Sasseur REIT

BUY

Share Price:	**S$0.69**
Target Price:	**S$0.93**
Upside:	**+34.8%**

COMPANY DESCRIPTION

Sasseur Real Estate Investment Trust invests in a diversified portfolio of retail real estate assets, with four outlet malls in China. It is the first outlet mall REIT listed in Asia.

Name	**Sasseur REIT**
Bloomberg Code	**SASSR SP EQUITY**
3M Avg Daily Trading Vol (k)	**1602.0**
3M Avg Daily Trading Val (S$'000)	**1093.5**
Major Shareholder / Holdings	**Xu Rongcan (56.8%)**
Shares Outstanding (m)	**1264.7**
Market Capitalisation (S$m)	**872.6**
52 week Share Price High/Low	**0.720/0.630**

STOCK PRICE PERFORMANCE

	1M	3M	12M
Absolute Return (%)	1.5	4.5	10.4

PRICE CHART

Source: Bloomberg

MORE SHOPPERS, CHEAPER DEBT

Sasseur REIT delivered strong 1H26 results exceeding our estimates, with rental income and DPU making up 52% and 55% of our previous full-year forecasts respectively. DPU rose 10.2% YoY on record first-half portfolio sales. Finance costs fell beneath our estimates following the early refinancing of loans in March 2026. Moving forward, DPU will be supported by 1) a weighted average cost of debt at a record-low 3.7% 2) shopper traffic up 20.7% YoY alongside the completion of Hefei's ex-cinema retail precinct, and 3) contractual 3% p.a. escalation on the fixed EMA component, which underpins c.70% of rental income independent of sales. We reiterate BUY, raising our FY26F and FY27F DPU forecasts and lifting our target price to S$0.93 from S$0.91.

Cheaper debt, higher DPU. Distributable income rose S$4.9mln in 1H26; lower finance costs contributed S$3.5mln. We caveat that DPU growth was not an inflection point in shopper habits. Most of DPU growth can be attributed to cheaper financing costs, with weighted average cost of debt dropping to 3.7% compared to the above 5% in previous years, and debt financing savings are locked in with nothing maturing before 2030, and the tail running to 2035.

EMA renewal talks underway. At initiation we flagged the EMA renewal as a key catalyst and risk to look out for, and on 14 August the Manager confirmed a formal comprehensive review with the Sponsor ahead of the framework's expiry in March 2028. We view progress on the EMA framework as signs that it will continue beyond 2028, an encouraging first step in reducing renewal uncertainty.

Record traffic in 1H26. Portfolio shopper traffic rose 20.7% YoY to 9.8mln in 1H26, the highest first-half footfall since listing, while VIP membership crossed five million for the first time and continued to contribute more than 60% of outlet sales. Traffic growth is attributable to brand collaborations and experiential campaigns. However, sales were more moderate at +2.1% in 2Q26, with Hefei and Kunming held back by AEI works and tenant repositioning. Hefei's common-area works are c.90% complete with 11 of 13 units pre-let and opening progressively from August, followed by a premium international brands zone in 3Q26 and a sports and athleisure hub in 4Q26. We note 2H26 carries the Anniversary Sale, which posted record sales in FY25.

KEY FINANCIALS

DEC YE	FY23	FY24	FY25	FY26F	FY27F
EMA rental income, fixed (S$m)	84.9	86.4	86.4	91.3	94.0
EMA rental income, variable (S$m)	41.8	37.3	34.5	41.2	41.8
Distributable income (S$m)	77.4	75.9	77.2	79.6	80.2
DPU (S¢)	6.25	6.08	6.14	6.24	6.23
NAV per unit (S$)	0.82	0.83	0.79	0.77	0.76
Aggregate leverage (%)	25.3	24.8	25.1	25.0	24.9
P/B (x)	0.87	0.86	0.90	0.92	0.93
NPI yield (%)	8.0	7.8	7.9	8.6	8.8
Distribution yield (%)	8.8	8.6	8.6	8.8	8.8

Source: Sasseur, Lim & Tan Research

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