



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

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**FY2021 ANNUAL GENERAL MEETING  
RESPONSES TO KEY QUESTIONS FROM UNITHOLDERS**

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1. Sasseur Asset Management Pte. Ltd. in its capacity as manager (the “**Manager**”) of Sasseur Real Estate Investment Trust (“**Sasseur REIT**”), would like to thank Unitholders for their cooperation in submitting questions in advance of the Annual General Meeting to be held on 21 April 2022 (“**AGM**”). The Manager’s responses to the key questions from Unitholders can be found in the Appendix to this announcement, and the responses are based on the best knowledge of the Manager as of the date of this announcement.
2. As there was some overlap between questions from the Unitholders, the Manager has, for ease of reference and reading, summarised these questions and grouped related and similar questions and responses together in **Appendix 1**. They are classified as follows:
  - (i) Acquisitions and Investments
  - (ii) Operations and Asset Enhancement Initiatives
  - (iii) Financial and Capital Management
  - (iv) Others
3. For transparency, the key questions received from Unitholders are listed in **Appendix 2** below. The Manager will also address the key questions during the AGM.

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

Tan Hong Lye, Cecilia  
Chief Executive Officer  
14 April 2022

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*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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## **APPENDIX 1**

### **Acquisitions**

**1. Sasseur REIT has been performing well and recorded impressive dividend growth since listing. When will the first acquisition take place? Are there any plans to acquire assets from the Sponsor's ROFR pipeline?**

- Sasseur REIT's stellar performance since listing is a testament to the strength and resilience of the REIT's unique and innovative Entrusted Management Agreement ("**EMA**") model, which enabled the REIT to be relatively cushioned from the impact of the severe pandemic outbreak in China during 2020, and benefitted from a strong rebound in sales performance in FY2021. This performance was also the result of proactive asset management, targeted asset enhancement efforts on a portfolio of high quality outlets with strong underlying fundamentals. Sasseur REIT's outlets are well positioned to benefit from China outlet sector's structural growth trend which is supported by the country's rising middle class with higher disposable income, increased globalisation of brands and growing demand for affordable luxury goods. All of these factors have enabled Sasseur REIT to deliver year-on-year growth in distribution per unit ("**DPU**") and net asset value per unit since its listing in March 2018, even without acquisition of any major assets to-date.
- The growth strategy of Sasseur REIT will be a multi-prong approach where we will continue to focus on proactive asset management to extract higher sales and expand the revenue generating capacity of the outlets, while at the same time actively exploring attractive acquisition opportunities. We aim to expand the REIT's portfolio in China where domestic consumption is expected to remain fairly robust in the years ahead. We will place our focus on cities in China with large population base and favourable demographic trends, and identify income-producing properties with attractive fundamentals and long-term growth potential.
- For acquisition opportunities, the priority is to leverage off the Sponsor's Right of First Refusal assets, being two large-scale outlets with good growth prospects, each located in Xi'an and Guiyang. In addition, the Sasseur Group is growing its network of third-party outlets across various cities in China which it is managing under the "Sasseur Outlet" branding. In October 2021, Sasseur Group continued to expand its footprint and branding in China with the opening of its latest outlet in Suzhou, bringing its total outlets under management to 14, four of which belong to Sasseur REIT. Such third-party outlets could be made available for Sasseur REIT to acquire when an opportunity arises.
- The Manager aims to deliver an acquisition in the next 12-18 months, subject to satisfactory assessment on the suitability of the new asset and conducive market environment, amongst the many factors to be carefully evaluated.

### **Operations and Asset Enhancement Initiatives**

**2. How does Management ensure, on an ongoing basis, that merchandise sold at all outlets are genuine? This will directly impact Unitholders' trust and shoppers' confidence.**

- All tenants are permitted to sell only genuine products in their stores under the terms and conditions of the tenancy agreements. Tenants who are found to be in breach of this requirement will be subject to hefty fines and will be obliged to compensate the buyer an equivalent of ten times the selling price of the counterfeit product.
- The internal audit team of the Sponsor regularly conducts random spot-checks at the stores to ensure no counterfeit goods are on display or being sold.

**3. What is the percentage of customers who purchase products online without visiting Sasseur REIT's outlet malls? Online customers are likely to stay further away from the outlet malls, what plans does Sasseur REIT have to engage these customers?**

- Sasseur Group's core competencies and expertise are in the management and operation of 'brick & mortar' outlets to create a one-stop shopping and lifestyle experience that reflects the unique "art-commerce" business model with the "Super Outlet" concept.
- Sasseur Group adopts an omnichannel marketing strategy at its outlets, including Sasseur REIT's outlets, in order to reach a wider customer base through online and offline engagements. The online channels help to raise awareness of the brands represented at the outlets which will also entice consumers to visit the physical stores at the outlets. The online platforms were particularly important as a response strategy to mitigate the impact of the COVID-19 pandemic and to enhance the long-term resilience and sustainability of the outlet business.
- Our online digital efforts span across popular social media platforms including Xiao Hong Shu (小红书), Wei Bo (微博), and TikTok (抖音) which cater to the tech-savvy and younger generation of consumers. We also regularly conduct livestreams to complement our promotional events to attract shoppers to our outlets. In addition, we have set up an integrated online / offline retail platform and launched our "Sasseur Mini-Apps", which functions as an online mall for both consumers and VIP members, offering special discounted items. VIP members are able to use this platform for carpark and gift vouchers redemption.
- The bulk of Sasseur REIT's outlet sales are still being contributed from the purchases made at the physical stores at the outlets. This is not surprising given that many of our shoppers still prefer to visit the outlets to enjoy the experiential shopping which the online platforms could not provide. This was evident from the strong recovery of the sales at Sasseur REIT's four outlets of approximately RMB4.2 billion for the whole year of 2021, a 12.3% increase over that of 2020.
- While we are stepping up our online engagement efforts and seeing results, they serve more to complement the physical stores at the outlets which will continue to remain our top priority and core competency as part of our asset management strategy moving forward.

**4. Is there anything to be concerned about with regards to the general expiry of the leases in the forthcoming year? I noted that the weighted average lease expiry ("WALE") is 1.3 year by gross revenue.**

- Shorter leases are a core leasing feature of Sasseur REIT's outlets as more than 90% of the outlets' tenancies are sales-based leases whereby the tenants pay an agreed percentage of their sales revenue as turnover rent. This lease structure fully aligns the interests of the tenants with the outlets as landlords, and allows the outlets to enjoy higher turnover rent in line with higher sales achieved by the tenants. The outlets are also able to assess the performance of the tenants by monitoring their sales over time.
- The length of the leases is generally kept short to facilitate the outlets in adjusting the tenancy or trade mix swiftly to adapt to fast-changing consumer preferences in China by replacing underperforming tenants quickly. As such, a relatively shorter WALE allows the outlets to achieve a fine balance between tenants' retention, early action to re-position the outlets as well as securing a new desired trade mix.
- In line with our pro-active leasing strategy, the leasing teams at the outlets typically engage the tenants well ahead of the lease expiries. Though the expiries of leases by gross revenue in 2022 is approximately 64%, most of these expiring leases are likely to be renewed for further terms based on past leasing experience.

**5. Can you elaborate on how China's Common Prosperity Policy will impact Sasseur REIT's outlet malls? How has this policy been implemented on the ground, and will it lead to more rapid growth in middle class consumers, resulting in positive sales?**

- 'Common Prosperity' has emerged as one of the most important concepts guiding Chinese policymaking over the latter part of 2021. This concept emerged at a meeting chaired by President Xi Jinping in August 2021 alongside bold commitments to reduce income inequality and promote people-centric development.
- Under 'Common Prosperity', China will address income disparity through taxes, social security and direct government transfers, with the goal of creating an olive-shaped distribution structure in which middle-income groups account for most wealth. The pursuit of 'Common Prosperity' implies more government spending on public services, including elderly care, medical care, housing and social security. The Chinese government will also provide more policy support for small and medium-sized enterprises which employ most Chinese. (Source:<https://www.scmp.com/economy/china-economy/article/3148106/chinas-economic-buzzwords-explained-common-prosperity-dual>).
- China's outlet sector's structural growth trend is underpinned by a rising middle-class with higher disposable income, globalisation of brands and demand for affordable luxury goods. We are confident that this sector will continue to appeal to consumers over conventional retail malls due to its unique positioning as a value-for-money shopping destination. We therefore view China's focus on attaining 'Common Prosperity' as benefitting the middle-class population as it provides an impetus to raise the income levels of this middle-class population which is the main customer base for our outlets. All these augur well for Sasseur REIT as a proxy to China's strong domestic market.

**6. Any updates on announced MOUs and strategic partnerships including those with Meritz Securities Co and YCH Group?**

- Currently, there are no further updates on the above. The Manager will alert all Unitholders on substantial developments via SGXNet Announcements when appropriate.

**Financial and Capital Management**

**7. As Sasseur REIT is looking at early refinancing of loans due in 2023, would Sasseur REIT consider starting a multi-currency medium term note programme which has the advantage of issuing fixed rate notes denominated in currencies that offer favourable fixed borrowing rates?**

- We are constantly exploring different financing tools to achieve an optimal capital structure, while maintaining a robust balance sheet for Sasseur REIT.
- We are also watching the bond market closely and do not rule out implementing a multi-currency medium term note programme in the future in preparation for the REIT to tap a wider capital base when market conditions are suitable.
- At this point in time, we are of the view that bank borrowing is still the most reliable source of debt financing for Sasseur REIT. We are currently working closely with a selected group of China and Singapore banks to refinance the existing debt of Sasseur REIT, and we will exercise prudent hedging policy to mitigate risks in a rising interest rate environment.

**8. If the company plans to inject new properties into the REIT's portfolio (i.e. within 2 years), what will be the likely intention for financing options (it may change when scenario arises) like using borrowing or issuing new equity through its own Unitholders or private placements or a combination?**

- We are always exploring different financing tools to achieve an optimal capital structure while maintaining a robust balance sheet for Sasseur REIT. In line with our financial discipline, we will utilise both debt and equity instruments to fund future acquisitions of properties into the REIT's portfolio.
- With the lowest gearing amongst S-REITs at 26.1% as at 31 December 2021, Sasseur REIT has ample headroom to take on more debt which could be utilised to pursue potential acquisition opportunities. Given that the cost of debt is generally much lower than equity, we will maximise the use of debt as the main acquisition financing option, and may raise new equity via issuance of new units by way of a private placement, preferential offering and/or rights issue if suitable or necessary. The ultimate capital structure will be dependent on the financing quantum required, and the optimal mix of the level of debt and equity to achieve a weighted average cost of capital which would be acceptable to fund the acquisition, as well as keeping to a reasonable level of gearing.

**9. I've noted that the debt maturity tenor is less than a year. Whilst there are future efforts to stagger the maturities of the debt, please do let me know if you have any updates at all as to the current status of the renegotiation of the debt**

- We believe that it is imperative to maintain a robust balance sheet for Sasseur REIT and we have therefore started preparations to re-finance the existing debt since the 2<sup>nd</sup> quarter in 2021, well ahead of the scheduled maturity of both onshore and offshore debts of approximately S\$518.6 million in March 2023.
- The re-financing is well underway, and discussions are on-going with a selected group of China and Singapore lenders. We are targeting to complete the re-financing exercise within the year in 2022, which will aim to address concentration risk through well-staggered debt maturities.

**10. What is the frequency on DPU payments for the next two years?**

- As announced on 18 February 2022, while Sasseur REIT has switched to half-yearly reporting from 1 January 2022, the REIT will continue with its quarterly distribution to Unitholders. For more information, please refer to the SGXNet announcement: [https://links.sgx.com/FileOpen/Sasseur\\_REIT-Change\\_to\\_HY\\_Reporting.ashx?App=Announcement&FileID=702554](https://links.sgx.com/FileOpen/Sasseur_REIT-Change_to_HY_Reporting.ashx?App=Announcement&FileID=702554)

**Others**

**11. With China adopting "dynamic zero COVID" strategy, how does the policy affect the Outlets' businesses and what are the plans to be implemented to mitigate the financial impact? How are the current lockdowns in China affecting Sasseur's outlets?**

- The current wave of COVID-19 outbreaks in China started in March 2022 in the eastern coastal city of Qingdao, and has also affected north-eastern Jilin and southern Guangdong. Shenzhen was placed under lockdown for weeks in March 2022, and currently the most severely impacted city is Shanghai which has been under lockdown since March 2022 as part of China's "dynamic zero COVID" strategy to contain the spread of the virus.
- Sasseur REIT's four outlets are located in Chongqing, Hefei and Kunming which are not affected by the current wave of COVID-19 outbreaks. So far, it is business as usual in these four outlets. However, due to stricter inter-city travel measures being imposed as part of the country's COVID-19 controls, the flow of shoppers from outer cities is somewhat reduced.

We expect the shopper flow to normalise gradually when the current wave of COVID-19 transmissions has slowed down which should lead to a relaxation of inter-city travel measures.

- The ground teams at the four outlets are operationally trained and prepared to take swift actions and implement the appropriate measures to respond to major COVID-19 outbreaks that may directly affect any of Sasseur REIT's four outlets so as to minimise any financial impact to the outlets.
- In addition, the fixed component of the EMA rent will help to cushion Sasseur REIT from the impact of a severe COVID-19 outbreak which may negatively affect the outlets' sales. This was evident from the financial performance of Sasseur REIT in 2020, where despite the REIT having to temporarily close all its four outlets from late January 2020 for about 7 weeks due to severe COVID-19 outbreak, Sasseur REIT still delivered DPU of 6.545 cents in FY2020, higher than the DPU of 6.533 cents in FY2019.
- Given the dynamic situation of the current COVID-19 outbreaks in China, we will continue to keep a close watch on the development of the COVID-19 situation, and will update Unitholders if there are material adverse effects on the operations of any of Sasseur REIT's four outlets due to such outbreaks.

**12. SGX's Memorandum of Deepening Cooperation with Chongqing Municipal Financial Regulatory Bureau has promoted capital flows from Chongqing's qualified domestic investors into Singapore's capital markets. How has Sasseur REIT reached out to these Chongqing's qualified domestic investors? How big are these group of Chongqing's qualified domestic investors? Do they show strong interest to purchase Sasseur REIT units?**

- Through Sasseur REIT's comprehensive investor relations strategy, we have made a conscious effort to maintain a high level of engagement and transparency with investors of all profiles, across various channels.
- Prior to the announcement of SGX's Memorandum of Deepening Cooperation with Chongqing Municipal Financial Regulatory Bureau in September 2019, Sasseur REIT's senior management and investor relations teams travelled to China regularly to promote the REIT to Chinese investors by way of non-deal roadshows, including those from Chongqing. We are unable to ascertain the size of the market of Chongqing qualified domestic investors but suffice to say that we received positive feedback from the investors whom we met during these non-deal roadshows.
- While a majority of Sasseur REIT's investors are Singapore based, there has been a recent increase in overseas investors following the inclusion of Sasseur REIT into the FTSE EPRA NAREIT Global Emerging Market Index since December 2019. That being said, we are unable to ascertain whether these overseas investors are based in China as we believe many of these overseas investors might have invested through funds which track such indexes.

**13. Could you provide updates on Sasseur REIT's investor relations efforts? Has Sasseur REIT conducted events to reach out to ultra-high net worth individuals and/or clubs over the years?**

- While the COVID-19 pandemic has restricted face-to-face meetings, Sasseur REIT has made a conscious effort to maintain a high level of engagement and transparency. As part of our investor relations and communications programme, we continue to update all stakeholders on corporate developments through regular analyst and media engagements.
- We proactively engage retail and institutional investors, analysts and the media to communicate Sasseur REIT's performance and address their concerns via announcements, webinars, post-results briefings, face-to-face meetings, teleconferences, investor conferences, roadshows and site visits. For example, we will conduct post-results briefings

every quarter to update investors and analysts on Sasseur REIT's financial results and operational performance.

- In 2021, the REIT organised a total of 14 investor webinars, besides numerous one-on-one virtual investor meetings. These meetings targeted investors across various profiles, backgrounds and geographical regions, which included institutional investors, retail investors, high net worth investors and family offices.
- Besides participating in external panel discussions and investor webinars, we also pivoted to communicating through digital formats more actively which significantly raised Sasseur REIT's visibility and profile on well-followed social media platforms such as LinkedIn.
- Our intensive investor engagement efforts were recognised by IR Magazine, which awarded Sasseur REIT the Certificate for Excellence in Investor Relations. Sasseur REIT also won the Best Corporate Communications & Investor Relations (Gold) award at the Global Good Governance Awards 2021.

## APPENDIX 2

### List of key questions received from Unitholders for FY2021 AGM

1	Sasseur REIT has been performing well and recorded impressive dividend growth since listing. When will the first acquisition take place? Are there any plans to acquire assets from the Sponsor's ROFR pipeline?
2	How does Management ensure, on an ongoing basis, that merchandise sold at all outlets are genuine? This will directly impact Unitholders' trust and shoppers' confidence.
3	What is the percentage of customers who purchase products online without visiting Sasseur REIT's outlet malls? Online customers are likely to stay further away from the outlet malls, what plans does Sasseur REIT have to engage these customers?
4	Is there anything to be concerned about with regards to the general expiry of the leases in the forthcoming year? I noted that the weighted average lease expiry (" <b>WALE</b> ") is 1.3 year by gross revenue.
5	Can you elaborate on how China's Common Prosperity Policy will impact Sasseur REIT's outlet malls? How has this policy been implemented on the ground, and will it lead to more rapid growth in middle class consumers, resulting in positive sales?
6	Any updates on announced MOUs and strategic partnerships including those with Meritz Securities Co and YCH Group?
7	As Sasseur REIT is looking at early refinancing of loans due in 2023, would Sasseur REIT consider starting a multi-currency medium term note programme which has the advantage of issuing fixed rate notes denominated in currencies that offer favourable fixed borrowing rates?
8	If the company plans to inject new properties into the REIT's portfolio (i.e. within 2 years), what will be the likely intention for financing options (it may change when scenario arises) like using borrowing or issuing new equity through its own Unitholders or private placements or a combination?
9	I've noted that the debt maturity tenor is less than a year. Whilst there are future efforts to stagger the maturities of the debt, please do let me know if you have any updates at all as to the current status of the renegotiation of the debt.
10	What is the frequency on DPU payments for the next two years?
11	With China adopting "dynamic zero COVID" strategy, how does the policy affect the outlets' businesses and what are the plans to be implemented to mitigate the financial impact? How are the current lockdowns in China affecting Sasseur's outlets?
12	SGX's Memorandum of Deepening Cooperation with Chongqing Municipal Financial Regulatory Bureau has promoted capital flows from Chongqing's qualified domestic investors into Singapore's capital markets. How has Sasseur REIT reached out to these Chongqing's qualified domestic investors? How big are these group of Chongqing's qualified domestic investors? Do they show strong interest to purchase Sasseur REIT units?
13	Could you provide updates on Sasseur REIT's investor relations efforts? Has Sasseur REIT conducted events to reach out to ultra-high net worth individuals and/or clubs over the years?