Sasseur REIT (SASSR SP)

Sasseur Site Visit: Value Hunters Keep Chongqing Busy

Highlights

- Our recent visit to Sasseur's Liangjiang and Bishan retail outlets confirmed its leadership in Chongqing's retail outlet market.
- Both outlets continued to see strong occupancy of 100% at Liangjiang and 98.9% at Bishan, supporting Sasseur's 1H26 sales growth.
- Sasseur REIT trades at 0.77x P/NAV, with an annualised yield of 10.6%. Its double-digit yield and resilient outlet sales are balanced against China risks. Within S-REITs, we prefer CICT, NTTDCR and UIB REIT.

Analysis

- **Site visit to Sasseur's two Chongqing outlets.** We visited Sasseur REIT's (Sasseur) Liangjiang and Bishan outlets, which together make up 48% of portfolio valuation and 63% of 1H26 portfolio sales. Management highlighted that retail tenants make up over 95% of stores and pay Sasseur a commission on their sales (10-16% of sales), so the outlets earn more when shoppers spend more. F&B, cinema and entertainment tenants make up less than 5% of stores and pay fixed rent instead.
- **Liangjiang: The flagship and anchor asset.** Opened in 2008, Liangjiang hosts 374 tenants across 73,373sqm of GFA, anchored by sports brands such as NIKE, FILA, Anta and Adidas. It has stayed fully occupied since 4Q23 and generated Rmb1,274.4m of sales in 1H26 (+7.8% yoy), or 54% of the portfolio total sales. It carries the highest share of international brands in the portfolio (17.7% of revenue) and the largest VIP base, at 1.87m members.
- **Bishan: Smaller, but the fastest grower.** Bishan is a suburban outlet opened in 2014 with 186 tenants, led by domestic names such as POLOwalk, Anta, Li-Ning and Bosideng. Sports brands make up 32.9% of its gross revenue, the highest in the portfolio. 1H26 sales grew 10.9% yoy to Rmb206.0m, the fastest in the portfolio, while occupancy rose 2.0ppt yoy to 98.9%. Its 637,000 VIP members and family attractions such as a strawberry farm help draw repeat visits.
- **Market leader in Chongqing.** Sasseur owns two out of four outlet malls in Chongqing, and leads the market in sales. It attributes this to its early mover advantage (Liangjiang opened in 2008), larger sales scale, as well as better brand mix and brand availability than peers. The catchment is large, with Chongqing home to 31.9m residents at end-25, and shoppers are mainly domestic travellers rather than international tourists.

Key Financials

Year to 31 Dec (S$m)	2022	2023	2024	2025	1H26
Net turnover	126	127	124	121	62
EBITDA	115	117	114	110	57
Operating profit	115	117	114	110	57
Net profit (rep./act.)	71	65	70	72	31
Net profit (adj.)	71	65	70	72	31
EPU (S$ cent)	5.8	5.3	5.6	5.7	2.4
DPU (S$ cent)	6.6	6.2	6.1	6.1	3.4
PE (x)	10.9	12.1	11.3	11.1	13.0
P/B (x)	0.7	0.8	0.8	0.8	0.8
DPU Yld (%)	10.3	9.8	9.6	9.7	10.6
Net margin (%)	56.7	51.2	56.8	59.2	49.3
Net debt/(cash) to equity (%)	36.2	23.0	19.6	3.9	7.5
Interest cover (x)	4.4	4.3	4.7	4.7	6.9
ROE (%)	-	6.2	6.8	7.0	6.0
Consensus DPU (US$ cent)			n.a.	n.a.	n.a.
UOBKH/Consensus (x)			n.a.	n.a.	n.a.

Source: Sasseur, Bloomberg, UOB Kay Hian

Analyst(s)

Tang Kai Jie
kaijietang@uobkh.com
+65 6590 6624

NOT RATED

Share Price	S$0.635
Target Price	n.a.
Upside	n.a.

Stock Data

Sector	Real Estate
Bloomberg ticker	SASSR SP
Shares issued (m)	1,268.9
Market cap (S$m)	805.8
Market cap (US$m)	630.2
3-mth avg daily t'over (US$m)	1.4

Price Performance (%)

52-week high/low				S$0.72 /S$0.625
1mth	3mth	6mth	1yr	YTD
(7.3)	(5.9)	0.0	(6.6)	(6.6)

Major Shareholders (%)

Xu Rongcan	55.1

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.82
FY26 Net Cash/ Share (S$)	0.06

Price Chart

Source: Bloomberg

Company Description

Sasseur Real Estate Investment Trust operates as a real estate investment trust. The company invests in a diversified portfolio of retail real estate assets. Sasseur Real Estate Investment Trust serves customers in Asia.

- **Domestic and sports brands drive traffic.** Management said local brands generate about 72% of net sales, with international brands making up the remaining 28%. By gross revenue, domestic fashion (44.3%) and sports (22.4%) contribute about two thirds, while international brands contribute only 15.5%, which suggests they pay lower commission rates. As most shoppers are Chinese domestic travellers, Sasseur leans on local brands for their wider availability and stronger value proposition.
- **Sales peak during anniversary and Golden Week.** Sasseur does not take part in online shopping festivals such as 6.18 and 11.11. Instead, it focuses on its offline peaks: the annual anniversary sales (Liangjiang: 24 September to 7 October; Bishan: 25 September to 7 October), which run into the National Day Golden Week holiday in early-October. These are the highest sales periods of the year, and each anniversary sale opens with an overnight sale on the first day. A stronger-than-expected sales period should positively support 2H26. Other upcoming promotional periods include the red festival, as well as the year-end promotions.
- **Short leases let management reshuffle tenants quickly.** Tenant contracts are usually one year. WALE is 1.5 years by NLA and 0.7 years by gross revenue, and 56.7% of gross revenue expires in 2026. These shorter periods are deliberate, and let management replace weak brands quickly. Most tenants renew, but they are often relocated within the mall to improve the layout. Remodelling and brand upgrades take place every July, ahead of the peak anniversary and Golden Week season.
- **Strong VIP base.** The group's total VIP membership crossed 5m for the first time, reaching 5.19m at end-Jun 26 (+16.4% yoy), and members contributed over 60% of portfolio sales. A year-round event calendar, including brand tie ups such as the HAZZYS atrium sale at Liangjiang, keeps members engaged and coming back.

Financial Snapshot

- **Strong balance sheet.** Gearing was 25.6% (limit: 50.0%), giving about S$865m of debt headroom. Interest coverage ratio (ICR) improved to 5.6x from 4.7x. Cost of debt fell to 3.7% from 4.4% after an early onshore refinancing, and average debt maturity is now 4.8 years. All borrowings are in renminbi. NAV per unit rose to S$0.82 from S$0.79.
- **Double-digit yield.** The annualised 1H26 DPU of 3.366 S cents gives a 10.6% yield at current price, well above several other listed peers. Distributions are tax exempt in the hands of all unitholders.
- **Defensive income structure.** About 70% of Entrusted Management Agreement (EMA) rental income is fixed, with 3% annual step-ups, and the entrusted manager bears all operating costs. This limits the hit from slower sales, but the EMA is due for renewal in 2028.

Valuation/Recommendation

- **Sasseur REIT currently trades at 0.77x P/NAV, in line with peers, and has an annualised distribution yield of 10.6% at the current price.** The EMA structure, which is about 70% fixed, provides income visibility. Outlet sales growth has also continued to outpace China's retail sales (+1.3% yoy in 1H26), which our Chongqing site visit supports. Within S-REITs, we continue to prefer NTT DC REIT and UIB REIT for their structural growth exposure and lower China risk, and CICT on positive rental reversions.
- **Key risks include:** a) a fragile China consumer recovery; b) uncertainty over EMA renewal terms in 2028; and c) renminbi volatility.

Share Price Catalyst

- Strong anniversary and Golden Week sales in 2H26; b) recovery of Hefei's occupancy after its AEI, with new tenants opening from Aug 26; c) further cuts in financing costs; and d) favourable EMA renewal terms and accretive acquisitions.

Sales By Outlet

Year to 31 Dec	1H26	1H25	yoy (%)
Total outlet sales (Rmbm)	**2,344.80**	**2,182.40**	**7.40**
Chongqing Liangjiang	1,274.4	1,182.0	7.8
Chongqing Bishan	206.0	185.7	10.9
Hefei	535.5	491.3	9.0
Kunming	328.9	323.4	1.7

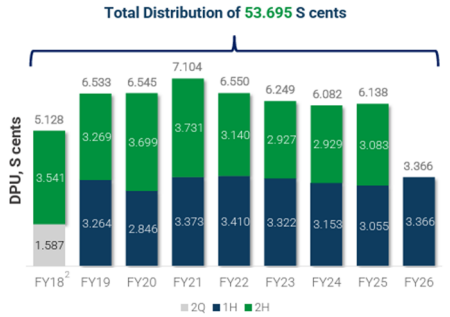
Source: Sasseur, UOB Kay Hian

Outlet Profile (As At end-Jun 26)

Year to 31 Dec	GFA (sqm)	Occupancy Rate (%)	No. of Tenants
Chongqing Liangjiang	1,274.4	100	374
Chongqing Bishan	206.0	96.9	186
Hefei	535.5	97.6	431
Kunming	328.9	99.9	298

Source: Sasseur, UOB Kay Hian

Historical Dividend Payout (S cents)



Source: Sasseur, UOB Kay Hian

Key Promotional Events In 2026

Event	Timing
Spring Carnival	Feb to Mar
Labour Day, Mid Year Sales	May to Jun
Summer Holidays	Jul to Aug
Anniversary Sales	**Late Sep to early Oct**
Red Festival	Nov
Year End Promotion	Dec

Source: Sasseur, UOB Kay Hian

Site Visit Gallery: Chongqing Liangjiang And Bishan Outlets

Liangjiang Outlet: Main Entrance

Source: UOB Kay Hian

Bishan Outlet: Open Air Streetscape

Source: UOB Kay Hian

Liangjiang Outlet: Outlet Interior Landscape

Source: UOB Kay Hian

Bishan Outlet: Outlet Interior Landscape

Source: UOB Kay Hian

Liangjiang Outlet: Store Directory

Source: UOB Kay Hian

Bishan Outlet: Store Layout and Sales

Source: UOB Kay Hian

Comparable Companies

Company	Ticker	Price @ 6 Oct 26 (S$)	Market Cap (S$m)	Annualised Yield* (%)	P/NAV (x)	Cost of Debt (%)	Gearing (%)	ICR (x)	Debt in Fixed Rate (%)	Average term to maturity (years)	WALE (years)	Occupancy (%)
Sasseur REIT	**SASSR SP**	**0.635**	**805.7**	**9.7**	**0.77**	**3.70**	**25.6**	**5.6**	**n.a.**	**4.8**	**1.5**	**97.2**
Peers												
BHG Retail Reit	BHGREIT SP	0.45	233.8	0.6	0.62	4.00	40.1	1.7	n.a.	n.a.	2.2	94.0
CapLand China T	CLCT SP	0.62	1,089.4	7.8	0.59	3.06	40.4	2.9	71.0	3.0	2.0	97.3
CapLand IntCom T	CICT SP	2.25	17,941.0	5.1	1.05	2.90	37.4	3.9	78.0	4.1	3.0	97.7
FrasersCT	FCT SP	2.09	4,262.0	5.8	0.93	3.00	40.4	3.7	65.7	3.7	1.7	99.6
Lendlease REIT	LREIT SP	0.55	1,732.8	6.7	0.78	2.75	38.9	2.1	68.0	2.8	4.7	94.6
Mapletree PanAsia Com Tr	MPACT SP	1.21	6,398.0	6.6	0.70	2.94	37.7	3.3	77.4	3.3	2.3	84.4
Starhill Gbl	SGREIT SP	0.505	1,174.7	7.3	0.71	3.66	35.8	3.1	80.0	3.3	7.2	97.2
Peer Average				5.7	0.8	3.2	38.7	3.0	73.4	3.4	3.3	95.0

Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (S$m)	2023	2024	2025	1H26
Net turnover	**126.7**	**123.7**	**121.0**	**62.5**
EBITDA	116.8	114.2	110.5	57.0
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	116.8	114.2	110.5	57.0
Total other non-operating income	(0.8)	(2.3)	(0.2)	(7.6)
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(27.1)	(24.5)	(23.5)	(8.2)
Pre-tax profit	**88.9**	**87.5**	**86.8**	**41.2**
Tax	(24.0)	(17.2)	(15.2)	(10.4)
Minorities	0.0	0.0	0.0	0.0
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	**64.9**	**70.3**	**71.6**	**30.8**
Net profit (adj.)	64.9	70.3	71.6	30.8

Balance Sheet

Year to 31 Dec (S$m)	2023	2024	2025	1H26
Fixed assets	1,580.2	1,582.8	1,536.6	1,595.6
Other LT assets	0.0	0.0	0.0	0.0
Cash/ST investment	140.8	174.3	182.1	149.9
Other current assets	26.7	20.0	22.2	24.3
Total assets	**1,747.7**	**1,777.2**	**1,740.9**	**1,769.8**
ST debt	5.4	5.5	7.0	8.6
Other current liabilities	180.5	184.0	179.7	143.8
LT debt	369.9	372.3	214.1	220.1
Other LT liabilities	172.2	177.4	335.0	350.5
Shareholders' equity	1,019.6	1,038.0	1,005.2	1,046.7
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	**1,747.7**	**1,777.2**	**1,740.9**	**1,769.8**

Cash Flow

Year to 31 Dec (S$m)	2023	2024	2025	1H26
Operating	**185.4**	**115.9**	**106.5**	**11.5**
Pre-tax profit	88.9	87.5	86.8	41.2
Tax	(24.0)	(17.2)	(15.2)	(10.4)
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	68.8	3.4	(4.9)	(45.1)
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	51.7	42.2	39.8	25.8
Investing	**(0.5)**	**(1.6)**	**(1.1)**	**(1.1)**
Capex (growth)	(0.5)	(1.6)	(1.1)	(1.1)
Capex (maintenance)	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0
Financing	**(144.5)**	**(82.3)**	**(88.3)**	**(44.1)**
Issue of shares	0.0	0.0	0.0	0.0
Dividend payments	(75.8)	(56.9)	(75.0)	(38.9)
Proceeds from borrowings	454.7	0.0	267.4	168.6
Loan repayment	(504.7)	(5.4)	(266.3)	(169.4)
Others/interest paid	(18.8)	(20.0)	(14.3)	(4.4)
Net cash inflow (outflow)	**40.3**	**32.0**	**17.2**	**(33.7)**
Beginning cash & cash equivalent	**100.5**	**141.3**	**168.7**	**178.4**
Changes due to forex impact	0.0	1.1	(3.7)	5.2
Ending cash & cash equivalent	**140.8**	**174.3**	**182.1**	**149.9**

Key Metric

Year to 31 Dec (%)	2023	2024	2025	1H26
Profitability				
EBITDA margin	92.2	92.3	91.3	91.2
Pre-tax margin	70.1	70.7	71.8	65.9
Net margin	51.2	56.8	59.2	49.3
ROA	3.7	4.0	4.1	3.5
ROE	6.2	6.8	7.0	6.0
Growth				
Turnover	0.6	(2.4)	(2.2)	4.7
EBITDA	1.2	(2.2)	(3.3)	4.2
Pre-tax profit	(0.6)	(1.5)	(0.8)	(14.1)
Net profit	(9.0)	8.4	1.8	(25.5)
Net profit (adj.)	(9.0)	8.4	1.8	(25.5)
EPS	(9.9)	7.4	1.1	(26.1)
Leverage				
Debt to total capital	26.9	26.7	18.0	17.9
Debt to equity	36.8	36.4	22.0	21.9
Net debt/(cash) to equity	23.0	19.6	3.9	7.5
Interest cover (x)	4.3	4.7	4.7	6.9

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."