



Sasseur REIT
(SASSR SP/CRPU.SI)

REIT-vitalisation continues amid macro conditions

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- Operational strength.** Sasseur REIT delivered a resilient 3Q25 performance, with 10.8% YoY outlet sales growth, occupancy remaining high at 98.5%, and a WALE of 2.0 years. The results were supported by strong tenant retention and longer lease commitments from sports, lifestyle and domestic fashion brands.
- Improving asset performance.** Submarket softness in Hefei is moderating, with September sales turning positive following major tenant mix upgrades on Levels 1 and 4. Chongqing Liangjiang, Chongqing Bishan and Kunming continued to show robust sales momentum, underpinned by successful anniversary campaigns and AEI-driven improvements.
- Capital flexibility and earnings visibility.** With a fully RMB-denominated, LPR-linked debt structure, the REIT benefits from improving borrowing costs and reduced FX risk. Gearing remains low at 25.5%, with no refinancing requirements until 2028 and significant debt headroom for potential accretive acquisitions.
- Maintain Outperform.** We maintain an **OUTPERFORM** rating with a downward revised target price of **S\$0.87**, reflecting sustained operational stability and earnings visibility. While near-term DPU may soften due to partial fee payment in units and FX drag, upside catalysts include accretive acquisitions and continued outperformance of outlet formats.

Financials & Key Operating Statistics					
YE Dec (\$'000)	2023	2024	2025F	2026F	2027F
EMA Rental Income	126,726	123,726	118,420	120,912	122,568
PATMI	62,421	56,058	65,761	66,698	69,381
Distributable Income	77,370	75,912	69,006	70,110	75,384
DPU (\$ Cents)	6.25	6.08	5.50	5.56	5.96
DPU growth (%)	(4.6%)	(2.7%)	(9.6%)	1.2%	7.1%
Div Yield (Y%)	9.1%	8.9%	8.6%	8.7%	9.3%
Operating Margin (%)	70.6%	70.6%	74.0%	75.4%	76.5%
Net Gearing (%)	25.3%	25.1%	24.4%	24.1%	23.7%
Price P/B (x)	0.83	0.82	0.78	0.77	0.77
ROE (%)	6.1%	5.4%	6.4%	6.4%	6.6%

Source: Company data, KGI Research

3Q25 results. 3Q25 EMA rental income rose 4.9% YoY to RMB166.3mn, driven by a 9.7% increase in the variable component on strong outlet sales. In SGD terms, EMA income rose 2.6% YoY despite currency headwinds. Weighted average cost of debt declined to 4.6%, and management expects it to fall below 4.5% by 4Q25.

Figure 1: 9M25 rental income

	9M24	9M25	YoY Variance
Outlet sales (RMB 'mn)	3,124.4	3,244.7	3.9%
EMA rental income (RMB 'mn)	487.6	502.5	3.1%
Fixed component (RMB 'mn)	345.7	356.1	3.0%
Variable component (RMB 'mn)	141.9	146.4	3.2%
EMA rental income (S\$ 'mn)	91.5	91.3	(0.3%)

Source: Company, KGI Research

Outperform - Maintained			
Price as of 27 Nov 25 (SGD)	0.68	Performance (Absolute)	
12M TP (\$)	0.87	1 Month (%)	-1.4
Previous TP (\$)	0.90	3 Month (%)	1.5
Upside, incl div (%)	35.5	12 Month (%)	7.5
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	857		
Issued Shares (mn)	1,260		
Vol - 3M Daily avg (mn)	1.6		
Val - 3M Daily avg (\$mn)	1.1		
Free Float (%)	55.8%		
Major Shareholders		Previous Recommendations	
CGS-CIMB Securities/ASEAN	34.1%	29-Mar-24	OP S\$1.01
China Merchants Bank Co Lt	12.7%	6-Sept-24	OP S\$0.90
KGI Securities Singapore Pt	7.0%	24-Mar-25	OP S\$0.90

Macro resilience and structural tailwinds. China's consumption environment remained soft nationwide, with retail sales growing only 2.9% YoY in October, the weakest in over a year, while CPI fell 0.3% YoY and PPI decline 2.3% YoY, reflecting weak household sentiment from the property downturn and labour softness. Despite this, outlet formats have continued to outperform traditional malls as consumers trade down to value-oriented retail. Medium-term policy direction has also turned more supportive, China's 2026-2030 plan aims to significantly raise household consumption from the current ~40% of GDP, supported by RMB1.3 trillion in ultra-long treasury bonds (including RMB300bn reserved for consumption-related trade-in schemes) and a new 19-point plan to stimulate services and experiential consumption. This structural pivot supports Sasseur's value-driven and experiential outlet model.

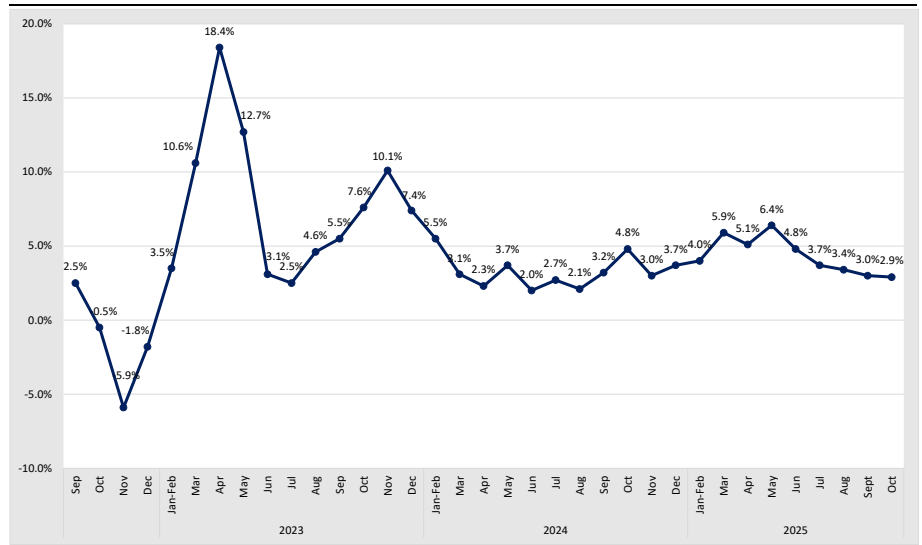
Valuation & Action: We maintain our **OUTPERFORM** rating with a revised target price of **S\$0.87**, based on a Dividend Discount Model incorporating a lower 8.2% cost of equity (from 8.7%) and a 1.5% terminal growth rate. While DPU may soften marginally in the near term due to partial management fee payments in units and RMB/SGD translation headwinds, these effects remain manageable and transitory. Sasseur REIT's strong operating performance, improving financing visibility, and defensive outlet positioning continue to underpin a resilient return profile. Medium-term upside is further supported by the potential for accretive acquisitions from the sponsor's ROFR pipeline, which could enhance both NAV and income diversification.

Risks: RMB depreciation against SGD, slower-than-expected household spending recovery, and competition arising from online retail and new outlet supply.

Outlook

China’s consumption recovery remains uneven. Retail sales growth moderated to just 2.9% YoY in October, the slowest pace in over a year, while CPI fell 0.3% YoY and PPI contracted 2.3% YoY, signalling weak pricing power and soft household sentiment. The prolonged property slump remains a key drag, with new home prices declining at their fastest pace in a year, limiting wealth effects and curbing discretionary spending. Industrial activity has likewise cooled, with October industrial output easing to 4.9% YoY from 6.5% in September. GDP growth is projected to moderate to 4.8% YoY in 3Q25, down from 5.2% in 2Q, falling short of the official 5% target.

Figure 2: Growth of total retail sales of consumer goods



Source: [National Bureau of Statistics of China](#)

Monetary policy remains steady, with lending rates unchanged for several months, supporting stability but offering limited near-term stimulus. Nonetheless, the medium-term structural backdrop is more favourable. China’s upcoming 2026-2030 framework explicitly pivots toward domestic demand, aiming to significantly raise household consumption from its current ~40% of GDP, well below global norms and far lower than the ~70% observed in the U.S. Policymakers plan to elevate public service spending, increase the share of government investment allocated to household-linked sectors, and deploy RMB1.3 trillion in ultra-long treasury bonds, including RMB300bn earmarked for consumer trade-in programmes.

In parallel, Beijing’s newly announced 19-point plan to stimulate consumption emphasises services and experiential spending, including extended operating hours for major attractions, more sporting events, expanded tourism infrastructure, and increased private-sector participation in healthcare and leisure. Services already account for just over 46% of household consumption and are expected to rise further. These trends support retail formats that integrate value-driven shopping with leisure and experience-led elements, a segment in which outlet malls continue to outperform.

Company outlook

Against this macro backdrop, Sasseur REIT enters FY26 with robust earnings visibility. Its fully RMB-denominated, LPR-linked debt is expected to drive borrowing costs into the low-4% range in FY26. Asset enhancement initiatives (AEIs) at Hefei and Kunming have improved sales productivity, while a refreshed tenant mix continues to capture value-for-money demand. Sales performance in November remained strong across all outlet malls, supporting a steady recovery trajectory.

Business updates

Asset enhancement and tenant mix optimisation. Reconfiguration initiatives across Hefei and Kunming have materially improved footfall and sales. Hefei's Level 1 upgrades introduced a stronger lineup of domestic sports brands, a category benefiting from nationwide trade-down trends, while Level 4's zoo and rooftop areas were transformed into experiential family zones aligned with China's focus on expanding services consumption. These upgrades have stabilised Hefei's sales trajectory and strengthened customer engagement.

The REIT's short-lease strategy continues to support efficient tenant rotation in response to rapidly evolving consumer preferences, particularly valuable given the current low national retail sales growth of about 2%-3% YoY.

Potential acquisitions as medium-term catalysts. With gearing at 25.5%, no refinancing needs until 2028, and ample debt headroom, Sasseur REIT is well positioned to pursue accretive acquisitions from its sponsor's ROFR pipeline. The Xi'an and Guiyang outlet properties remain viable candidates. While management remains disciplined amid capital market volatility, lower financing costs and structural shifts towards value retail enhance the likelihood of successful acquisitions in FY26-FY27.

DPU trajectory. FY25 DPU is expected to be broadly in line with consensus, with 1H25 DPU at 3.055 Scents, reflecting mixed sales performance and a higher unit base following changes in fee distribution. However, lower interest costs, stabilisation at Hefei, and AEI-driven uplift should support a gradual DPU recovery from 4Q25 into FY26. A full-year impact of reduced borrowing costs in FY26 provides additional upside potential.

Strengthened funding structure with full RMB debt. Sasseur REIT's migration to a fully RMB-denominated, LPR-linked debt profile enhances natural hedging, reduces FX volatility, and positions the REIT to benefit directly from domestic rate easing. With 100% of borrowings in RMB and no refinancing needs until 2028, the REIT enjoys improved financing visibility and lower funding costs, reinforcing medium-term earnings stability. This robust capital structure provides the flexibility to pursue selective, accretive acquisitions while maintaining prudent leverage.

Valuation

We revise our target price to **S\$0.87**, reflecting a more measured DPU trajectory for FY25. While we have lowered our cost of equity from 8.7% to 8.2% to incorporate improving rate visibility and the benefits of a fully LPR-linked funding structure, near-term earnings remain tempered by partial management fee payments in units and continued RMB weakness, which moderates SGD-translated income.

Despite a softer macro backdrop, Sasseur REIT's medium-term outlook remains fundamentally supported by both structural and company-specific drivers. China's strategic pivot toward consumption, including plans to lift household consumption, provides a favourable backdrop for value-driven retail formats. Outlet malls continue to outperform traditional retail amid increased consumer price sensitivity, strengthening Sasseur's competitive positioning.

Further upside stems from Sasseur's lower cost of capital, ongoing AEI-driven uplift, and strong balance sheet capacity, which together enhance the REIT's ability to drive NAV and DPU growth once market conditions stabilize. Our TP implies a 27.4% upside.

Key drivers:

- **Declining borrowing costs** from the full migration to RMB and LPR-linked financing, improve interest savings and support a DPU recovery.

- **AEI-driven sales uplift** from reconfigured zones and refreshed tenant mixes has increased footfall, strengthened the experiential appeal and enhanced overall sales productivity.
- **Structural trade-down behaviour** across China, continues to favour value-oriented outlet formats, positioning Sasseur to outperform in a soft consumption environment.
- **Accretive acquisition potential** backed by low gearing and ample debt capacity, provides meaningful NAV and DPU upside optionality.
- **Stabilising performance** at Hefei and robust momentum across Chongqing and Kunming, reinforces portfolio resilience and underpins medium-term earnings strength.

Figure 3: DDM Valuation

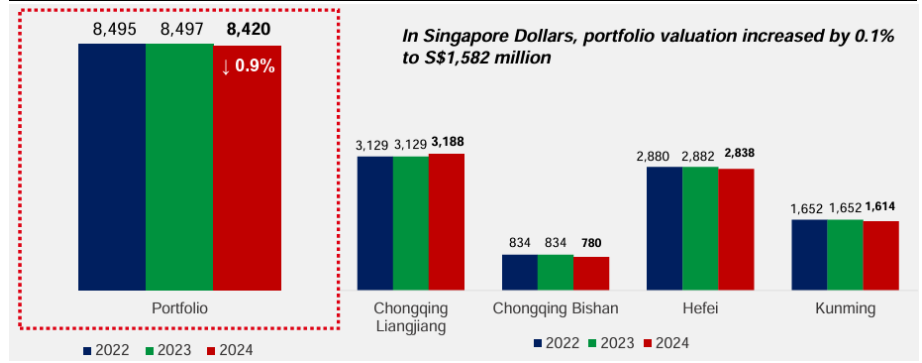
DDM (S\$) - Base Case Scenario	2019A	2020A	2021A	2022A	2023A	2024A	2025F	2026F	2027F	2028F	2029F
DPU Full Year (S\$ cents)	6.533	6.545	7.104	6.550	6.249	6.082	5.496	5.563	5.959	6.081	6.652
YoY Growth (%)		0.2%	8.5%	(7.8%)	(4.6%)	(2.7%)	(9.6%)	1.2%	7.1%	2.1%	9.4%
Dividend Yield (%)		8.0%	8.4%	8.7%	9.1%	8.9%	8.1%	8.2%	8.8%	8.9%	9.8%
Dividend per share (S\$ cents) - Normalised	5.496										
Cost of Equity (%)	8.2%										
Terminal Growth Rate (%)	1.5%										
Target Price (S\$)	\$0.87										
Current Price (S\$)	\$0.68										
Upside/(Downside), incl div (%)	35.5%										

Source: KGI Research

APPENDIX: Portfolio summary and key trends

Sasseur REIT's four retail malls were last valued at RMB 8.420bn as of December 2024 by Jones Lang LaSalle Corporate Appraisal & Advisory Ltd. Portfolio occupancy rates reached an all-time high of 98.9% as of 31 December 2024, ranging from 97.0% to 100%, with Chongqing Liangjiang fully occupied.

Figure 4: Sasseur's portfolio (Valuations in RMB)



Source: Company *Valuations as of 31 December 2024

Figure 5: Q1 outlet sales in RMB

Outlet sales (RMB 'mn)	1Q19	1Q20	1Q21	1Q22	1Q23	1Q24	1Q25
Chongqing Liangjiang	609.1	232.5	560.5	566.1	681.2	650.7	658.9
Chongqing Bishan	124.8	51.9	111.3	108.4	116.2	108.1	106.5
Hefei	243.0	128.4	244.2	244.0	287.4	295.7	284.1
Kunming	229.2	121.8	220.6	177.7	207.8	204.2	198.2
Total Portfolio	1,206.1	534.6	1,136.6	1,096.2	1,292.6	1,258.7	1,247.7

Source: Company, KGI Research

Figure 6: Q2 outlet sales in RMB

Outlet sales (RMB 'mn)	2Q19	2Q20	2Q21	2Q22	2Q23	2Q24	2Q25
Chongqing Liangjiang	480.2	396.0	470.9	431.7	519.3	488.8	523.1
Chongqing Bishan	93.1	78.6	77.6	79.3	87.0	78.0	79.2
Hefei	273.2	217.7	199.1	146.8	220.5	218.7	207.2
Kunming	180.2	143.4	141.9	117.0	134.8	121.7	125.2
Total Portfolio	1,026.7	835.7	889.5	774.8	961.6	907.2	934.7

Source: Company, KGI Research

Figure 7: Q3 outlet sales in RMB

Outlet sales (RMB 'mn)	3Q19	3Q20	3Q21	3Q22	3Q23	3Q24	3Q25
Chongqing Liangjiang	579.7	593.4	544.9	536.3	639.1	525.4	612.7
Chongqing Bishan	114.3	106.3	82.2	75.4	83.8	69.2	79.8
Hefei	286.4	223.2	188.6	205.0	222.3	209.3	206.3
Kunming	238.0	187.7	180.9	145.5	169.2	154.5	163.5
Total Portfolio	1,218.4	1,110.6	996.6	962.2	1,114.4	958.4	1,062.3

Source: Company, KGI Research

Financials

FYE 31 December					
INCOME STATEMENT (SGD '000)	2023	2024	2025F	2026F	2027F
EMA Rental Income	126,726.0	123,726.0	118,420.2	120,912.1	122,568.5
REIT Manager's fees	(8,335.0)	(8,330.0)	(8,289.4)	(8,463.8)	(8,579.8)
Trustee fees	(321.0)	(319.0)	(355.3)	(362.7)	(367.7)
Other trust expenses	(1,268.0)	(851.0)	(1,006.6)	(1,027.8)	(1,041.8)
Finance income	286.0	253.0	328.5	335.8	338.2
Finance costs	(27,409.0)	(24,710.0)	(21,416.6)	(20,276.4)	(19,158.7)
Net change in fair value of financial derivative	614.0	(113.0)	–	–	–
Net profit/(loss) before fair value adjustments	89,480.0	87,384.0	87,680.9	91,117.2	93,758.7
Change in fair value - investment ppty	(3,101.0)	(14,164.0)	–	–	–
Total return before tax	86,379.0	73,220.0	87,680.9	91,117.2	93,758.7
Income tax	(23,958.0)	(17,162.0)	(21,920.2)	(24,419.4)	(24,377.3)
Total return after tax	62,421.0	56,058.0	65,760.7	66,697.8	69,381.4
Distributable income	77,370.0	75,912.0	69,005.9	70,109.6	75,384.4
BALANCE SHEET (SGD '000)	2023	2024	2025F	2026F	2027F
Cash and cash equivalents	140,834.0	174,345.0	167,884.4	169,123.3	167,852.2
Other current assets	26,656.0	20,047.0	19,477.0	19,477.0	19,477.0
Total current assets	167,490.0	194,392.0	187,361.4	188,600.3	187,329.2
Investment properties	1,580,190.0	1,582,290.0	1,582,290.0	1,580,190.0	1,582,290.0
Intangibles, others	–	493.0	–	–	–
Total assets	1,747,680.0	1,777,175.0	1,769,651.4	1,768,790.3	1,769,619.2
Trade and other payables	142,285.0	141,194.0	141,194.0	142,285.0	141,194.0
Other current liabilities	43,639.0	48,349.0	48,514.5	43,862.5	196,032.9
Total current liabilities	185,924.0	189,543.0	189,708.5	186,147.5	337,226.9
LT Borrowings	369,895.0	372,295.0	425,749.3	420,086.8	266,905.8
Other non-current liabilities	172,249.0	177,356.0	119,476.0	114,970.0	119,476.0
Total liabilities	728,068.0	739,194.0	734,933.7	721,204.3	723,608.8
Unitholders' funds and reserves	1,019,612.0	1,037,981.0	1,034,717.7	1,047,586.0	1,046,010.4
Total liabilities and equity	1,747,680.0	1,777,175.0	1,769,651.4	1,768,790.3	1,769,619.2
CASH FLOW STATEMENT (SGD '000)	2023	2024	2025F	2026F	2027F
Total return before tax	86,379.0	73,220.0	87,680.9	91,117.2	93,758.7
Changes in working capital & non-cash adj	105,213.0	50,624.0	27,945.2	26,927.0	25,890.6
Taxes paid	(6,164.0)	(9,351.0)	(21,920.2)	(24,419.4)	(24,377.3)
Cash flows from operations	185,428.0	114,493.0	93,705.9	93,624.8	95,272.0
Capital expenditure	(532.0)	(372.0)	(2,000.0)	(2,000.0)	(2,000.0)
Cash flows from investing	(532.0)	(865.0)	(2,000.0)	(2,000.0)	(2,000.0)
Borrowings raised / (repaid)	(95,945.0)	(5,444.0)	(164,814.0)	–	–
Equity raised / (bought back)	–	–	–	–	–
Dividends paid	(75,807.0)	(56,859.0)	(69,005.9)	(70,109.6)	(75,384.4)
Other financing cashflow	27,203.0	(19,921.0)	145,736.4	(20,276.4)	(19,158.7)
Cash flows from financing	(144,549.0)	(82,224.0)	(88,083.5)	(90,385.9)	(94,543.1)
FX Effects, Others	17.0	1,661.0	–	–	–
Net increase in cash	40,347.0	31,404.0	3,622.4	1,238.9	(1,271.1)
Beginning Cash	90,833.0	131,197.0	164,262.0	167,884.4	169,123.3
Ending cash	131,197.0	164,262.0	167,884.4	169,123.3	167,852.2
KEY RATIOS	2023	2024	2025F	2026F	2027F
DPU (SG cents)	6.25	6.08	5.50	5.56	5.96
Dividend yield (%)	9.1	8.9	8.1	8.2	8.8
NAV per share (SG cents)	0.8	0.8	0.8	0.8	0.8
Price/NAV (x)	0.8	0.8	0.8	0.8	0.8
Profitability					
Operating Margin (%)	70.6	70.6	74.0	75.4	76.5
Net Margin (%)	49.3	45.3	55.5	55.2	56.6
ROE (ex. Property FV gain) (%)	6.1	5.4	6.4	6.4	6.6
ROA (ex. Property FV gain) (%)	3.7	4.0	3.7	3.8	3.9
Financial Structure					
Interest Coverage Ratio (x)	4.3	4.6	5.1	5.5	5.9
Gearing Ratio (%)	25.3	25.1	24.4	24.1	23.7

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Rating	Definition
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