



For Immediate Release

## Sasseur REIT 2Q 2021 DPU Rises 6.7% Y-o-Y to 1.614 Cents and delivered 3.373 cents DPU for 1H 2021, 18.5% higher than 1H 2020

- **1H 2021 EMA Rental Income and Distributable Income rose 17.4% and 32.8% y-o-y respectively, as business recovery at four outlets in China continue to gain momentum**
- **Better results due to active leasing activities, improved operating portfolio performance underpinned by sustained economic recovery in China, and lower interest expenses at REIT level**
- **Chongqing Liangjiang Outlets welcomed Nike Factory Outlet Store's grand opening in 2Q2021, one of the biggest in Western China spanning 1,269 sqm**

	2Q 2021	1Q 2021	Change (%) +/ (-)	2Q 2020	Change (%) +/ (-)	1H 2021	1H 2020	Change (%) +/ (-)
<b>EMA Rental Income (RMB mil)</b>	145.8	157.4	(7.3)	140.9	3.5	303.2	268.1	13.1
- Fixed Component (RMB mil)	105.5	105.5	-	102.4	3.0	210.9	204.8	3.0
- Variable Component (RMB mil)	40.3	51.9	(22.2)	38.5	4.8	92.3	63.3	45.7
<b>EMA Rental Income (exclude straight-line adjustments) (\$\$ mil)</b>	30.2	32.3	(6.5)	28.0	8.0	62.5	53.2	17.4
<b>Income Available for Distribution to Unitholders (\$\$ mil)</b>	21.7	23.6	(8.1)	18.2	19.7	45.4	34.2	32.8
<b>Distribution Per Unit (SG cents)</b>	1.614	1.759	(8.2)	1.512	6.7	3.373	2.846	18.5

Note: Average SGD: RMB rate of 1: 4.8302 for 2Q 2021, 1: 4.8730 for 1Q 2021, 1: 5.0381 for 2Q 2020, 1: 4.8516 for 1H 2021 and 1:5.0360 for 1H 2020

**Singapore, 13 August 2021** – Sasseur Real Estate Investment Trust (“Sasseur REIT”; 砂之船房地产投资信托) recorded a strong 19.7% year-on-year (“y-o-y”) increase in its distributable income of \$21.7 million for the quarter ended 30 June 2021 (“2Q 2021”), its manager Sasseur Asset Management Pte. Ltd. (“SAMPL” or “REIT Manager”) announced today.

Sasseur REIT, which owns four retail outlets in China, saw 47.9% y-o-y growth in sales for the first half of 2021 to RMB 2.03 billion. In particular, Sasseur Chongqing Liangjiang Outlets posted the highest y-o-y



growth of 64.1% amongst the four outlets. EMA Rental Income for 2Q 2021 totalled RMB 145.8 million, a 3.5% increase from RMB 140.9 million in 2Q 2020, as its variable component increased 4.8% to RMB 40.3 million from RMB 38.5 million. The REIT Manager has elected to retain 10% of distributable income for 2Q 2021, and delivered DPU of 1.614 Singapore cents, 6.7% higher y-o-y. For the first six months of 2021, DPU totalled 3.373 Singapore cents, 18.5% higher than 2.846 Singapore cents a year ago.

Comparing quarter-on-quarter (“q-o-q”), total sales in 2Q 2021 is 21.7% lower than 1Q 2021. Due to retail seasonality factor, first quarter sales are typically higher than the second quarter of the year, e.g., the Chinese New Year festivity encourages consumer spending and Sasseur’s Spring Sale event also boosted sales performance in the first quarter.

Ms Cecilia Tan, CEO of SAMPL, commented, “The strong set of results was mainly due to active leasing activities which increased the representation of highly sought-after brands, improvement in operating performance and lower interest expenses following the completion of loan refinancing exercise in September 2020. The better performance was underpinned by the REIT’s resilient business model and China’s economic recovery from the COVID-19 pandemic. We will continue to optimize asset performance through carefully curated promotional programmes and targeted Asset Enhancement Initiative (“AEI”) at the individual outlets to enhance traffic flow, increase shopper appeal and experience. On the acquisition front, we continue to review opportunities in the Sponsor’s first right of refusal and pipeline assets. Sasseur REIT has ample financial capacity and we will seize the opportunity to activate an acquisition when the time is right.”

### **Portfolio Update**

Sasseur REIT portfolio occupancy across the four outlets stood at 92.5% in 2Q 2021. The four outlets stepped up promotional efforts and active customer engagement leading to higher VIP membership of 2.37 million as of 30 June 2021, 5.3% higher as compared to 31 March 2021.

At the operational level, we constantly review the product offerings at the respective outlets to improve shopper experience by keeping pace with China’s dynamic retail landscape and fast changing spending habits. Chongqing Liangjiang Outlets continued to deliver strong growth through its asset enhancement and tenant mix review. We added dedicated shop fronts for popular crowd-pulling brands such as Nike and Li-Ning in 2Q 2021, with the former converting from a distributor-operated store to direct operation by Nike Factory Outlet. The Nike store spans across 1,269 sqm as one of the largest factory outlets stores in western China. During 2Q 2021, Sasseur Kunming Outlets also welcomed new stores such as Champion, a popular youth fashion brand. In addition, the Anta outlet at Sasseur Kunming Outlets was upgraded to a flagship store after it underwent renovation to improve its design and positioning, increasing its appeal to the sports enthusiasts.



Riding on the growth of online retail trends, we have stepped up our efforts to integrate online-offline shopping via the introduction of “Sasseur WeChat Mini App” which is a popular e-commerce platform amongst Chinese consumers. The app successfully attracted more than 90,000 viewers at its two hour recent livestreams, which were held in collaboration with renowned international brands such as Coach and Adidas.

To further enhance the positioning and improve the occupancy of its asset, Sasseur REIT has embarked on an AEI for its Chongqing Bishan Outlets. This AEI aims to redesign shopper traffic circulation for a better shopping experience, with certain shop units to be renovated to optimise space for popular sports and local brands. In addition, 79 carpark lots will be added to meet shoppers' demand for more car parking spaces during peak periods. This AEI builds upon the ‘unified ecosystem’ following the merged operations of both Chongqing Liangjiang Outlets and Chongqing Bishan Outlets in 1Q 2021. With greater internal efficiencies and synergies, joint promotional activities and cross-marketing between both outlets, Chongqing Bishan Outlets is expected to see improved occupancy and sales upon the completion of the AEI. Barring unforeseen circumstances, this AEI is expected to be completed in December 2021.

### **Capital Management**

The aggregate leverage of Sasseur REIT remains stable and relatively low at 27.8% as at 30 June 2021, providing ample debt headroom for potential acquisitions. Both onshore and offshore debts will mature in March 2023, with average debt maturity of 1.7 years as at 30 June 2021. Interest coverage ratio of Sasseur REIT improved to 4.5 times as at 30 June 2021<sup>1</sup> from 4.0 times as at 31 December 2020<sup>1</sup>, and all-in weighted average cost of debt had reduced to 4.4% per annum for the first half this year, compared to 5.3% per annum for the corresponding period a year ago.

### **Outlook**

China's GDP grew 7.9% y-o-y in the second quarter of 2021<sup>2</sup> as the local dual circulation policy helps enterprises to benefit from strong internal demand supported by its large population base and growing affluence. The recent increase in COVID-19 cases in China in July is of concern but the local authorities in the affected cities have implemented strict measures to curb its spread. With the experience gained last year, our local outlet teams have taken precautionary measures to ensure the safety of our customers and staff.

Chairman of SAMPL, Mr Vito Xu, said, “We have seen encouraging results for the first half of the year, as our outlets continue to see sustained business recovery. Although there are some new COVID-19 cases in late July, given China’s resolve and strict approach to tackle the spread of the virus, we are confident

<sup>1</sup>Interest coverage ratio is in accordance to the definition in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore based on trailing 12 months EBITDA (excluding the effects of any fair value changes in financial instruments and investment properties, and foreign exchange translation), over the trailing 12 months interest expense and borrowing-related fees. Interest coverage ratio improved from 5.5 times to 6.7 times for the trailing 12-month based on cash basis.

<sup>2</sup> National Bureau of China's Statistics



that the situation will be well managed. The staff at the outlet malls are well trained and equipped to deal with the situation and we continue to place utmost emphasis on the health and safety of every individual.

We are extremely pleased to report that Sasseur REIT has once again improved its ranking in the Singapore Governance and Transparency Index from 25<sup>th</sup> to 17<sup>th</sup> position this year. Sasseur REIT is committed to upholding strong governance standards and high level of transparency.

Last but not least, I would also like to thank Mr Anthony Ang, our former CEO of SAMPL, for his many contributions over the past few years, and wish him all the best in his future endeavours. We welcome Ms Cecilia Tan as the new CEO of SAMPL from 1 August 2021 and I am confident that with her vast experience in the REIT and real estate markets, she will lead Sasseur REIT to greater heights.”



**Scenes at the opening day at Nike Factory Outlet store in Chongqing Liangjiang Outlets in May 2021.**



**New Champion store and Anta flagship store opened in May 2021 at Kunming Outlets.**

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## About Sasseur REIT

Sasseur REIT is the first retail outlet mall REIT listed in Asia. Sasseur REIT offers investors the unique opportunity to invest in the fast-growing retail outlet mall sector in the People's Republic of China (the "PRC") through its initial portfolio of four quality retail outlet mall assets strategically located in fast-growing cities in China such as Chongqing, Kunming and Hefei, with a net lettable area of 312,844 square metres.

Sasseur REIT is established with the investment strategy to 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.

For more information on Sasseur REIT, please visit <http://www.sasseurreit.com/>

## About the Manager – SASSEUR ASSET MANAGEMENT PTE.LTD.

Sasseur REIT is managed by the Manager, an indirect wholly-owned subsidiary of the Sponsor. The Manager's key responsibility is to manage Sasseur REIT's assets and liabilities for the benefit of Unitholders.

As the first retail outlet mall REIT 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 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 and subsequently in other countries.

## About the Sponsor – SASSEUR CAYMAN HOLDING LIMITED

The Sponsor Group is one of the leading premium outlet groups in the PRC, ranked within the top 500 service companies in the PRC. With about 30 years of experience in art-commerce, the Sponsor Group has attained recognition in Asia as a leading outlet operator which adopts a strategic approach of integrating emotion, aesthetics, scenario planning and prudent capital management, as well as its "A x (1+N) x DT" Super Outlet business model.

For more information on the Sponsor, please visit <http://www.sasseur.com/>.



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## **CONTACT**

### **Sasseur Asset Management**

Wong Siew Lu, CFA, CA (Singapore)  
Head, Investor Relations and Corporate Affairs  
Tel: (65) 6360 0290  
[wongsl@sasseurreit.com](mailto:wongsl@sasseurreit.com)

### **WeR1 Consultants**

Isaac Tang  
Tel: (65) 6721 7161  
[sasseurreit@wer1.net](mailto:sasseurreit@wer1.net)

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## **IMPORTANT NOTICE**

*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.*

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