distribution will be determined at the discretion of the Board of Directors of the Manager.

**Summary of Sasseur REIT Group Results**

	1Q 2019		
	Actual <sup>(1)</sup> S\$'000	Projection <sup>(2)</sup> S\$'000	Variance %
EMA rental income	30,715	29,992	2.4
Total return available for distribution to Unitholders	19,684	18,015	9.3
Distribution per unit ("DPU") (cents) <sup>(3)</sup>	1.656	1.515	9.3
Annualised distribution yield (%) <sup>(4)</sup>			
- Based on IPO listing price of S\$0.80	8.4%	7.7% <sup>(5)</sup>	9.1
- Based on 1Q 2019 closing price of S\$0.775	8.7%	n.m.	n.m.

n.m. – Not meaningful

In the absence of the Entrusted Management Agreements ("EMA"), the distribution per unit and the annualised distribution yield (based on IPO listing price of S\$0.80) would be 1.182 Singapore cents and 6.0% for 1Q 2019.

**Notes:**

- (1) The actual results of the REIT Group's foreign subsidiaries were translated using the average SGD:RMB rate of 1: 4.9665 for 1Q 2019.
- (2) The projection figures were derived from the seasonal projection for 1Q 2019, based on the Projection Year 2019 as disclosed in Sasseur REIT Prospectus dated 21 March 2018 (the "Prospectus"). An exchange rate for SGD:RMB of 1: 4.930 was adopted in the projection.
- (3) The distribution per unit of 1.656 Singapore cents is equivalent to 8.225 Renminbi cents for 1Q 2019.
- (4) The annualised distribution yield for 1Q 2019 was on a pro-rata basis for 90 days, based on the listing price of S\$0.80 and closing price of S\$0.775 respectively.
- (5) The projected annualised distribution yield of 7.7% was derived from the seasonal projection for 1Q 2019, based on the distribution yield of 7.8% for the Projection Year 2019 as disclosed in the Prospectus.

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

	Note	1Q 2019		
		Actual <sup>(1)</sup> S\$'000	Projection <sup>(2)</sup> S\$'000	Variance %
<b>Consolidated Statement of Total Return</b>				
EMA rental income	1	30,715	29,992	2.4
Manager's management fees <sup>(3)</sup>		(1,968)	(1,802)	(9.2)
Trustee's fees		(82)	(76)	(7.9)
Other trust expenses	2	(342)	(353)	3.1
Finance income		74	–	n.m.
Finance costs	3	(7,003)	(6,696)	(4.6)
Net change in fair value of financial derivative	4	90	–	n.m.
<b>Total return before fair value adjustment to investment properties and tax</b>		<b>21,484</b>	<b>21,065</b>	<b>2.0</b>
Fair value adjustment to investment properties	5	159	159	–
<b>Total return for the period before tax</b>		<b>21,643</b>	<b>21,224</b>	<b>2.0</b>
Tax expenses	6	(5,082)	(5,367)	5.3
<b>Total return for the period after tax</b>		<b>16,561</b>	<b>15,857</b>	<b>4.4</b>
Total return after tax attributable to:				
<b>Unitholders</b>		<b>16,561</b>	<b>15,857</b>	<b>4.4</b>
<b>Distribution Statement</b>				
Total return attributable to Unitholders		16,561	15,857	4.4
Distribution adjustments	7	3,123	2,158	44.7
<b>Total return available for distribution to Unitholders</b>		<b>19,684</b>	<b>18,015</b>	<b>9.3</b>

n.m. – Not meaningful

Footnotes:

- (1) The actual results of the REIT Group's foreign subsidiaries were translated using the average SGD:RMB rate of 1: 4.9665 for 1Q 2019.
- (2) The projection figures were derived from the seasonal projection for 1Q 2019, based on the Projection Year 2019 as disclosed in the Prospectus. An exchange rate for SGD:RMB of 1: 4.930 was adopted in the projection.
- (3) The Manager has elected to receive 100% of its management fees in the form of units for the financial year from 1 January 2019 to 31 December 2019.

**Notes:**

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

	1Q 2019		
	Actual S\$'000	Projection S\$'000	Variance %
EMA rental income	30,715	29,992	2.4
Straight-line rental accounting adjustment	159	159	–
EMA rental income (exclude straight-line adjustment)	30,874	30,151	2.4

- 2 Other trust expenses consist of audit, tax compliance and other expenses.

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- 3 Finance costs comprise of the following:

	1Q 2019		
	Actual S\$'000	Projection S\$'000	Variance %
Interest expense on borrowings	(5,654)	(5,432)	(4.1)
Amortisation of upfront debt-related transaction costs	(1,349)	(1,264)	(6.7)
	(7,003)	(6,696)	(4.6)

- 4 This relates to derivative gain from mark-to-market of the interest rate swaps for hedging purpose.
- 5 The fair value gain of S\$0.2 million relates to straight-line rental accounting adjustment.
- 6 Tax expenses comprised income tax, deferred tax and withholding tax relating to the REIT Group's foreign subsidiaries.

	1Q 2019		
	Actual S\$'000	Projection S\$'000	Variance %
Current period:			
- Income tax	(4,389)	(4,699)	6.6
- Deferred tax	(276)	(503)	45.1
- Withholding tax	(417)	(165)	>100
	(5,082)	(5,367)	5.3

- 7 Included in distribution adjustments are the following:

	1Q 2019		
	Actual S\$'000	Projection S\$'000	Variance %
<u>Distribution adjustments</u>			
Manager's management fees payable in Units	1,968	1,802	9.2
Amortisation of upfront debt-related transaction costs	1,349	1,263	6.8
Straight-line rental accounting adjustment	159	159	–
Fair value adjustment to investment properties	(159)	(159)	–
Statutory reserves <sup>1</sup>	–	(1,410)	100.0
Deferred tax expense	276	503	(45.1)
Foreign exchange gain	(380)	–	n.m.
Net change in fair value of financial derivative	(90)	–	n.m.
Total distribution adjustments	3,123	2,158	44.7

<sup>1</sup> No distribution adjustment has been made in respect of statutory reserves as the quantum of statutory reserves required to be maintained by the PRC subsidiaries to comply with PRC laws have already reached 50% of the subsidiaries' registered capital and hence no further amounts are required to be set aside.

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**1(b)(i) Statements of Financial Position**

	REIT Group		REIT	
	As at 31 Mar 2019 S\$'000	As at 31 Dec 2018 S\$'000	As at 31 Mar 2019 S\$'000	As at 31 Dec 2018 S\$'000
<b>Assets</b>				
<b>Non-current assets</b>				
Investment properties	1,553,333	1,539,491	–	–
Investment in subsidiaries	–	–	951,558	951,558
	<b>1,553,333</b>	<b>1,539,491</b>	<b>951,558</b>	<b>951,558</b>
<b>Current assets</b>				
Trade and other receivables	33,747	25,546	27,993	42,661
Cash and short-term deposits	163,188	203,641	4,153	32,866
	<b>196,935</b>	<b>229,187</b>	<b>32,146</b>	<b>75,527</b>
<b>Total assets</b>	<b>1,750,268</b>	<b>1,768,678</b>	<b>983,704</b>	<b>1,027,085</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	489,616	485,564	122,016	121,641
Deferred tax liabilities	51,652	50,944	–	–
Derivative financial instrument	64	154	63	154
	<b>541,332</b>	<b>536,662</b>	<b>122,079</b>	<b>121,795</b>
<b>Current liabilities</b>				
Other payables and accruals	134,105	142,705	1,391	1,233
Loans and borrowings	4,116	7,713	–	–
Tax payables	10,546	7,632	–	–
	<b>148,767</b>	<b>158,050</b>	<b>1,391</b>	<b>1,233</b>
<b>Total liabilities</b>	<b>690,099</b>	<b>694,712</b>	<b>123,470</b>	<b>123,028</b>
<b>Net assets</b>	<b>1,060,169</b>	<b>1,073,966</b>	<b>860,234</b>	<b>904,057</b>
<b>Represented by:</b>				
Unitholders' funds	<b>1,060,169</b>	<b>1,073,966</b>	<b>860,234</b>	<b>904,057</b>

Footnotes:

- (1) The results of the REIT Group's foreign subsidiaries were translated using the closing SGD: RMB rate of 1: 4.9643 as at 31 March 2019.

**Note:**

- 1 Investment properties are stated at fair value based on 31 December 2018 appraisals conducted by Savills Real Estate Valuation (Beijing) Limited, and the increase is mainly due to movement in foreign currency translation and capitalisation of capital expenditures related to improvement of investment properties.

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- 2 Trade and other receivables comprise of the following:

	REIT Group		REIT	
	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000
Refundable deposits	474	493	–	–
VAT/GST recoverables	9,410	9,876	2,307	1,850
Trade and other receivables <sup>1</sup>	9,257	11,956	–	3
Amounts due from subsidiary (non-trade)	–	–	25,386	40,563
Amounts due from related parties (trade) <sup>2</sup>	14,306	2,971	–	28
	33,447	25,296	27,693	42,444
Prepayments	300	250	300	217
	33,747	25,546	27,993	42,661

<sup>1</sup> Included in trade and other receivables of the REIT Group, S\$8.5 million relating to receivable from tenants and sale proceeds of items sold by the tenants in the respective Properties which are yet to be received from merchant banks due to cashless mode of payment made by customers of the outlets.

<sup>2</sup> The trade amounts due from related parties has been fully settled in April 2019.

- 3 Other payables and accruals comprise of the following:

	REIT Group		REIT	
	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000
Refundable security deposits	7,033	6,451	–	–
Advances from tenants	–	342	–	–
Interest payables	256	249	36	37
VAT and other tax payables	420	642	–	–
Construction payables <sup>3</sup>	31,315	31,816	–	–
Amounts due to related parties (non-trade)	295	308	21	39
Accrued expenses	1,262	2,281	1,254	1,157
Property tax payables	829	573	–	–
Other payables <sup>4</sup>	92,695	100,043	80	–
	134,105	142,705	1,391	1,233

<sup>3</sup> Construction payables mainly consist of outstanding payments of past construction works arising from acquisition of investment properties and related assets and liabilities.

<sup>4</sup> Included in other payables is an amount of S\$88.8 million relating to revenue collected from customers on behalf of each retail tenant.

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

	REIT Group		REIT	
	As at 31 Mar 2019 S\$'000	As at 31 Dec 2018 S\$'000	As at 31 Mar 2019 S\$'000	As at 31 Dec 2018 S\$'000
<b>Secured loans and borrowings</b>				
- Amount repayable within one year	7,700	7,713	—	—
- Amount repayable after one year	504,222	504,886	125,000	125,000
	511,922	512,599	125,000	125,000
Less: Unamortised upfront debt-related transaction costs	(18,190)	(19,322)	(2,984)	(3,359)
<b>Total loans and borrowings, net of transaction costs</b>	<b>493,732</b>	<b>493,277</b>	<b>122,016</b>	<b>121,641</b>

The REIT Group has, through its PRC property companies, put in place an aggregate amount of RMB 1,960 million, a 5-year onshore term loans, with repayment of 1% of initial loan principal semi-annually.

The REIT Group's secured bank borrowings are generally secured by: (i) mortgages on the borrowing subsidiaries' investment properties and (ii) assignment of all rights, titles and benefits with respect to the properties mortgaged.

As at 31 March 2019, these term loans were fully drawn down. 50% of the offshore term loan had been hedged using floating-for-fixed interest rate swap. The weighted average cost of borrowings (exclude upfront debt-related transaction costs) was 4.5%. The aggregate leverage for the REIT Group, as defined in the Property Funds Appendix, is 29.2%.



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**1(c) Consolidated Statement of Cash Flows**

	REIT Group	
	1Q 2019	S\$'000
<b>Cash flows from operating activities</b>		
Total return for the period before tax		21,643
<u>Adjustments for:</u>		
Straight-line rental accounting adjustment		159
Manager's management fees payable in units		1,968
Change in fair value of investment properties		(159)
Net change in fair value of financial derivative		(90)
Finance costs		7,003
Finance income		(74)
<b>Cash flows before changes in working capital</b>		<b>30,450</b>
<b>Changes in working capital:</b>		
Prepayments, deposits and other receivables		(8,006)
Other payables and accruals		(10,389)
<b>Cash generated from operations</b>		<b>12,055</b>
Tax paid		(1,954)
Interest received		77
<b>Net cash generated from operating activities</b>		<b>10,178</b>
<b>Cash flows from investing activity</b>		
Capital expenditure on investment properties		(849)
<b>Net cash used in investing activity</b>		<b>(849)</b>
<b>Cash flows from financing activities</b>		
Repayments of bank borrowings		(3,947)
Distribution to Unitholders		(41,794)
Interest paid		(5,573)
Increase in restricted cash		(27)
<b>Net cash used in financing activities</b>		<b>(51,341)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(42,012)</b>
Cash and cash equivalents at beginning of the period		195,126
Effect on exchange rate changes on cash and cash equivalents		1,388
<b>Cash and cash equivalents at end of the period</b>	1	<b>154,502</b>

**Notes:**

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

	As at 31 Mar 2019 S\$'000
Cash and short-term deposits	163,188
Less: Restricted cash	(8,686)
Cash and cash equivalents	154,502

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

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

	1Q 2019	
	REIT Group S\$'000	REIT S\$'000
<b>At the beginning of the period</b>	<b>1,073,966</b>	<b>904,057</b>
<b>Operations</b>		
Change in Unitholders' funds resulting from operations before distribution	16,561	(3,997)
<b>Net increase/(decrease) in net assets resulting from operations</b>	<b>16,561</b>	<b>(3,997)</b>
<b>Unitholders' transactions</b>		
Manager's management fees payable in Units	1,968	1,968
Distribution to unitholders	(41,794)	(41,794)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(39,826)</b>	<b>(39,826)</b>
<b>Movement in foreign currency translation reserve</b>	<b>9,468</b>	<b>-</b>
<b>Total Unitholders' funds as at end of the period</b>	<b>1,060,169</b>	<b>860,234</b>

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

	1Q 2019 Units
<b>Units in issue:</b>	
At the beginning of the period	1,180,280,000
Manager's management fees paid in Units	8,673,352
Total issued Units as at end of the period	<b>1,188,953,352</b>
<b>Units to be issued:</b>	
Manager's management fees payable in Units <sup>(1)</sup>	2,670,792
Total issuable Units as at end of the period	<b>2,670,792</b>
<b>Total units issued and to be issued as at end of period</b>	<b>1,191,624,144</b>

Footnote:

- (1) There are 2,670,792 units to be issued in satisfaction of the Manager's management fee for the 1Q 2019 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 March 2019 of S\$0.737.

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

Sasseur REIT does not hold any treasury units as at 31 March 2019. The total number of issued units in Sasseur REIT was 1,188,953,352.

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

Not applicable.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the REIT Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the financial year ended 31 December 2018.

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

The REIT Group adopted the revised IFRS and interpretations that are effective for application for the financial periods beginning 1 January 2019. The adoption of these revised IFRS and interpretations did not result in material changes to the REIT Group's accounting policies and has no material effect on the amounts reported for the current financial period.

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

	<b>1Q 2019</b>
<b>EPU</b>	
Weighted average number of Units in issue and issuable	1,182,911,681
Total return for the period after tax (S\$'000)	16,561
Basic and diluted EPU <sup>(1)(2)</sup> (cents)	1.400
<b>DPU</b>	
Number of units in issue at end of period	1,188,953,352
Total return available for distribution to Unitholders (S\$'000)	19,684
DPU <sup>(3)</sup> (cents)	1.656

Footnotes:

- (1) The computation of basic EPU is based on the weighted number of units for 1Q2019. This comprises of:
- (i) The weighted average number of units in issue for the period; and
  - (ii) The estimated weighted average number of units issuable as payment of Manager's management fees for the period.
- (2) The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue at the end of the period.
- (3) The DPU was computed and rounded based on the number of units in issue at the end of the period and does not include units issuable as payment of Manager's management fees.

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**7 Net Asset Value (“NAV”) and Net Tangible Asset (“NTA”) Per Unit**

	REIT Group		REIT	
	As at 31 Mar 2019	As at 31 Dec 2018	As at 31 Mar 2019	As at 31 Dec 2018
Number of units in issue and issuable	1,191,624,144	1,188,953,352	1,191,624,144	1,188,953,352
Net asset (S\$'000)	1,060,169	1,073,966	860,234	904,057
NAV and NTA per unit <sup>(1)</sup> (cents)	88.97	90.33	72.19	76.04

Footnote:

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

**8 Review of the performance**

Total outlet sales of RMB 1,206.0 million for 1Q 2019 were higher than projection by 10.1% and 24.0% higher than 1Q 2018<sup>1</sup>. This compared favourably with the growth of total retail sales of consumer goods in China of 8.3% over the same period. The outperformance was mainly due to Sasseur’s unique art-commerce business model, its employee partnership programme that was instituted in 2018, as well as seasonal sales promotions that boosted sales. Portfolio occupancy rate increased to 96.1% during the first quarter of 2019 from 95.2% during 4Q 2018, due to on-going efforts to improve and optimise the tenants’ mix to meet changing consumer preferences.

Total income available for distribution of S\$19.7 million was ahead of projection by 9.3%. Distribution per unit was 1.656 Singapore cents and annualised distribution yield was 8.4% based on IPO listing price of S\$0.80.

Total gross borrowings were S\$511.9 million, comprising S\$386.9 million (RMB 1.92 billion) onshore loans and S\$125.0 million offshore loan. The aggregate leverage was 29.2% and weighted average cost of borrowings (exclude upfront debt-related transaction costs) for 1Q 2019 was 4.5%, with a prudent interest cover of 5.1 times.

The net current assets as at 31 March 2019 was S\$48.2 million, representing a healthy current ratio of 1.3 times.

**9 Variance between Actual and Projection Results**

In RMB terms, EMA rental income for 1Q 2019, after excluding the straight-line effect, was RMB 4.7 million or 3.2% higher as compared to projection. The good performance was mainly attributed by the Chinese New Year promotional events at all the four outlet malls, which attracted an excellent turnout of customers, leading to better performance.

In SGD terms, EMA rental income for 1Q 2019, after excluding the straight-line effect, was S\$0.7 million or 2.4% higher as compared to projection.

Manager’s management fees is calculated at 10.0% per annum of the Distributable Income of the REIT Group. Manager’s management fees for 1Q 2019 was S\$0.2 million higher than projection, and was in line with the higher distributable income for the period.

Finance costs for 1Q 2019 was S\$0.3 million higher than projection mainly due to higher interest rate on the offshore loan.

Overall, total return before tax of S\$21.6 million was S\$0.4 million or 2.0% above projection.

Lower tax expenses for 1Q 2019 by S\$0.3 million was mainly due to preferential tax rate of 15% for the Bishan Outlets obtained from the State of Administration of Taxation of PRC.

<sup>1</sup> Compared to pre-listing same period

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Consequently, total return after tax of S\$16.6 million was S\$0.7 million or 4.4% better than projection.

Total return available for distribution to Unitholders for 1Q 2019 of S\$19.7 million, higher than projection by S\$1.7 million or 9.3%, was mainly contributed by better operational performance as mentioned above and no statutory reserves are required to be set aside as compared to projection (See distribution adjustments - Page 5 Note 7).

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

With China's growing economy and rising disposable income, Sasseur is poised to capture a larger share of the consumer goods retail market in China. China's economy has expanded by 6.4% year-on-year (Y-o-Y) in the first quarter of 2019<sup>2</sup>, while urban household per capita disposable income grew by 7.9% for the first quarter of 2019 compared to the same period in 2018. In the first quarter of 2019, the total sales of consumer goods reached RMB 9,779.0 billion, up 8.3 percent Y-o-Y, of which total retail sales of consumer goods reached RMB 3,172.6 billion, up 8.7 percent Y-o-Y in March 2019<sup>2</sup>.

Chongqing Market Update

An estimated retail gross floor area (GFA) of around 940,000 sqm will enter the Chongqing market in 2019<sup>3</sup>. This may lead to an oversupply of consumer goods in the short-term and impact the share of sales achieved by shopping malls in the region. However, recent tax cuts in Chongqing may help to bolster retail sales and improve the performance of Sasseur's Chongqing and Bishan outlet malls.

Hefei and Kunming Market Update

As announced on 24 April 2019, Sasseur acquired additional shop units with existing tenancies at the annex block of its Hefei Outlets. The yield-accretive acquisition, based on pro forma, is expected to increase DPU and NAV per unit. Sasseur will increase its ownership of Hefei site from 77.8% to 81.2% of total GFA, which will accelerate asset management initiatives to generate future growth and potential value uplift. The acquisition – the first by Sasseur REIT since its IPO – is targeted to be completed by end-May 2019, and will contribute to distribution income for 2Q 2019.

Sales in the Hefei and Kunming outlet malls are set to remain robust and record further growth for the remainder of FY2019.

Barring any unforeseen circumstances, retail sales for Sasseur's four outlet malls are expected to continue growing throughout FY2019. Despite the stalled trade negotiations between US and China, our outlet sales in China has not been impacted by external trade factors as it is largely fuelled by domestic consumption.

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<sup>2</sup> National Bureau of Statistics (China) dated 18 April 2019

<sup>3</sup> Savills Research Report

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**11 Distribution**

(a) Current financial period

Any distribution declared for the current financial period? Yes

Name of distribution: Distribution for the financial period from 1 January 2019 to 31 March 2019

Distribution type: Capital Distribution

Distribution rate: 1.656 cents per unit

Par value of units: Not applicable

Tax rate: Capital Distribution

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

Remark: The capital distribution from 1 January 2019 to 31 March 2019 is expected to be funded from internal cash flow from operations received at the REIT level.

(b) Corresponding period of the preceding financial period

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

Not applicable.

(c) Books closure date

The Transfer Books and Register of Unitholders of Sasseur REIT will be closed at 5.00 p.m. on 28 May 2019 for the purposes of determining each unitholder's entitlement to Sasseur REIT distribution. The ex-dividend date will be on 27 May 2019.

(d) Date Payable

The date of distribution is on 27 June 2019.

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

Not applicable. A distribution has been declared for the period from 1 January 2019 to 31 March 2019.

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

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

**14 Confirmation Pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited first quarter financial results of Sasseur REIT for the period ended 31 March 2019 to be false or misleading, in any material aspect.

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

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

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**16 Use of Proceeds from Initial Public Offering**

The use of proceeds raised from the initial public offering, including proceeds from the loan facilities, is in accordance with the stated uses as disclosed in the Prospectus, and is set out below:

	<b>Amount allocated</b>	<b>Amount utilised</b>	<b>Balance</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Redemption	396,000	396,000	–
Repayment of existing onshore loans	397,566	397,566	–
Issue expenses and other transaction costs	54,314	49,583	4,731
General corporate and working capital purposes	70,686	71,570	(884)
	<b>918,566</b>	<b>914,719</b>	<b>3,847<sup>1</sup></b>

The breakdown on the use of the above funds for the general corporate and working capital needs is as follows:

	<b>Amount utilised</b>
	<b>S\$'000</b>
Finance costs	4,678
Trustee fee	221
Other trust expenses	1,146
Loan to subsidiary	5,000
Distribution for the period from 28 March 2018 to 31 December 2018	60,525
	<b>71,570</b>

Footnotes:

- 1 The proceeds raised from the initial public offering are substantially disbursed with balance of S\$3.8 million to be retained for general corporate and working capital purposes.

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

Mr Cheng Heng Tan  
Director

Dr Gu Qingyang  
Director

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

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

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

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

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

Anthony Ang  
Chief Executive Officer

13 May 2019