



For Immediate Release

Sasseur REIT's 1H 2024 EMA Rental Income Remains Resilient; Stable Operating Metrics Despite Tepid Consumer Sentiment in China

- Chongqing Liangjiang Outlet's 1H 2024 sales exceed pre-COVID 1H 2019 level by 4.6%
- Portfolio occupancy remains high at above 97%
- Robust balance sheet backed by a diversified debt maturity profile and gearing of 25.3%, lowest amongst S-REITs
- Weighted average annual debt cost trending downward; 5.3% as at 30 June 2024, versus 5.6% at end-2023

Summary of Results:

	1H 2024	1H 2023	Change %
EMA Rental Income (RMB mil)	329.0	326.0	0.9
- Fixed Component (RMB mil)	230.5	223.8	3.0
- Variable Component (RMB mil)	98.5	102.2	(3.6)
EMA Rental Income (exclude straight-line adjustments) (S\$ mil)	62.3	62.6	(0.4)
Distributable Income (S\$ mil)	42.7	43.9	(2.9)
Amount Retained (S\$ mil)	(3.4)	(2.9)	16.5
Distribution Per Unit (S cents)	3.153	3.322	(5.1)

Note: Average S\$:RMB rate of 1:5.2815 for 1H 2024 and 1:5.2094 for 1H 2023

Singapore, 8 August 2024 – Sasseur Asset Management Pte. Ltd. (“**SAMPL**” or “**REIT Manager**”), the manager of Sasseur Real Estate Investment Trust (“**Sasseur REIT**”), is pleased to announce that Sasseur REIT has achieved an EMA Rental Income for the first half year ended 30 June 2024 (“**1H 2024**”) of RMB329.0 million, up 0.9% year-on-year (“**YoY**”).

EMA Rental Income was lifted by a 3.0% increase in the fixed component, despite a 3.6% YoY decline in the variable component in tandem with a 3.9% drop in the portfolio's outlet sales YoY. In Singapore Dollar terms, EMA Rental Income for 1H 2024 dipped slightly by 0.4% YoY to S\$62.3 million, due to currency translation effect.

Sasseur REIT recorded a DPU of 3.153 Singapore cents for 1H 2024, 5.1% lower than a year



ago. This DPU will be paid to unitholders on 26 September 2024.

Excluding the impact of a change in the treatment of upfront borrowing costs¹ which had commenced in the second half of 2023, as well as a change in the REIT Manager's base fee component to 20% in cash with effect from January 2024, 1H 2024 DPU would have grown by 1.7% YoY to 3.378 Singapore cents.

Ms Cecilia Tan, CEO of SAMPL said, "Against the current backdrop of tepid consumer sentiment in China, Sasseur REIT has achieved stable operational performance in 1H 2024 compared to 1H 2023 which had seen a high base effect in sales arising from pent-up demand. Despite the external challenges, we are encouraged that Chongqing Liangjiang Outlet bucked the trend, with sales exceeding pre-COVID level in the first half of 2019 by 4.6%.

A key driver for the stable performance was our proactive asset management efforts to optimise the tenant mix at the outlets, strengthen the retail and lifestyle offerings as well as execute targeted asset enhancement works. The REIT's portfolio occupancy rate has been consistently stable, reaching 97.8% in the second quarter of 2024 ("2Q 2024") and exceeding 97.0% in the past five quarters.

With the busiest retail season approaching in the second half of this year, we will be rolling out more engaging and experiential marketing campaigns to boost sales at the outlets. This includes the upcoming signature annual mega Anniversary Sales event in the third quarter and year end festive promotions in the fourth quarter.

In terms of capital management, we remained prudent and have been actively managing foreign exchange and interest rate volatilities through appropriate hedging strategies. The REIT's RMB-denominated loans stand to benefit from accommodative monetary policies in China, with its overall average cost of debt trending downwards. We are also proactively seeking opportunities to increase the proportion of RMB-denominated debt, as well as looking to tap new funding sources through a medium-term note programme."

Portfolio Updates

In 2Q 2024, the REIT's portfolio average occupancy rate across the four properties remained stable at 97.8%, reflecting the strong appeal of the outlets to tenants. Chongqing Liangjiang Outlet continued to maintain full occupancy rate. The REIT's tenant trade mix remained well-diversified with no single tenant contributing more than 5% of gross revenue² as at 30 June 2024.

¹ Upfront borrowing costs are no longer added back in the computation of distributable income.

² Gross revenue is computed based on average monthly gross revenue for the period January – June 2024.



In April 2024, Sasseur REIT embarked on an asset enhancement initiative (“**AEI**”) at Kunming Outlet to fortify the outlet’s leading position in the city by sharpening its trade mix clustering, with a particular focus on its ‘Super Sports’ and ‘Super Kids’ zones. The AEI which is expected to be completed in August 2024, involves the optimisation of approximately 15% of Kunming Outlet’s net lettable area (about 11,000 square metres).

Capital Management

Sasseur REIT continues to maintain a prudent balance sheet. As at 30 June 2024, its aggregate leverage stood at 25.3%, the lowest amongst S-REITs³, with a healthy interest coverage ratio⁴ of 4.5 times.

Approximately 87% of Sasseur REIT’s total borrowings are hedged to fixed interest rates or pegged to stable/fixed interest rates, with a weighted average debt to maturity of 2.4 years as at 30 June 2024. Approximately 53% of Sasseur REIT’s total loans are denominated in RMB. As part of China’s efforts to bolster economic growth, the government has recently reduced the 5-year Loan Prime Rate by 10 basis points to 3.85% per annum in July this year, marking its second cut since June 2023 and bringing the year-to-date cumulative reduction to 35 basis points. This would help to cushion Sasseur REIT’s overall cost of debt.

Sasseur REIT has no significant refinancing requirements until 2026 while the unencumbered Kunming Outlet further enhances financing flexibility for the REIT in seeking refinancing opportunities.

Outlook

China’s Gross Domestic Product (“**GDP**”) grew 5.0%⁵ YoY in 1H 2024, mainly driven by the manufacturing sector which has largely outperformed expectations⁶. However, the country’s economic growth continued to be affected by its property sector and consumption slowdown⁶. Nonetheless, the Chinese government reaffirmed its 2024 GDP target of about 5% at the Third Plenum in July 2024⁷.

Chairman of SAMPL, Mr Vito Xu, said, “Given the near-term challenges for China’s economy, the market expects the government to introduce more policies to further stimulate economic growth in the second half of the year to achieve its 2024 GDP target.

³ SGX Research, “Chartbook: SREITs & Property Trusts”, 2Q 2024.

⁴ The interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding the effects of any fair value changes in financial instruments and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees (including amortisation of borrowing-related transaction costs).

⁵ National Bureau of Statistics of China, Press Release dated 15 July 2024.

⁶ ING, “China’s 2Q GDP slowed by more than expected in new challenge to achieving growth target”, 15 July 2024.

⁷ South China Morning Post, “What do investment banks think of the Chinese Communist Party’s long-overdue third plenum?”, 19 July 2024.



The government has reiterated that expansion of domestic consumption demand remains one of the key thrusts for the country's economic growth. Consumers are increasingly prioritising value and quality and this underscores the need for businesses to offer value-driven propositions and competitively priced products. Such shifting consumer dynamics are supporting the favourable growth of outlets' sales in China in the long run.

We believe these structural trends will benefit Sasseur REIT, given its outlets' positioning as a one-stop destination for providing value-for-money bargains and lifestyle shopping experiences."

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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 China through its initial portfolio of four quality retail outlet mall assets strategically located in fast-growing Chinese cities such as Chongqing, Kunming and Hefei, with a combined net lettable area of 310,241 square metres.

Sasseur REIT is established with the investment strategy to invest 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 REIT Manager, an indirect wholly-owned subsidiary of the Sponsor. The REIT 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 REIT 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 REIT Manager's growth strategy is to identify and selectively pursue acquisition opportunities for quality income-producing properties used mainly for retail outlet mall purposes initially in China and subsequently in other countries.

About the Sponsor – SASSEUR CAYMAN HOLDING LIMITED

The Sponsor Group is one of the leading premium outlet groups in China, ranked within the top 500 service companies in China. 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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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.
