INITIATION OF COVERAGE REPORT

SASSEUR REAL ESTATE INVESTMENT TRUST

Rooted in Tier-2, Sasseur REIT Benefits from Robust EMA Structure

KEY POINTS

Asia's First Outlet Mall REIT. Sasseur REIT (SGX: CRPU, hereafter SASSR) is Asia's first outlet mall–focused REIT and the pioneer in this niche across the region. Its portfolio comprises four premium outlet malls in high-growth Tier-2 Chinese cities—Chongqing, Hefei, and Kunming—appraised at RMB 8.4 billion as of December 31 2024. SASSR derives rental income through an Entrusted Management Agreement (EMA) with Entrusted Manager, who oversees day-to-day operations, marketing, and cash collection. The REIT's VIP membership base reached 4.3 million in 1Q25, with members contributing over 60% of total outlet sales—demonstrating strong customer stickiness and sales efficiency.

Key Catalysts for SASSR. 1) Resilient performance of outlet overall compared to the traditional retail malls even during economic down-turn; CCI getting better; 2) The unique EMA model (fixed portion as the cushion and variable portion enjoy the upside when sales performance is good; 3) The true value proposition of a far better total return than industry average; stable dividend payment + industry low gearing + high yield.

1Q25 Operational Highlights. Tenant sales declined by 0.9% year-over-year, largely reflecting more subdued post-Lunar New Year spending. Among the four assets, Chongqing Liangjiang outperformed thanks to an expanded range of product offerings, while the other three properties experienced modest low single-digit declines. Despite the declining tenant sales, the robust EMA model leads to solid result in terms of RMB. Quarterly EMA rental income reached RMB175.4 million, increasing by 1.6% year-over-year. Due to strengthening SGD against RMB, in terms of SGD, EMA rent income decreased by 0.2% year-over-year.

Enhanced Balance Sheet and Funding Strength. SASSR continued to strengthen its capital structure during the quarter. As of 1Q25, gearing stood at 25.9%, reflecting a conservative balance sheet. Interest expenses fell by 30 bps quarter-over-quarter, supported by proactive refinancing efforts. Notably, the REIT secured its first green loan—a RMB 308 million facility from OCBC Chongqing with a 10-year tenor—to refinance an existing sponsor loan. In addition, SASSR obtained an RMB 508 million sponsor loan to prepay offshore borrowings due in March 2026. These actions are expected to reduce average funding costs to a range of 4.5%–5% in FY25, enhancing financial flexibility and interest coverage.

June 30, 2025

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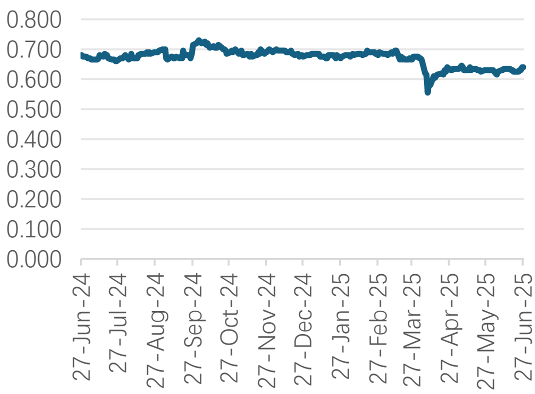
KEY DATA

Exchange: SGX
Ticker: CRPU
Current Price: SG$0.64
52-Week Range: SG$0.54 - 0.74
Average Volume (3M): 0.78 M
Shares Outstanding (MM): 1,250.8
Market Capitalization (SG$MM): 804
Fiscal Year-End: December

FINANCIALS

In SGD Million	FY23A	FY24A	FY25E	FY26E
EMA rental income	125	124	127	130
EBIT	115	115	117	120
EBT	88	88	88	91
Amount available for distribution to Unitholders	77	76	77	80

PRICE PERFORMANCE



Valuation and Peer Comparisons. SASSR currently trades at SGD 0.64 per unit, implying a market capitalization of approximately SGD 804 million. The REIT offers a compelling dividend yield of 9.2% and trades at a forward price-to-earnings (P/E) multiple of 11x, on FY2025 estimates, —well below the peer group average of 16x P/E with 6.3% dividend yield. This meaningful valuation discount underscores SASSR's relative attractiveness and room for rerating, especially as investor confidence in China's consumption recovery continues to build.

Conclusion. With resilient fundamentals, disciplined capital management, and multiple positive catalysts—including consumption recovery, lower financing costs, and evolving retail trends—SASSR presents a differentiated opportunity in Asia's REIT landscape. Its stable rental income under the EMA structure, high portfolio occupancy, and attractive yield profile positions the REIT as a compelling vehicle for investors seeking exposure to China's outlet mall sector through a Singapore-listed structure.

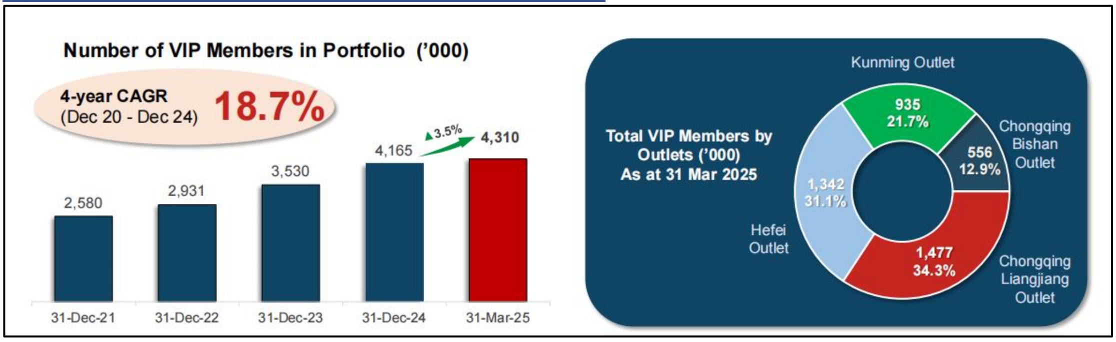
COMPANY OVERVIEW

SASSR is the first REIT in Asia to focus exclusively on outlet malls in China, and the first outlet mall REIT to be listed in the region. Its initial portfolio comprises four high-quality outlet malls located in fast-growing Tier-2 cities—Chongqing, Hefei, and Kunming—with a combined valuation of RMB 8.4 billion as of December 31 2024.

The REIT's strategy is centered on being a first mover in Tier-2 and Tier-3 markets, targeting China's expanding aspirational middle class. SASSR generates rental income through an Entrusted Management Agreement (EMA) with an on-site Entrusted Manager, who is responsible for operations, marketing, and cash collection—ensuring operational alignment with local consumer behavior.

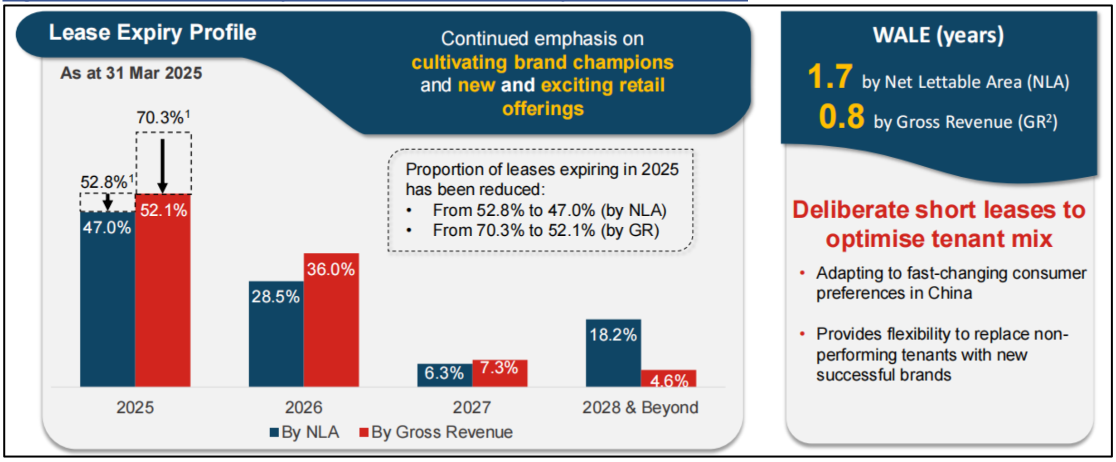
Customer engagement remains a key strength: SASSR's VIP membership base reached 4.3 million in 1Q25, with VIPs accounting for over 60% of total outlet sales during the quarter. The portfolio's Weighted Average Lease Expiry (WALE) stood at 1.7 years by Net Lettable Area and 0.8 years by gross revenue, reflecting the shorter lease structures typical of outlet retail formats while allowing for flexible rental repricing in line with sales performance.

Figure 1: SASSR's Number of VIP Members in Portfolio.



Source: GLH Research; Company filings.

Figure 2: SASSR's WALE by Net Lettable Area and by Gross Revenue.



Source: GLH Research; Company filings.

A x (1+N) x DT x S

Through its innovative "Super Outlet" model, SASSR has positioned itself as a leader among outlet mall operators in China. This model is articulated through the formula: A × (1+N) × DT × S, representing a holistic framework that integrates brand identity, experiential retail, technology, and sustainability.

A (Art) reflects the distinctive character and artistic expression of each Sasseur outlet, enhancing consumer recognition and strengthening brand loyalty. This focus on intangible brand equity creates emotional resonance and deeper customer relationships.

1+N (Outlet + Lifestyle Experiences) represents the integration of lifestyle elements with core retail offerings. By embedding immersive experiences—such as "Super Sports," "Super Kids," and "Super Farm"—SASSR deepens customer engagement and drives repeat visitation. For example, the Hefei outlet's zoo and the signature strawberry farm at the Bishan outlet are destination features that boost foot traffic and differentiate the mall experience. This lifestyle-driven approach aligns with the increasing consumer demand for experiential shopping.

DT (Data Technology) enables the use of big data and analytics to monitor tenant performance and track evolving consumer trends. These insights support more agile decision-making and operational optimization, contributing to revenue stability and asset efficiency.

S (Sustainability) reflects SASSR's long-term commitment to responsible growth. The company prioritizes environmental stewardship, social responsibility, and future-oriented practices—positioning sustainability as a core pillar of its business strategy.

Figure 3: SASSR's "A x (1+N) x DT x S" Strategy.

A	1+N	DT	S
ART	OUTLETS + LIFESTYLE EXPERIENTIAL SPACES	DATA TECHNOLOGY	SUSTAINABILITY
Synergy between Art and Commerce *(expressing art in outlet layout and design)*	**Super Sports** *(sporting facilities and activities for families)*	**VIP Memberships** *(loyalty programme)*	**Sustainable Brand Culture** *(high ethical standard and pursuit of sustainable art and commerce)*
Shoppers' emotional connections with the outlets featuring local themes *(creating emotional value)*	**Super Kids** *(playgrounds and educational facilities and activities for kids)*	**Online and Offline Integration** *(meeting customers' needs for seamless online and offline retail experiences)*	**Sustainable Relationships between Platform and Capital** *(well balanced long-term focused strategy and people-oriented incentive scheme)*
Local culture appreciation *(enjoying cultural history and experiences)*	**Super Farm** *(farmers' markets and local/ regional food culture)*	**Constant analysis of shoppers' data to improve operations and promote sales**	**Sustainable Commercial Creativity** *(continuous and relentless innovation in business operations)*

Examples of Lifestyle Experiential Spaces

Sasseur (Hefei) Outlet **TongQu Children's Playground** Indoor playground spanning c. 3,600 square metres, featuring a trampoline park, arts and crafts room, and more	Sasseur (Chongqing Bishan) Outlet **Strawberry Farm** A "pick-your-own strawberries" activity which is popular with families	Sasseur (Hefei) Outlet **Matata Animal Kingdom** The first indoor zoo in Anhui Province which spans two levels over a total area of 2,200 square metres	Sasseur (Kunming) Outlet **Vito Driving School for Children** Targeted at young children to let them learn driving and abide by traffic rules

Source: GLH Research; Company filings.

BUSINESS MODEL

Sponsor Background

Sasseur Group, the sponsor of SASSR, brings over 30 years of dedicated experience in China's outlet retail sector and has firmly established itself as an industry leader. The Group's unwavering commitment to authenticity is a key differentiator, reinforced by a stringent anti-counterfeiting policy that includes a tenfold penalty and reward system for merchants and customers. This proactive stance reflects a quality-driven operating strategy and strong execution capabilities, further strengthening the Group's reputation as a trusted and influential player in China's retail landscape.

Figure 4: SASSR's Sponsor, Sasseur Group, Operates 18 Outlets in 16 Cities.

Source: GLH Research; Company filings.

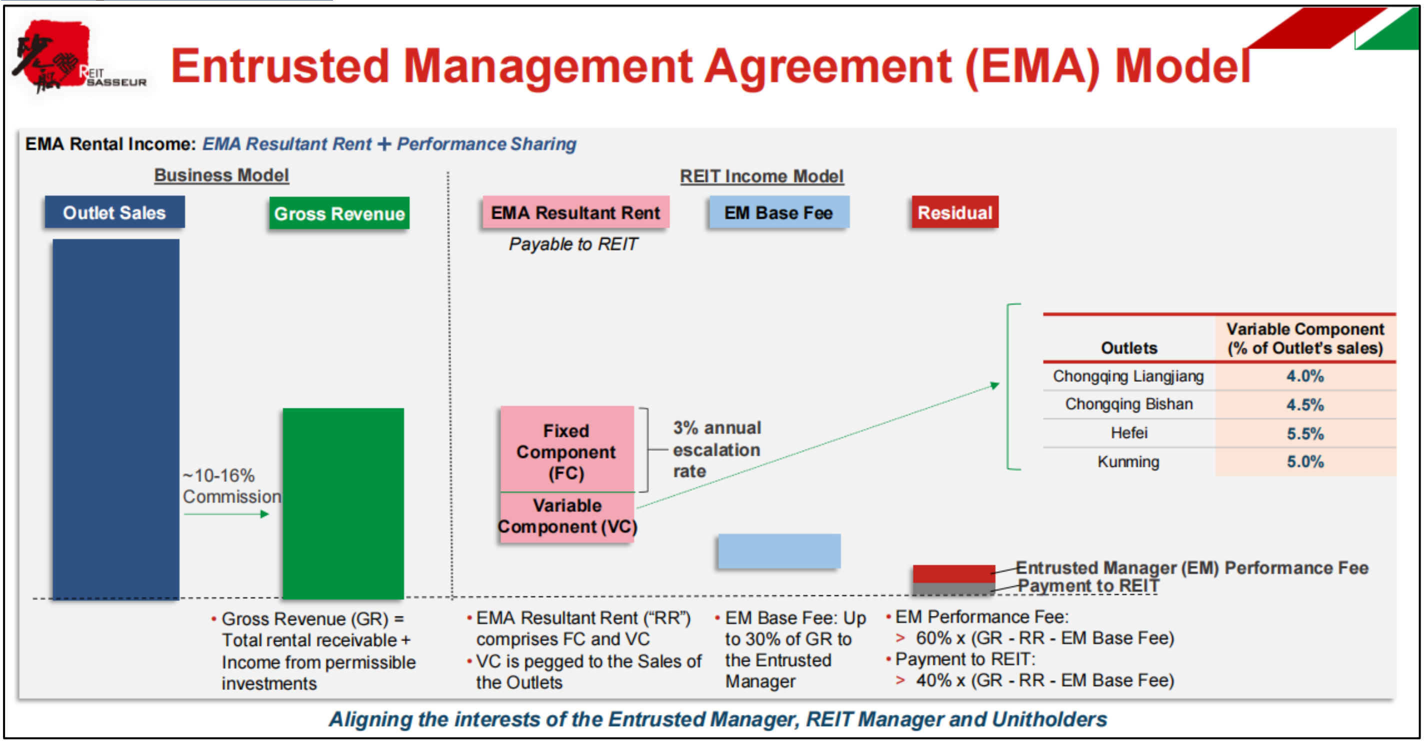
Revenue Generation

Under the traditional retail business model, the shopping mall often collects rental on a fixed basis. However, the outlet usually adopts a commission driven model which collects rental based on a % of tenants' sales. Under the traditional retail business model, the rent of the store is basically fixed, and the amount depends on the location, size and tenant strength of the store. Under outlet's "commission model", the more the tenant sells, the higher its rent will be. The core of the outlet business model is aligning interest with the tenants.

When translating the outlet revenue model into the REIT structure, SGX had concerns regarding the volatility of its revenue model. Therefore, SASSR created the EMA model, which ensures the stability of rental performance, and in the same time mimic the outlet sales performance.

On Figure 5, the diagram demonstrates the business model of SASSR. The dash lines split the diagram into two halves. The left half is the outlet model: Paying the rent of the store at a rate of 10%-16% commission. The right half is the REIT Income Model. The advantage of the left half: To align interest with the tenants. The advantage of the right half: To ensure a steady growth, but also to give income upside, the interests of both parties are linked.

Figure 5: SASSR's EMA Model.



Source: GLH Research; Company filings.

Fixed Component: It was decided at IPO time based on the historical data and forecast of sales of the four outlet malls. The annual sales growth rate and inflation were taken into account; consequently, an annual escalation of 3% for fixed component was decided. If there is only fixed component, EMA rental income will not reflect the four outlets sales revenue. As a result, variable component is introduced into EMA rental income.

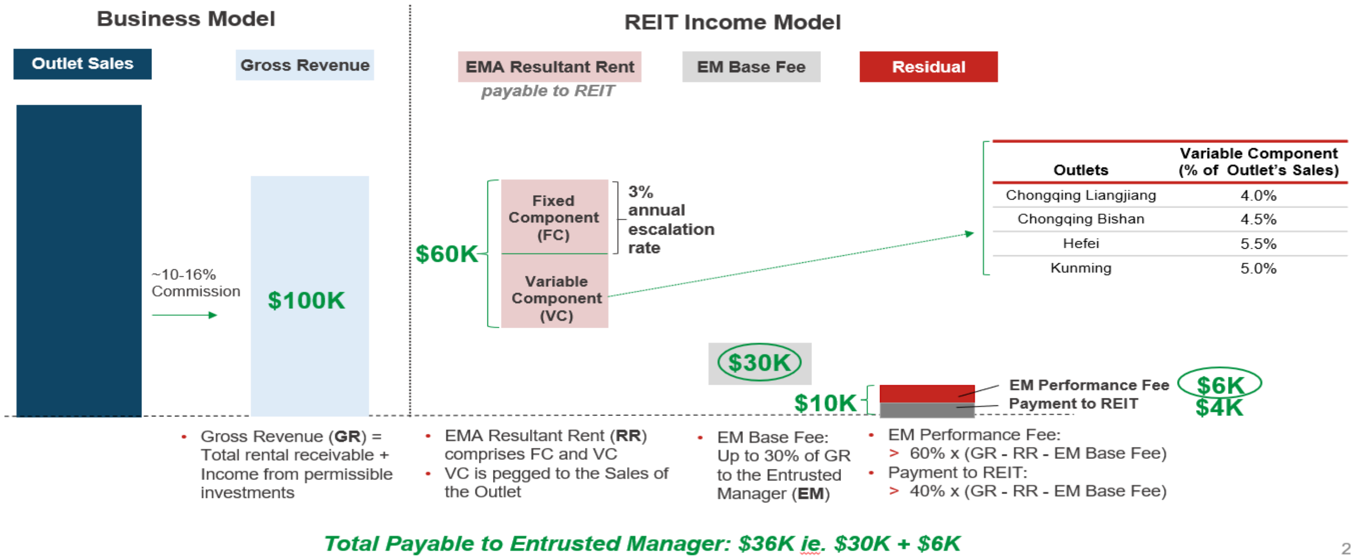
Variable Component: It simulates the operation model of the outlets, linking to the sales revenue of the outlets at a range of 4% to 5.5%. This is to ensure the unitholders to enjoy the upside of the sales at the outlet level.

Figure 6: Scenario 1: Gross Revenue > EMA Resultant Rent and (Gross Revenue – EMA Resultant Rent) > 30% of Gross Revenue .

Scenario 1

When Gross Revenue > EMA Resultant Rent *and (Gross Revenue – EMA Resultant Rent) > 30% of Gross Revenue*

Example: *$100K > $60K and $(100K - 60K) > 30% of $100K*



Gross Revenue (GR)	$100,000		
EMA Resultant Rent (RR)	$60,000		
GR - EMA RR	$40,000		
EM Base Fee	*$30,000*	*That is,*	*LOWER of: 30% of GR or GR - EMA RR*
EM Perfomance Fee	*$6,000*	*That is,*	*60% of (GR - EMA RR - EM Base Fee)*
Payment to Sasseur REIT	*$4,000*	*That is,*	*40% of (GR - EMA RR - EM Base Fee)*
Total Payable to Entrusted Manager			$36,000
Total EMA Rental Income Payable to Sasseur REIT			$64,000

Source: GLH Research; Company filings.

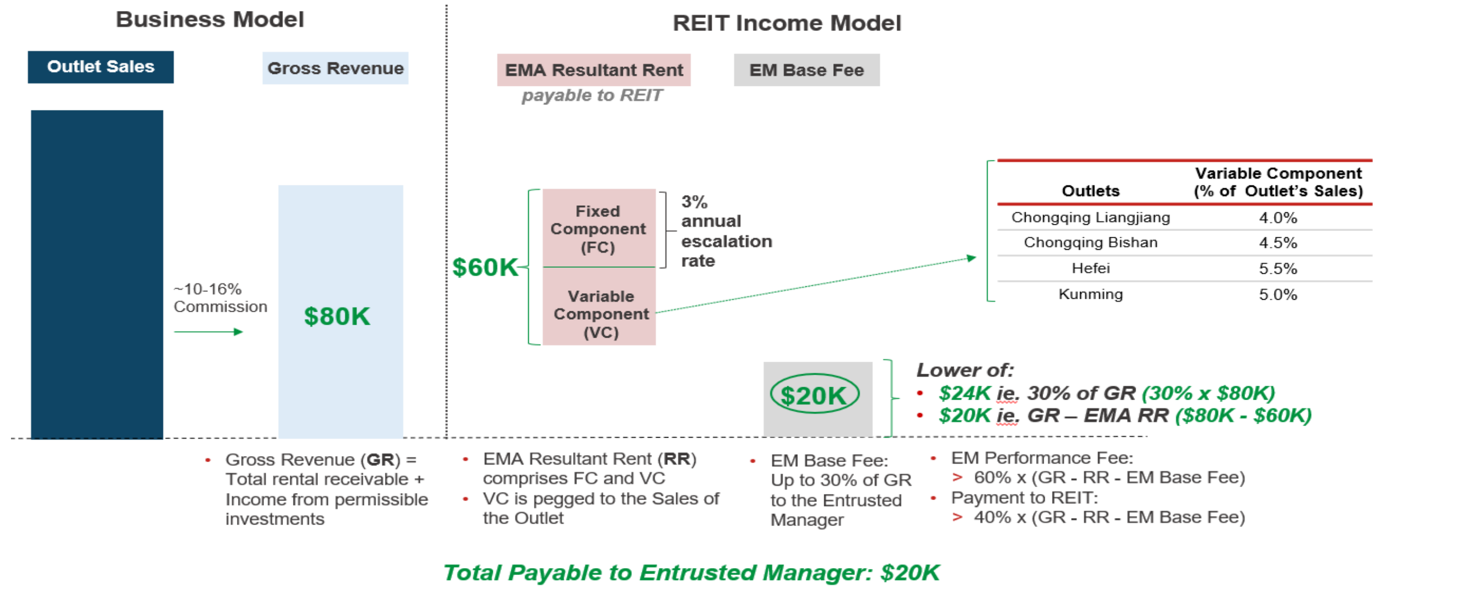
For scenario 1, Gross Revenue is $100K, and EMA resultant rent is $60K (including Fixed Component and Variable Component). The difference between Gross Revenue and EMA Resultant Rent is $40K. After deducting $30K EM base fee, there is still $10K for EM Performance Fee and Payment to REIT. Due to the 60%/40% split, EM performance fee will be $6K and Payment to REIT will be $4K. Total payable to REIT is $64K.

Figure 7: Scenario 2: Gross Revenue > EMA Resultant Rent and (Gross Revenue – EMA Resultant Rent) < 30% of Gross Revenue.

Scenario 2

When Gross Revenue > EMA Resultant Rent *and (Gross Revenue – EMA Resultant Rent) < 30% of Gross Revenue*

Example: *$80K > $60K and $(80K - 60K) < 30% of $80K*



Gross Revenue (GR)	$80,000		
EMA Resultant Rent (RR)	$60,000		
GR - EMA RR	$20,000		
EM Base Fee	*$20,000*	*That is,*	*LOWER of: 30% of GR or GR - EMA RR*
EM Perfomance Fee	*$0*	*That is,*	*60% of (GR - EMA RR - EM Base Fee)*
Payment to Sasseur REIT	*$0*	*That is,*	*40% of (GR - EMA RR - EM Base Fee)*
Total Payable to Entrusted Manager			$20,000
Total EMA Rental Income Payable to Sasseur REIT			$60,000

Source: GLH Research; Company filings.

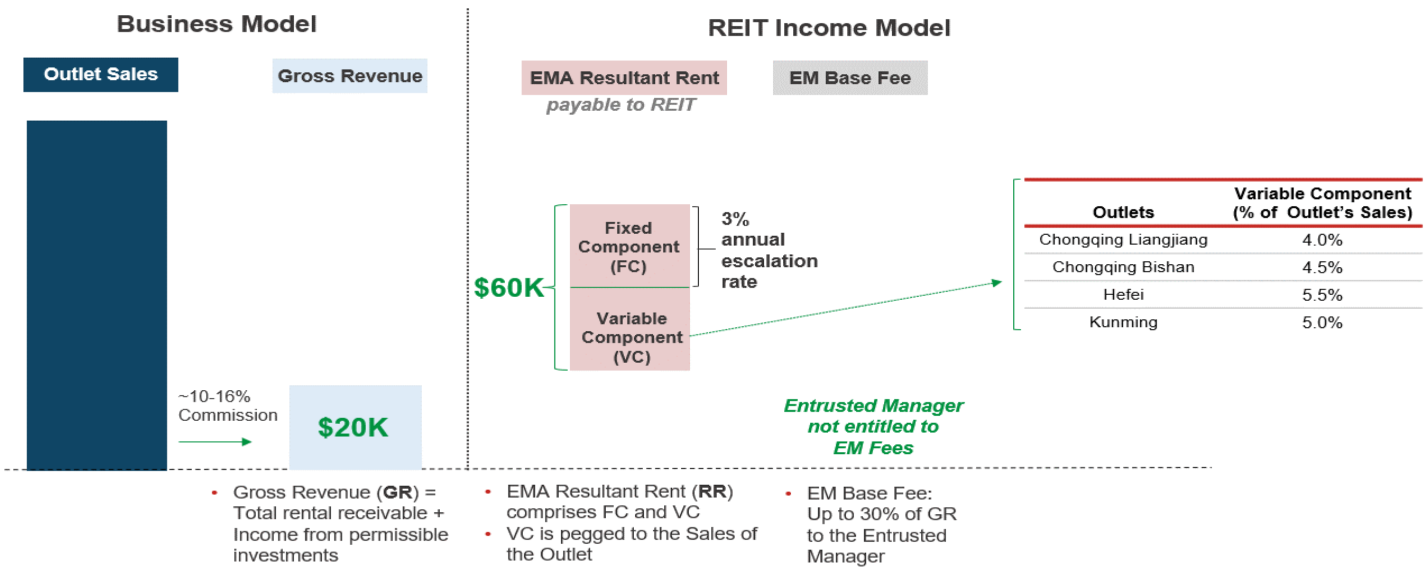
For scenario 2, Gross Revenue is $80K, and EMA Resultant Rent is $60K. The difference between Gross Revenue and EMA resultant rent is only $20K, which is not enough to cover $24K EM Base Fee. Pick the lower of $20K (difference between GR and EMA RR) and $24K (30% of GR). There is no more EM Performance Fee or Payment to REIT. Total payable to REIT is $60K.

Figure 8: Scenario 3: Gross Revenue < EMA Resultant Rent.

Scenario 3

When Gross Revenue < EMA Resultant Rent

Example: *$20K < $60K*



Sponsor, on behalf of Entrusted Manager, to top up $40K to Sasseur REIT

Gross Revenue (GR)	$20,000		
EMA Resultant Rent (RR)	$60,000		
GR - EMA RR	-$40,000		
EM Base Fee	*-$40,000*	*That is,*	*LOWER of: 30% of GR or GR - EMA RR*
EM Perfomance Fee	*$0*	*That is,*	*60% of (GR - EMA RR - EM Base Fee)*
Payment to Sasseur REIT	*$0*	*That is,*	*40% of (GR - EMA RR - EM Base Fee)*

Sponsor, on behalf of Entrusted Manager, to top up to Sasseur REIT	$40,000
Total EMA Rental Income Payable to Sasseur REIT	$60,000

Source: GLH Research; Company filings.

For scenario 3, Gross Revenue is $20K, and EMA resultant rent is $60K. This time, Gross Revenue is not sufficient to cover EMA Resultant Rent. However, Sponsor will top up $40K to the REIT. Total payable to REIT is $60K.

In summary, EMA Resultant Rent has higher priority than EM Base Fee, which has higher priority than Residual. From three numerical examples above, it indicates the strength of the robust business model. On booming period, fixed component, variable component and payment to REIT from residual will contribute to EMA rental income ($64K in Scenario 1). On tough period, EMA rental income will still remain robust ($60K in Scenario 3).

Four Major Outlets + Two More in Pipeline

There are four major outlets owned by SASSR: Chongqing Liangjiang, Chongqing Bishan, Hefei, and Kunming. In addition to the four outlets, there are two more pipeline assets from sponsors: Xi'an and Guiyang Outlets.

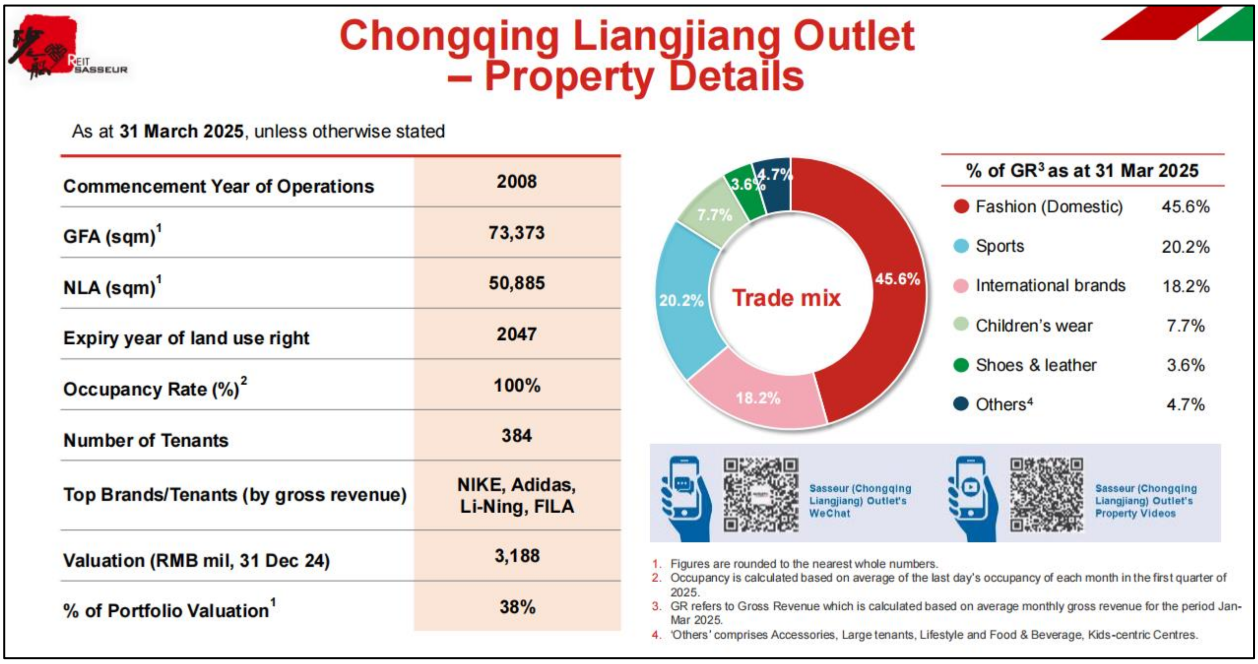
Figure 9: SASSR's Portfolio with Four Outlets in Three Cities.

Source: GLH Research; Company filings.

1.Sasseur (Chongqing Liangjiang) Outlet

It is the strongest malls among the four malls. Chongqing is the hometown of the company's founder, Vito Xu. Chongqing Liangjiang Outlet Occupancy Rate has always been 100%, and merchants are queuing up to enter. The company has been deeply involved in the market for many years, and has a good relationship with the brand. Thus, the company can often get the lowest price in the city, exclusive deal, exclusive product line, and etc. In terms of inventory, the group has an advantage over other outlets most of the time. The brand influence and industry status of the overall Sasseur Group are more prominent in Chongqing Liangjiang.

Figure 10: Chongqing Liangjiang Outlet – Property Details.



Chongqing Liangjiang Outlet – Property Details

As at 31 March 2025, unless otherwise stated

Commencement Year of Operations	2008
GFA (sqm)[1]	73,373
NLA (sqm)[1]	50,885
Expiry year of land use right	2047
Occupancy Rate (%)[2]	100%
Number of Tenants	384
Top Brands/Tenants (by gross revenue)	NIKE, Adidas, Li-Ning, FILA
Valuation (RMB mil, 31 Dec 24)	3,188
% of Portfolio Valuation[1]	38%

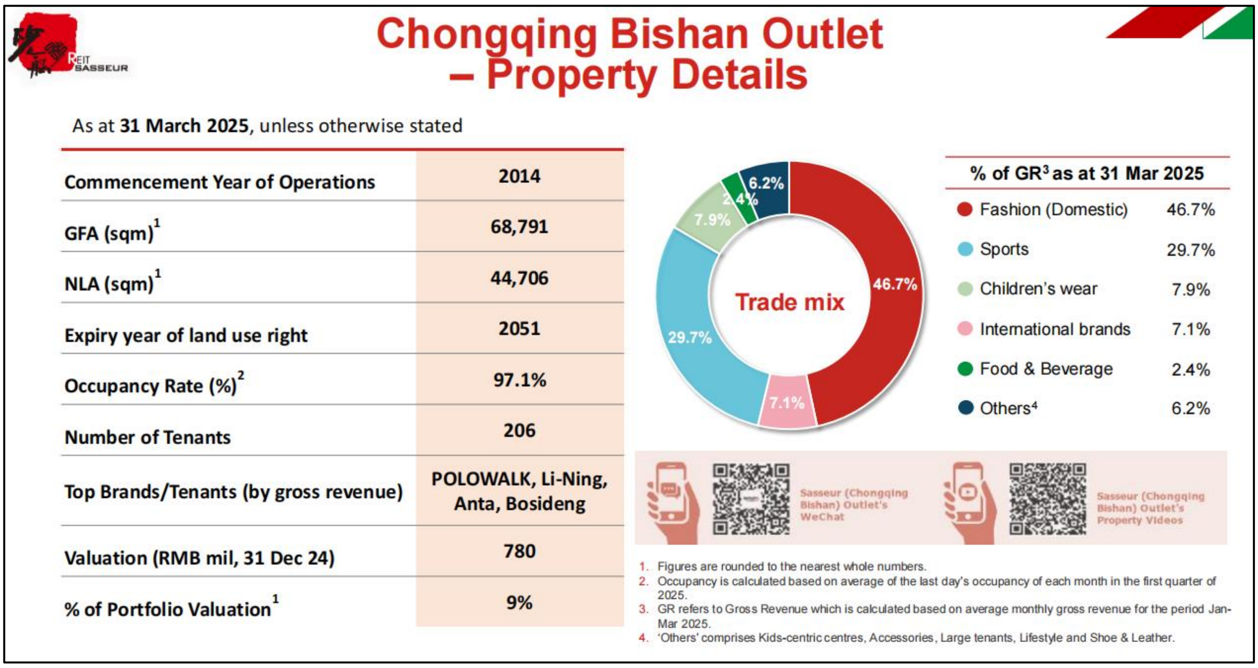
1. Figures are rounded to the nearest whole numbers.
2. Occupancy is calculated based on average of the last day's occupancy of each month in the first quarter of 2025.
3. GR refers to Gross Revenue which is calculated based on average monthly gross revenue for the period Jan-Mar 2025.
4. 'Others' comprises Accessories, Large tenants, Lifestyle and Food & Beverage, Kids-centric Centres.

Source: GLH Research; Company filings.

2.Sasseur (Chongqing Bishan) Outlet

The location is relatively remote, and the target group is a group with low income. The two outlets in Chongqing (Liangjiang and Bishan) are operated by the same operation team, and the two malls take a differentiated route, providing complimentary offering to the local market.

Figure 11: Chongqing Bishan Outlet – Property Details.

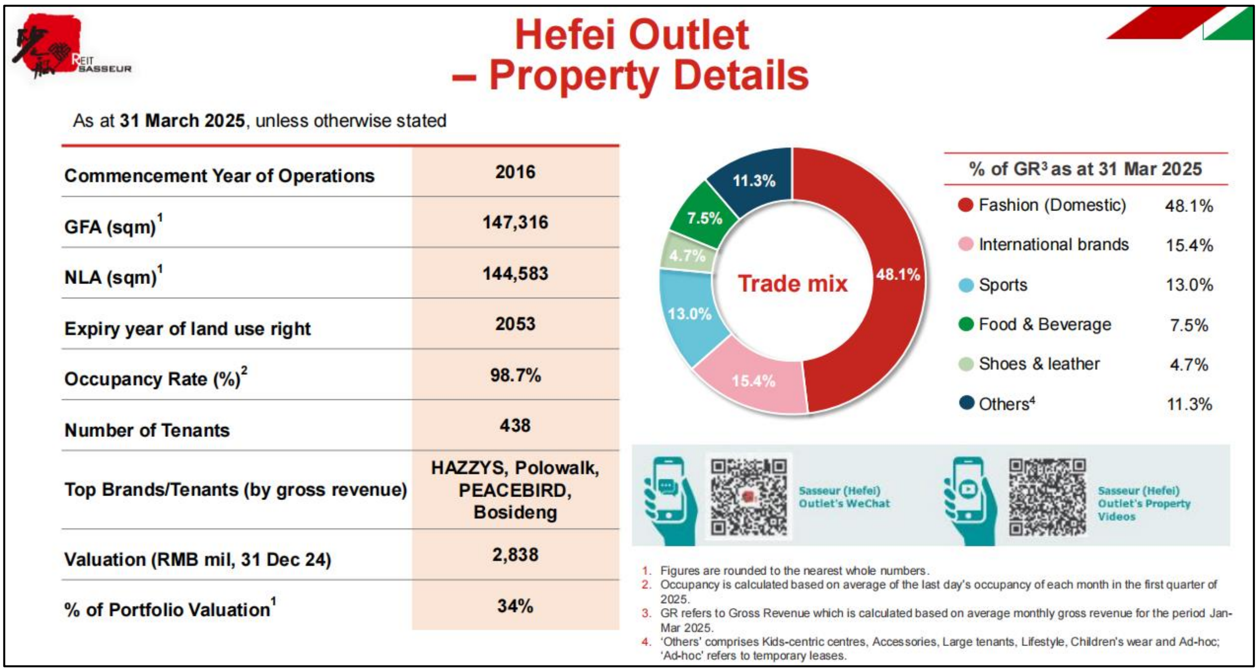


Source: GLH Research; Company filings.

3.Sasseur (Hefei) Outlet

The advantage of Hefei Outlet is large in size with higher potential to grow. Though the sales performance of the outlet was affected by the direct competition of Shanshan - which opened a new Outlet in Hefei in the end of 2024, the company shows confidence in the sales recovery in the long run, as the competition highly depends on brand management ability.

Figure 12: Hefei Outlet – Property Details.

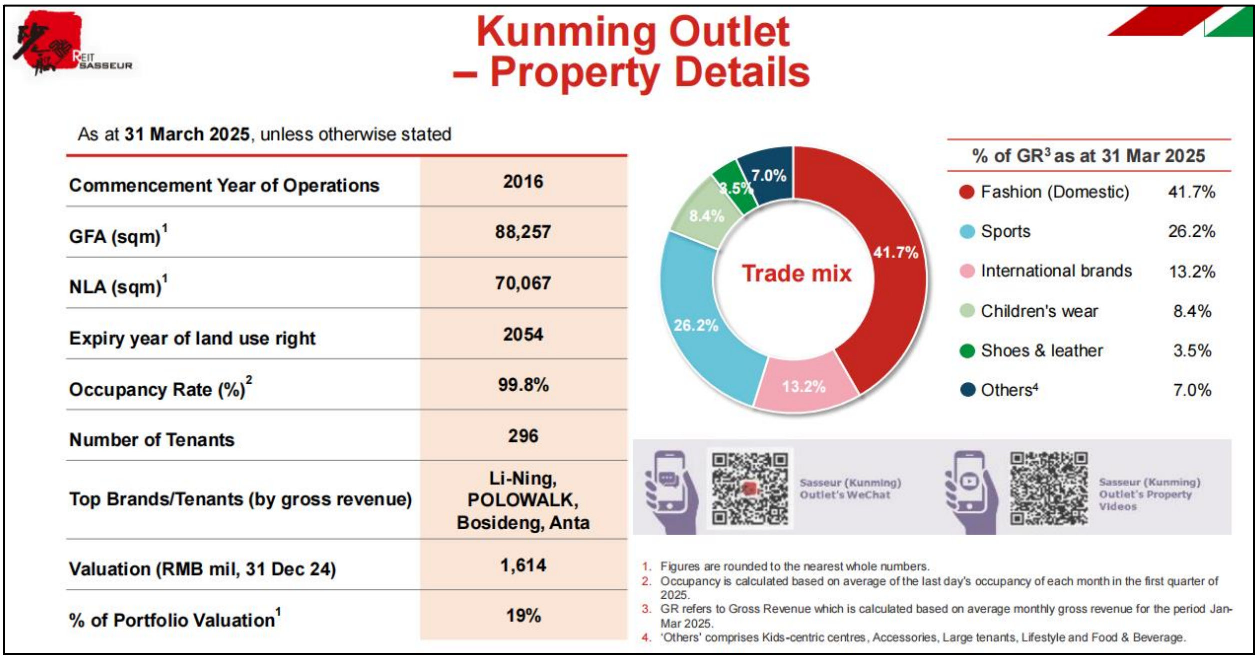


Source: GLH Research; Company filings.

4.Sasseur (Kunming) Outlet

Kunming is one of China's most renowned tourist destinations. As such, Kunming Outlet not only caters to the shopping needs of local residents but also attracts visitors from across the country and abroad. Strategically located in Anning District, along the main travel route from Kunming to Dali and Lijiang, Kunming Outlet enjoys high visibility among tourists. To better accommodate the needs of this customer segment, hotel accommodations have been established directly across from the outlet complex.

Figure 13: Kunming Outlet – Property Details.



Commencement Year of Operations	2016
GFA (sqm)[1]	88,257
NLA (sqm)[1]	70,067
Expiry year of land use right	2054
Occupancy Rate (%)[2]	99.8%
Number of Tenants	296
Top Brands/Tenants (by gross revenue)	Li-Ning, POLOWALK, Bosideng, Anta
Valuation (RMB mil, 31 Dec 24)	1,614
% of Portfolio Valuation[1]	19%

1. Figures are rounded to the nearest whole numbers.
2. Occupancy is calculated based on average of the last day's occupancy of each month in the first quarter of 2025.
3. GR refers to Gross Revenue which is calculated based on average monthly gross revenue for the period Jan-Mar 2025.
4. 'Others' comprises Kids-centric centres, Accessories, Large tenants, Lifestyle and Food & Beverage.

Source: GLH Research; Company filings.

Sasseur REIT's sponsor also holds two pipeline assets located in Xi'an and Guiyang, two vibrant provincial capitals with populations of approximately 13.2 million and 6.6 million, respectively. These outlet malls commenced operations in December 2017 (Xi'an) and September 2017 (Guiyang), and represent significant future acquisition opportunities for the REIT. In terms of scale, the Xi'an outlet spans 193,520 square meters of Gross Floor Area (GFA), while the Guiyang outlet covers 141,708 square meters, further expanding the sponsor's footprint in key high-growth regions. SASSR's future expansion is not limited to the two outlets in pipeline, for the Sponsor has another 12 outlets under operation in Mainland China.

Management

XIE JIANFENG, CFO. Mr. Xie has over 20 years of experience in finance, audit, accounting, corporate finance and treasury functions. During his time with PwC China, he assisted clients in capital markets transactions such as IPO listings in Hong Kong and China, secondary market private placements and bond offerings. He was seconded to PwC United Kingdom from 2005 to 2007 as part of a talent development program in recognition of his outstanding performance.

CHENG HSING YUEN, COO. Mr. Cheng was appointed as COO on June 3, 2025. His position will expand to COO, while he still concurrently serves as Head of Asset Management. His key focus is creating value for all stakeholders through strategic asset planning and asset enhancement initiatives (AEI) at the asset level to enhance the attractiveness of the outlets for a sustainable income growth. Prior to joining Sasseur Asset Management Pte Ltd, Mr. Cheng was the Senior Asset Manager at Mapletree Industrial Trust. He was responsible for developing strategies to maximize the performance of industrial properties including business parks, data centers as well as portfolio reporting.

QIU HONG, HELEN, Head of Investor Relations & Capital Markets. With over 10 years of experience in investor relations, corporate strategy, and financial communications, Ms. Qiu brings extensive expertise across diverse sectors, including real estate, pharmaceuticals, healthcare, and supply chains. Prior to joining SASSR, she was Senior Healthcare Strategy Manager at UPS Healthcare, where she developed regional strategies and led key initiatives across the APAC region. She also served as Head of Investor Relations at CSPC Pharmaceutical Group, where she significantly expanded the company's investor base and played a key role in strategic M&A projects.

INDUSTRY OVERVIEW

China has become a cornerstone of global fashion consumption, driven by rising disposable income, the growing influence of the middle class, and increased exposure to international brands. Over the past decade, leading fashion houses have invested heavily in China to build brand equity, deepen consumer engagement, and localize experiences. As a result, many global fashion brands have successfully cultivated strong reputations and loyal customer bases across Chinese cities.

This trend continues to accelerate. With rising brand awareness, Chinese consumers—particularly those in Tier-2 and Tier-3 cities—are showing a growing preference for established fashion labels. This structural shift is expected to drive sustained growth in demand for high-end goods, including through value-oriented channels such as outlet malls.

As the gateway between aspirational consumers and fashion brands, China's outlet industry is a key beneficiary of this consumption evolution. According to an independent market research consultant, China is now among the largest fashion markets globally. By 2030, the sales revenue of China's outlet industry is projected to reach US$96.2 billion, surpassing the United States (US$91.5 billion) to become the largest outlet market in the world in terms of revenue.

Figure 14: Differences Between the Four Retail Formats in China.

	Outlet malls	Department stores	Shopping malls	Online retail platforms
Main Product Mix	Discounted branded products	Middle to high-end brands	Middle to high-end brands	Low-end brands
Target Segment	Middle class and Family	Mass market	Mass market	Mass market
Location	Strategic locations near airport, or connected to highway	Prime Locations	Prime Locations	-
Pricing Strategy	Large discounted prices	Normal prices	Normal prices	Low prices
Shopping Experience	Physical shopping experience; Wide range of retail and entertainment options	Small area with compact layout	Physical shopping experience; Wide range of retail and entertainment options	Convenient; Limited methods for presentation of goods; No fitting services
Discont	It's an agreement between the outlet operator and the tenant (brand).	Seasonal	Controlled by retailers	Controlled by retailers

Source: GLH Research; Company filings.

At the same time, evolving consumer behavior is reshaping the retail experience. As shoppers increasingly seek experiential and emotionally resonant retail environments, operators that successfully integrate art, culture, and immersive engagement—such as Sasseur's "Super Outlet" model—are poised to attract higher foot traffic, drive stronger conversion rates, and extend dwell time.

Taken together, China's outlet mall industry is benefiting from a unique alignment of structural, policy, and cultural tailwinds. Rising discounted branded products demand, especially domestic trends towards young & trendy brand instead of international brands. During booming period, China outlet mall benefits from increasing disposable income. When Macroeconomy is under pressure, discounted branded products can replace luxury brands for consumption downgrading.

FINANCIALS AND VALUATION

Tenant sales declined by 0.9% year-over-year, largely reflecting more subdued post-Lunar New Year spending. Among the four assets, Chongqing Liangjiang outperformed thanks to an expanded range of product offerings, while the other three properties experienced modest low single-digit declines. Despite the declining tenant sales, the robust EMA model leads to solid result in terms of RMB. Quarterly EMA rental income reached RMB175.4 million, increasing by 1.6% year-over-year. Due to strengthening SGD against RMB, in terms of SGD, EMA rent income decreased by 0.2% year-over-year.

Under the EMA, rental income comprises two key components:

1. Fixed Component: It increases annually by 3% in RMB terms. It provides predictable income and serves as a buffer against retail sales volatility.

2. Variable Component: This portion is directly tied to tenant sales performance and calculated as a percentage of total tenant sales at each outlet. The applicable percentages vary by asset:

- Chongqing Liangjiang Outlet: 4.0%
- Chongqing Bishan Outlet: 4.5%
- Hefei Outlet: 5.5%
- Kunming Outlet: 5.0%

While the variable component offers upside potential during periods of strong retail performance, it can also fluctuate alongside tenant sales trends—as seen in 1Q25 at the Hefei and Kunming properties.

Figure 15: SASSR's Financials 2023 – 2026.

Unit: In SGD Million	2023	2024	2025E	2026E
EMA rental income	125	124	127	130
REIT Manager's management fees	-8	-8	-9	-9
Trust Expenses	-2	-1	-1	-1
EBIT	115	115	117	120
Finance income	0.3	0.3	0.3	0.3
Finance costs	-27	-25	-25	-26
Exchange differences	-1	-2	-2	-2
Change in fair value of financial derivatives	1	-0.1	-1	-1
EBT	88	88	88	91
Tax expense	-24	-17	-17	-17
Net Income	64	71	71	74
Fair Value Adjustments to Investment Properties	-1	-15	-14	-14
Total return for the year attributable to Unitholders	62	56	57	59
Amount available for distribution to Unitholders	77	76	77	80

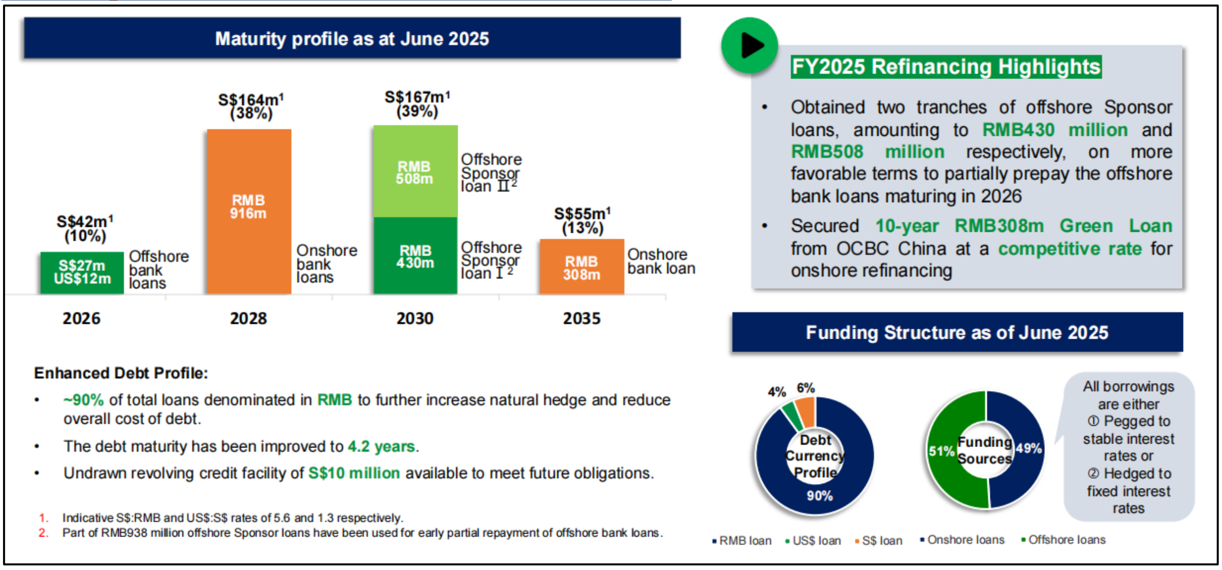
Source: GLH Research; Company filings.

Healthy Balance Sheet and Improving Funding Costs. As of 1Q25, SASSR maintained a healthy gearing level of 25.9%, reflecting a conservative capital structure and strong financial discipline. During the quarter, the REIT's interest expense declined by 30 bps quarter-over-quarter, driven by proactive refinancing initiatives aimed at reducing funding costs and extending debt maturity.

Management successfully secured a 10-year green loan facility to refinance a RMB 308 million sponsor loan, demonstrating the REIT's growing access to sustainability-linked financing. In addition, SASSR partially repaid an offshore loan ahead of maturity in March 2025, using proceeds from a new sponsor loan.

As a result of these capital management efforts, the REIT expects its average funding cost to decline to between 4.5% and 5.0% in FY25, enhancing distributable income and further strengthening its financial position.

Figure 16: SASSR's Diversified Debt Profile Anchored in RMB.



Source: GLH Research; Company filings.

SASSR currently trades at SGD 0.64 per unit, implying a market capitalization of approximately SGD 804 million. The REIT offers a compelling dividend yield of 9.2% and trades at a forward price-to-earnings (P/E) multiple of 11x, on FY2025 estimates, —well below the peer group average of 16x P/E with 6.3% dividend yield. This meaningful valuation discount underscores SASSR's relative attractiveness and room for rerating, especially as investor confidence in China's consumption recovery continues to build.

Figure 17: Peer Valuation Analysis.

						Dilute EPS			PE			
Company	Ticker	Market Cap	Price	Dividend Yield	Leverage	2024	2025E	2026E	2024	2025E	2026E	Category
CapitaLand Integrated Commercial Trust	SGX:C38U	15,951	2.18	5%	0.36	0.14	0.11	0.12	15.6x	19.8x	18.2x	Singaporean Retail REITs
Frasers Centrepoint Trust	SGX:J69U	4,603	2.27	5%	0.32	0.11	0.11	0.12	20.6x	20.6x	18.9x	Singaporean Retail REITs
Lendlease Global Commercial REIT	SGX:JYEU	1,285	0.53	7%	0.41	0.02	0.03	0.03	26.3x	17.5x	17.5x	Singaporean Retail REITs
Mapletree Pan Asia Commercial Trust	SGX:N2IU	6,642	1.26	6%	0.37	0.11	0.11	0.08	11.5x	11.5x	15.8x	Singaporean Retail REITs
Starhill Global Real Estate Investment Trust	SGX:P40U	1,172	0.51	7%	0.36	0.03	0.04	0.04	17.0x	12.8x	12.8x	Singaporean Retail REITs
Suntec Real Estate Investment Trust	SGX:T82U	3,320	1.13	6%	0.38	0.04	0.06	0.06	28.3x	18.8x	18.8x	Singaporean Retail REITs
CapitaLand China Trust	SGX:AU8U	1,218	0.70	8%	0.39	-0.01	0.05	0.05	-	14.0x	14.0x	China Retail REITs
								Median	18.3x	16.3x	16.3x	
								Mean	19.2x	15.9x	16.0x	
Sasseur Real Estate Investment Trust	SGX:CRPU	804	0.64	9%	0.25	0.04	0.06	0.06	16.0x	10.7x	10.7x	

Notes:
1. Data as of 06/30/2025.
2. Market cap, price and Dilute EPS are in SGD Million.
3. EBITDAs are in calendar year and estimates are provided by analyst consensus on Capital IQ.

Source: GLH Research; Company filings; Capital IQ.

RISKS

Income Stability and Occupancy Risk. SASSR's revenue is primarily derived from rental income under the Entrusted Management Agreement (EMA), which is linked to both fixed and variable components. A sudden decline in occupancy rates, whether due to tenant turnover, changing consumer behavior, or economic disruptions, could lead to a reduction in total income. Additionally, fluctuations in tenant sales performance directly impact the variable rental component, which accounts for approximately 30% of EMA income. Although the fixed component provides stability through an annual 3% escalation, the overall income stream remains partially sensitive to retail sector dynamics. Effective tenant mix management, proactive lease renewals, and performance-driven asset enhancement are essential to mitigating this risk and maintaining a stable and sustainable distribution profile.

Geographic and Market Concentration Risk. SASSR's asset portfolio is fully concentrated in China, with all four outlet malls located in Tier-2 cities across the country. While this allows the REIT to capitalize on China's growing middle-class consumption and outlet mall penetration, it also exposes the portfolio to country-specific macroeconomic risks. A slowdown in China's economic growth, rising unemployment, or declining consumer confidence could lead to reduced discretionary spending, particularly in the outlet and luxury retail segments. Furthermore, if Chinese consumers or domestic tourists shift their preferences toward e-commerce or alternative retail formats, SASSR may face pressure on footfall and tenant sales. This geographic concentration limits diversification and increases sensitivity to localized policy, market, and regulatory changes.

Foreign Currency Risk. While SASSR's underlying revenue is generated in Renminbi (RMB), its unit price and distributions are denominated in Singapore Dollars (SGD). This currency mismatch exposes the REIT to foreign exchange risk, particularly in periods of RMB depreciation. A weakening of the RMB against the SGD reduces the translated value of income, assets, and distributions when reported or paid in SGD. As such, a stronger SGD relative to the RMB could negatively affect the REIT's reported earnings, distribution per unit (DPU), and investor returns. Although the REIT may consider hedging strategies to partially mitigate this risk, currency fluctuations remain a structural consideration for investors.

Tenant Sales Volatility Risk. SASSR's rental income includes a variable component tied directly to tenant sales, which can be impacted by seasonal fluctuations, changes in consumer preferences, local competition, or adverse weather conditions. As the outlet format relies heavily on discretionary spending, periods of weaker retail performance—particularly in non-peak seasons—may lead to lower variable rental income. While the EMA structure offers income smoothing through the fixed component, prolonged underperformance in tenant sales may pressure future rental growth, affect renewal negotiations, or result in higher turnover.

Sponsor Dependence and Alignment Risk. SASSR operates under the Entrusted Management Agreement with an entity wholly owned by its sponsor, Sasseur Group. While this structure ensures operational alignment and mitigates day-to-day volatility, it also concentrates operational risk with the sponsor. Any deterioration in the sponsor's financial condition, governance standards, or execution capability could adversely affect asset performance. Additionally, while the sponsor holds a visible pipeline of assets, future acquisitions are not guaranteed and may depend on capital market conditions, regulatory approvals, or internal alignment.

Regulatory and Policy Risk. As a China-focused REIT, SASSR is subject to regulatory developments and policy shifts within the PRC. These may include changes in taxation, land use rights, retail operating regulations, or foreign ownership policies. Additionally, although SASSR is listed in Singapore, its underlying assets are governed by Chinese real estate and business laws, which may evolve in ways that impact operating flexibility, distribution flows, or repatriation of earnings. Unanticipated regulatory tightening or local restrictions on outlet operations could materially affect the REIT's financial performance or asset valuations.

Environmental, Social, and Governance (ESG) Risk. As investor expectations around ESG performance continue to rise, REITs face increasing scrutiny over their sustainability practices. Although SASSR has begun integrating green financing and community-focused retail elements, any perceived lag in ESG transparency, energy efficiency upgrades, or supply chain ethics may lead to reputational risks or lower appeal to institutional investors. Compliance with evolving environmental standards, especially in China, may also require additional capital investment in the future.

ABOUT THE ANALYSTS

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Chujie (Jack) Sun is a Senior Research Analyst at Gelonghui Research. Since 2017, Jack has served as the Investment Analyst in China Alpha Fund Management (Hong Kong) Limited, TMT Analyst in First Shanghai Group, and TMT Analyst at Gelonghui Research. Focusing on TMT sector, Chinese companies listed in the US, Hong Kong, and etc., and he specializes in both buy-side and sell-side equity research. Jack holds a B.A. in Economics from Ohio State University (Columbus) and an M.S. in Finance from City University of Hong Kong.

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