

Sasseur REIT

# SGX Discovery Series with Phillip Nova

12 June 2024



Sasseur (Chongqing Liangjiang) Outlet

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# Strong Sponsor – Sasseur Group

Founded by Chairman Xu Rongcan, Vito



## Introduction to Sasseur Group

- Founded in 1989, Sasseur Group is one of the leading premium outlet groups in China that focuses on the operation of retail outlet
- Sasseur Group manages 17 outlets (including 4 owned by Sasseur REIT) in China, with another 1 upcoming outlet
- Leveraging on the founder's passion for art and culture in its design, offering a unique lifestyle experience for Sasseur outlets' customers

## Founder and Chairman: Xu Rongcan, Vito



- Vito Xu is founder and chairman of Sasseur Group with a wealth of experience in the fashion industry
- In 1992, he entered the clothing industry and created his own women's fashion wear line – [砂之船] "SASSEUR"
- Recipient of numerous prestigious awards including "**Asia's Top Entrepreneur 2019**" by Fortune Times

## Co-founder of Sasseur Outlet: Yang Xue



- Spouse of Vito Xu and brand architect for Sasseur Group, Yang Xue plays a key role in the strategic development of the Group
- For her contributions and influence as a role model and style icon, she was named "**Most Stylish Figure of 2019**" and "**2022 China Lifestyle Industry Person of the Year**" by Yaok Institute

# Strong Sponsor – Sasseur Group

30 years' experience focusing on outlet operations in China



**2001**

Built headquarters in Bishan, Chongqing



**2010**

Sasseur Group invited to open outlet in Hangzhou, kicking off expansion to other tier 2 cities in China



**2018**

Public listing of Sasseur REIT on the Singapore Exchange



**2023**

Grand opening of 17<sup>th</sup> Sasseur outlet in Shijiazhuang

**1989 - 1999**

- Distributor for international brands
- Started high-end women's Sasseur brand

**2008**

Commencement of operations of 1<sup>st</sup> Sasseur outlet, Chongqing Liangjiang; generated sales of over RMB 450m in 1<sup>st</sup> year

**2012**

Sasseur (Chongqing Liangjiang) Outlet achieved industry-leading sales of RMB 1.2b in 4<sup>th</sup> year

**2022**

Grand opening of 16<sup>th</sup> Sasseur outlet in Fuzhou



# Strong Sponsor – Sasseur Group

Sasseur REIT leveraging full Sponsor support

Leading Private Outlet Specialist with ~30 years' Experience Focusing on Outlet Operations in China



17

managed outlets



RMB4.7b; ▲4.2% YoY  
total outlet sales<sup>1</sup> for 1Q 2024



Close to 5,000  
international and local brands



~ 13.0m  
VIP members



57.96%  
stake in Sasseur REIT<sup>2</sup>



Manages 17 Outlets

Owns 2 Outlets

- 2 owned by Sponsor
- 11 owned by third-party owners
- 4 owned by Sasseur REIT



Chongqing Liangjiang Outlet



Chongqing Bishan Outlet



Hefei Outlet



Kunming Outlet

Right of First Refusal (ROFR) assets  
for Sasseur REIT



Sasseur (Xi'an) Outlet

- External borrowings for asset: <20% of asset value<sup>2</sup>



Sasseur (Guiyang) Outlet

- Nil external borrowings for asset<sup>2</sup>

1. For 16 outlets, excluding Shijiazhuang Outlet which was opened in Sep 2023 and including the 4 outlets owned by Sasseur REIT.

2. As at 31 Mar 2024.

# Sasseur Group's Expanding Asset-light Business Model

Managing 17 outlets<sup>1</sup> with plans to further expand into first-tier cities



**17** operating outlets<sup>1</sup> in **15** Chinese cities,  
with another **1** upcoming outlet in 2024



- Operating Outlets
- Sasseur REIT Outlets
- Upcoming Outlets
- Right of First Refusal (ROFR) Outlets

1. Including the 4 outlets owned by Sasseur REIT.  
2. Tentative opening date.



**Sasseur (Wulumuqi) Outlet On Track to Open in Sep 2024**



**Sasseur Group Gains Another Industry Accolade**



### Sasseur Group

- Awarded "2023 Excellent Operation and Management Enterprise" accolade at the 19<sup>th</sup> China Commercial Real Estate Industry Development Forum

# Sasseur Group's Unique "Super Outlet" Business Model

*Positioning the outlets as a lifestyle destination for the whole family*



- Sasseur Group's "Super Outlet" Formula:  $A \times (1 + N) \times DT$
- "1" represents the outlet mall business platform and "N" reflects the various lifestyle options offered in each of the outlet malls
- Unique lifestyle experience based on a combination of art in the design and decoration of its outlet malls, and as a one-stop shopping and lifestyle experience, provides resilience against competition from e-commerce



# Attractive Total Return and Distribution Yield

Resilient and defensive amidst economic uncertainties



## Total Return<sup>1</sup> (Listing to 31 Dec 2023) Outperforms Market

Sasseur REIT

**36.2%**

Vs

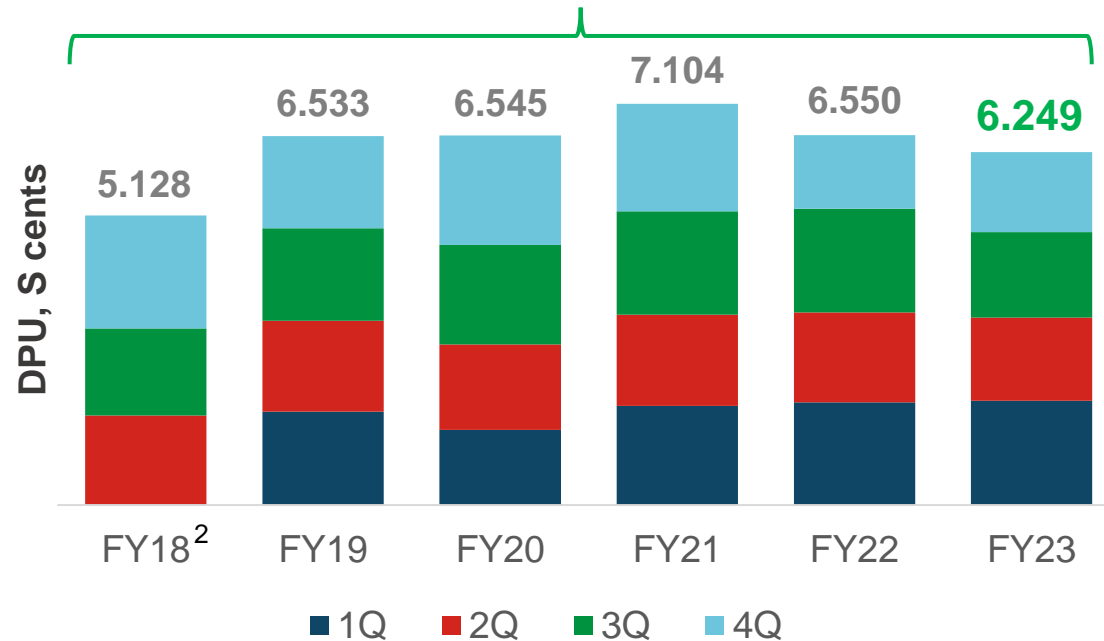
FTSE ST REIT Index

20.6%

FTSE Straits Times Index

19.5%

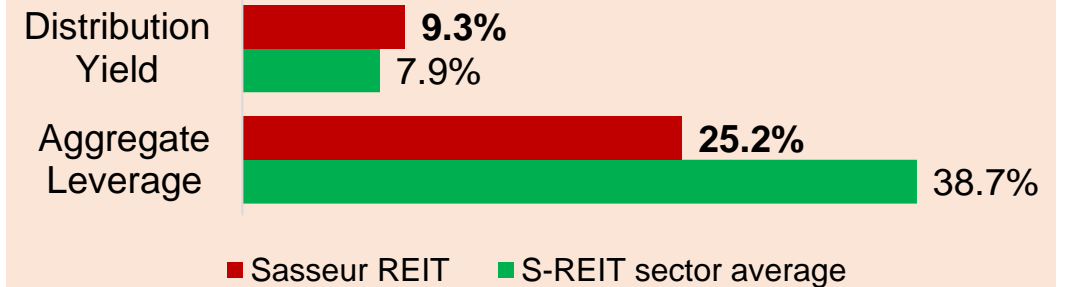
## Total Distribution of 38.109 S cents



## Best Risk-adjusted Return versus Sector Average

Distribution Yield and Aggregate Leverage<sup>3</sup>

(as at 31 Mar 2024)



## Business Excellence

The Edge Singapore Centurion Club Awards 2023

- ★ Overall Sector Winner
- ★ Highest Weighted Return on Equity Over Three Years

in REITs sector



1. Source: Bloomberg.

2. From 28 Mar 2018 to 31 Dec 2018.

3. SGX Research, "Chartbook: SREITs & Property Trusts", Apr 2024.



# 1Q 2024 Outlet Sales Above 1Q 2019 Pre-COVID Sales by 4.4%

Hefei Outlet achieves record 1Q sales since listing



## Portfolio

1Q 2024

**Total Outlet Sales**  
**RMB1,258.7m**

▼2.6% YoY

**Portfolio Occupancy<sup>1</sup>**  
**97.9%**

*Setting another new record high*

**Weighted Average Lease Expiry (NLA)**

**2.0 years**

As at 31 Mar 2024



## Financials

1Q 2024

**EMA Rental Income (RMB)<sup>2</sup>**  
**RMB172.6m**

▲1.2% YoY

**EMA Rental Income (S\$)<sup>2</sup>**  
**S\$32.6m**

▼1.4% YoY

**Distribution per Unit**  
***Change from Quarterly to Half-yearly Distributions***  
With effect from FY2024



## Capital Management

As at 31 Mar 2024

**Aggregate Leverage**  
**25.2%**

Vs 31 Dec 2023: 25.3%  
*Lowest amongst S-REITs<sup>3</sup>*

**Interest Coverage Ratio**  
**4.5x**

Vs 31 Dec 2023: 4.3x

**Net Asset Value per Unit<sup>4</sup>**  
**S\$0.84**

Vs 31 Dec 2023: S\$0.82

1. Occupancy is calculated based on the average of the last day's occupancy of each month in the quarter.
2. Excluding straight-line accounting adjustments.
3. SGX Research, "Chartbook: SREITs & Property Trusts", Apr 2024.
4. Based on units in issue and to be issued of 1,248,975,494 and 1,245,669,885 as at 31 Mar 2024 and 31 Dec 2023 respectively.

# Prudent Capital Management

Lowest aggregate leverage amongst S-REITs<sup>1</sup>; considerable debt headroom



	As at 31 Mar 2024	As at 31 Dec 2023
Gross borrowings	S\$445.4 mil	S\$442.1 mil
Average debt maturity	2.6 years	2.9 years
Weighted average cost of debt per year	5.4%	5.6%

**25.2%** **Low aggregate leverage**  
Vs 25.3% as at 31 Dec 2023

**S\$878.6m** **Sizeable debt headroom<sup>3,4</sup>**  
Vs S\$863.4m as at 31 Dec 2023

## Sensitivity of DPU to changes in interest rates

	Change in interest rate	Impact on DPU p.a. <sup>2</sup>
Offshore loans	▲ 50bps	▼ 0.02 cents
Onshore RMB loans	▼ 50bps	▲ 0.07 cents

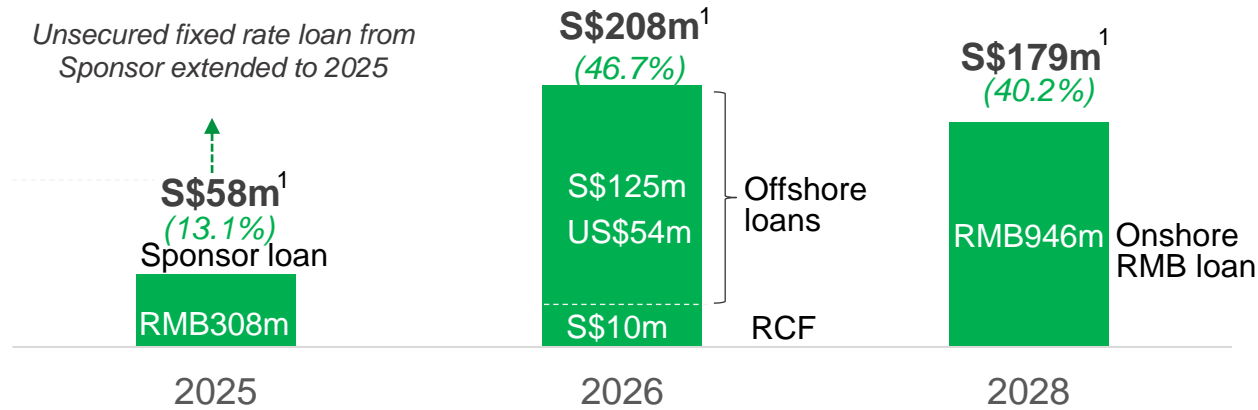
**4.5x** **Interest coverage ratio**  
Vs 4.3x as at 31 Dec 2023

1. SGX Research, "Chartbook: SREITs & Property Trusts", Apr 2024.
2. Based on units in issue of 1,245,669,885 as at 31 Mar 2024.
3. Debt headroom is computed based on total assets and assumes a corresponding increase in total assets with new debts raised.
4. Based on MAS' prescribed leverage limit of 50.0%.

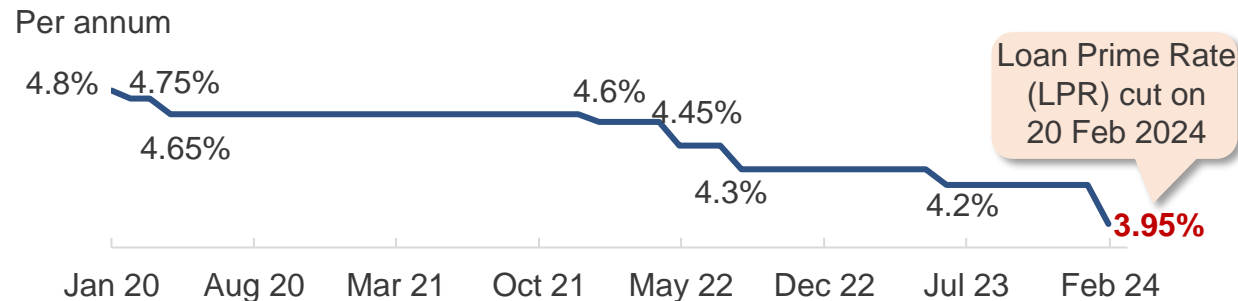
# Diversified Debt Profile

Higher proportion of RMB-denominated loans provides natural forex hedge and benefits from LPR cut; unencumbered Kunming Outlet enhances financing flexibility

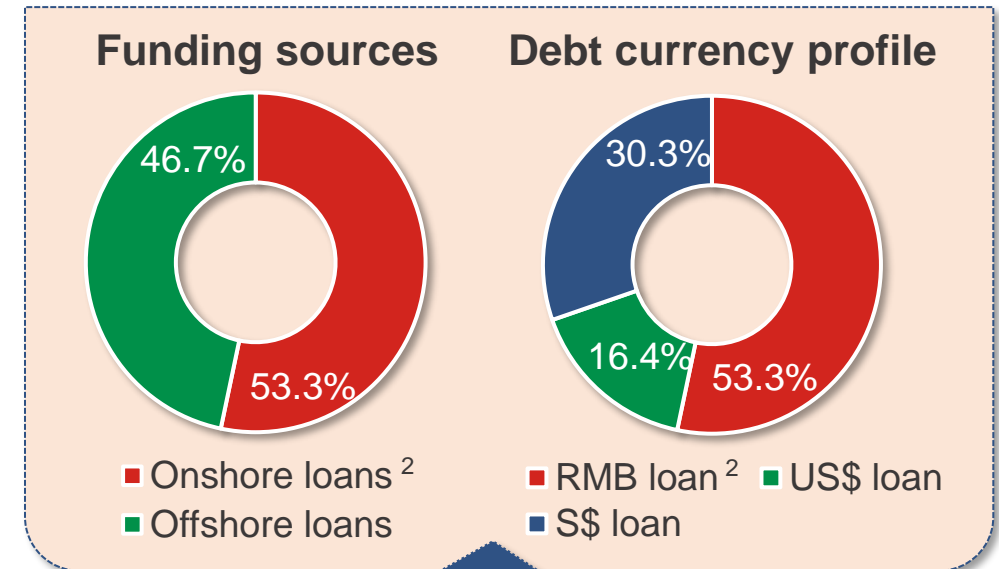
## Maturity profile for loans totaling S\$445m



## China cut 5-year LPR for first time since Jun 2023<sup>3</sup>



As at 31 Mar 2024

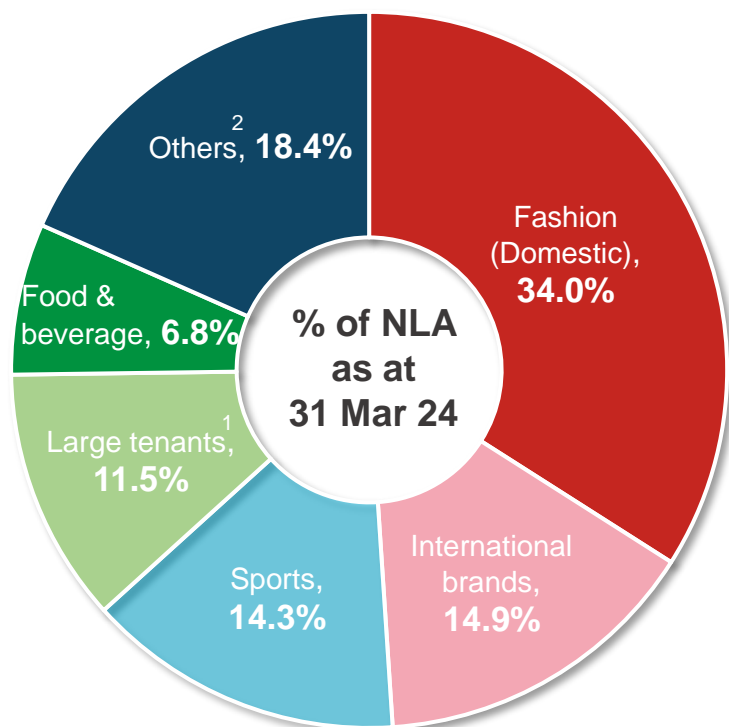


Approximately **87%** of borrowings  
 ① Pegged to stable/fixed interest rates  
 ② Hedged to fixed interest rates

1. Closing S\$:RMB and US\$:S\$ rates of 5.2762 and 1.3447 as at 31 Mar 2024 respectively.  
 2. Includes S\$58 million Sponsor loan.  
 3. Sources: tradingeconomics.com; CNBC, "China boosts property funding with first cut in key loan rate since June", 19 Feb 2024.

# Diversified Trade Mix

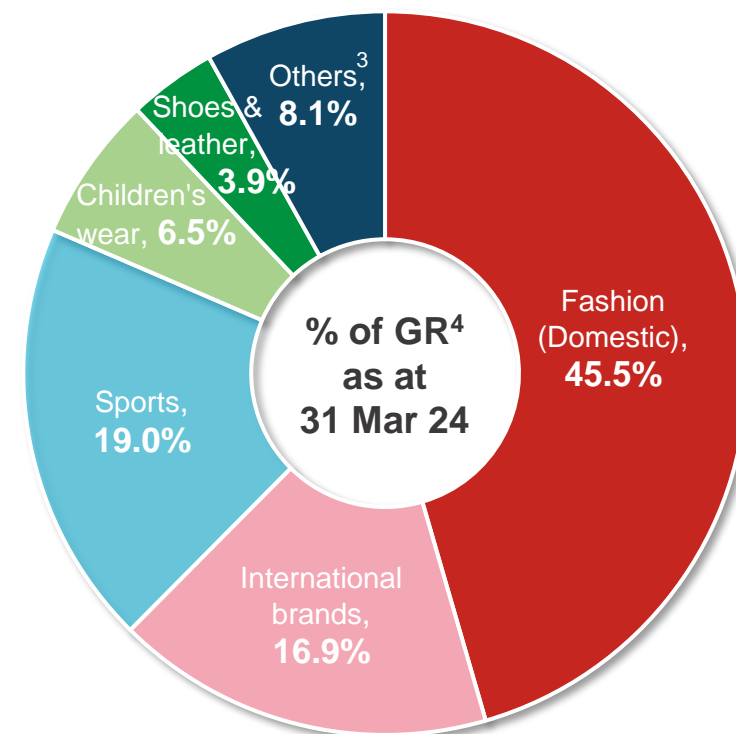
Approximately 16% of portfolio's gross revenue contributed by top 10 tenants



## Of the portfolio's Gross Revenue<sup>4</sup>

**Top 10 tenants contribute 15.7%**

**No single tenant accounts for >5%**



## Retail trends: 1Q 2024 vs 4Q 2023

- Trade mix for 1Q 2024 versus 4Q 2023 remains stable
  - Slight increase in the contribution of Fashion (Domestic) brands to portfolio's gross revenue as consumers shift towards quality local fashion brands which offer relatively better value-for-money

1. 'Large tenants' are tenants with a fixed rent component, occupying bigger spaces such as cinemas, hotels and gyms.  
 2. 'Others' comprises Kids-centric centres, Children's wear, Shoes & leather, Accessories, Lifestyle and Ad-hoc; 'Ad-hoc' refers to temporary leases.  
 3. 'Others' comprises Food & beverage, Accessories, Large tenants, Kids-centric centres, Lifestyle and Ad-hoc; 'Ad-hoc' refers to temporary leases.  
 4. GR refers to Gross Revenue which is calculated based on average monthly gross revenue for the period Jan-Mar 2024.

藝術商業 超級奧萊  
Art Commerce Super Outlets

砂之船奧萊  
OUTLETS

艺术商业创造者

**Thank You**

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