CapitaLand Integrated Commercial Trust (CICT SP)

1H26: Benefitting From Multiple Earnings Drivers

Highlights

- Rental reversion for the office portfolio was +6.5% in 1H26 and is expected to stay positive as its average rent of S$11.03psf/month is below prevailing Core CBD Grade A rent at S$12.50psf/month.
- CICT benefits from various earnings drivers, including full-year contribution from additional 55% stake in CapitaSpring, income ramp-up from Gallileo, and contribution from Paragon commencing Jul 26.
- CICT is undertaking AEIs for Tampines Mall (3Q26), Capital Tower (3Q26-4Q27) and Plaza Singapura (3Q26-4Q28) with a phased approach to minimise operational and income disruptions.
- Maintain BUY. Target price: S$3.06.

1H26 Results

Year to 31 Dec (S$m)	1H26	yoy % Chg	Remarks
Gross Revenue	846.8	+7.5	
Net Property Income (NPI)	630.5	+8.7	Divestment of Bukit Panjang Plaza.
- Retail	210.6	-3.7	Paragon starts contributing in Jul 26.
- Office	241.0	+31.3	Consolidation of CapitaSpring.
- Integrated Development	178.9	+0.2	
Distribution from JVs	16.7	-19.5	CapitaSpring no longer accounted as a JV.
Finance Costs	(153.4)	-3.3	Cost of debt eased 0.5ppt yoy to 2.9% in 1H26.
Distributable Income	470.9	+13.1	
DPU (S cents)	6.02	+7.1	

Source: CICT, UOB Kay Hian

Analysis

- CapitaLand Integrated Commercial Trust (CICT) reported 1H26 DPU of 6.02 S cents (+7.1% yoy), which is in line with our expectation. The healthy DPU growth was driven by accretive acquisitions and positive leasing momentum.
- **Retail: High occupancy supported earnings resilience.** Portfolio retail occupancy remained robust at 97.7%, supported by strong tenant demand. Retail rental reversion was +4.0% in 1H26, with suburban malls outperforming downtown assets at +5.1% vs +3.2%. Tenant retention was healthy at 83.9%. Tenant sales psf increased 1.6% yoy, driven by seasonal promotions and new store openings, particularly in the fashion & accessories and jewellery & watches categories.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	1,586	1,619	1,692	1,831	1,860
EBITDA	1,039	1,073	1,120	1,216	1,236
Operating profit	1,039	1,073	1,120	1,216	1,236
Net profit (rep./act.)	934	937	1,162	1,010	1,032
Net profit (adj.)	748	869	923	1,010	1,032
EPU (S$ cent)	10.7	11.8	11.7	12.7	12.9
DPU (S$ cent)	10.9	11.6	11.7	12.6	12.9
PE (x)	23.3	21.1	21.3	19.6	19.3
P/B (x)	1.2	1.2	1.1	1.2	1.2
DPU yld (%)	4.4	4.7	4.7	5.1	5.2
Net margin (%)	58.9	57.9	68.7	55.1	55.5
Net debt/(cash) to equity (%)	56.6	60.4	56.0	55.9	56.0
Interest cover (x)	3.2	3.6	4.3	4.5	4.5
ROE (%)	6.3	5.9	6.9	5.8	6.0
Consensus DPU (S$ cent)	-	-	12.0	12.5	13.0
UOBKH/Consensus (x)	-	-	0.98	1.01	0.99

Source: CapitaLand Integrated Commercial Trust, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$2.49
Target Price	S$3.06
Upside	22.1%
Previous TP	S$3.06

Stock Data

Sector	Real Estate
Bloomberg ticker	CICT SP
Shares issued (m)	7,954.5
Market cap (S$m)	19,806.7
Market cap (US$m)	15,472.7
3-mth avg daily t'over (US$m)	53.5

Price Performance (%)

52-week high/low				S$2.57/S$2.17
1mth	3mth	6mth	1yr	YTD
2.0	9.2	0.8	13.2	4.2

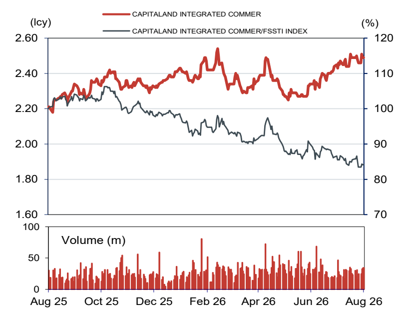
Major Shareholders (%)

Temasek Hldgs	20.0

Balance Sheet Metrics

FY26 NAV/Share (S$)	2.17
FY26 Net Debt/Share (S$)	1.22

Price Chart



Source: Bloomberg

Company Description

CICT is the first and largest S-REIT listed on the SGX. It was established as CapitaLand Mall Trust (CMT) in Jul 02 and was renamed CICT in Nov 20 following the merger with CapitaLand Commercial Trust (CCT).

- **Office: Benefitting from consolidation of CapitaSpring and lease commencement at Gallileo.** CICT achieved positive office rental reversion of 6.5% in 1H26. Leasing demand remained healthy across the banking, insurance, legal and telecommunications sectors, with notable leases signed including PGIM (Singapore) and Simpson Spence Young at CapitaSpring and Cambiaso Risso Asia at Six Battery Road. Average rent for the Singapore office portfolio increased 2% yoy to S$11.03psf/month. CICT is expected to maintain positive rental reversions as a large proportion of upcoming expiries remain below prevailing market rents (Core CBD Grade A rents at S$12.50psf/month in 2Q26). Office occupancy improved 0.7ppt qoq to 94.4%. CICT has consolidated the remaining 55% stake in CapitaSpring since Aug 25. It also benefitted from the progressive handover of Gallileo to anchor tenant European Central Bank.
- **Competitive advantage in capital management.** CICT maintained a strong balance sheet with aggregate leverage of 37.4%, average cost of debt stable at 2.9%, and interest coverage ratio improving to 3.9x. About 78% of borrowings are fixed-rate. Debt maturity remains well staggered with an average term to maturity of 4.1 years. CICT also retains strong investment-grade credit ratings of A3 from Moody's and A- from S&P. Management expects financing costs to remain stable, aided by proactive refinancing and diversified funding sources.
- **Growth catalysts from Paragon and AEIs.** Key earnings drivers include full contribution from CapitaSpring, income ramp-up from Gallileo, and contribution from Paragon commencing Jul 26. CICT continues to recycle capital into higher-yielding assets, evidenced by the sale of Asia Square Tower 2 and the acquisition of Paragon. CICT is executing multiple AEIs across Tampines Mall, Lot One, Capital Tower, Plaza Singapura and The Atrium@Orchard, which are expected to support DPU growth.
- **CICT will undertake AEIs with a phased approach** to minimise operational and income disruptions. Enhancements for Tampines Mall are progressing well, with 96% of the AEI space committed or under advanced negotiations. The AEI is expected to complete in 3Q26.
- **AEI for Capital Tower.** CICT plans to build a two-storey multi-tenanted pavilion with 7,750sf of higher-yielding F&B space at Level 1. Level 9 would be reconfigured into a workplace mental wellness centre focused on working adults and their families. Capex is estimated at S$25m. Construction is scheduled to commence in 3Q26 and completion slated for 4Q27.
- **CICT is undertaking an AEI for Plaza Singapura and The Atrium@ Orchard,** with an estimated capex of S$160m and a targeted ROI of 6-7%, progressing from 3Q26 to 4Q28. The redevelopment is aligned with the Urban Redevelopment Authority's plans to rejuvenate Orchard Road and expand Istana Park. The project will transform the existing cinema space with experiential entertainment and thematic dinning concepts. The arrival area at Level 1 facing Orchard Road will be refreshed. Sky bridges at Level 3 and 5 will be transformed into floating gardens. Basement connection to Dhoby Ghaut MRT station would be enhanced to improve circulation.

Valuation/Recommendation

- **Maintain BUY.** Our target price of S$3.06 is based on the dividend discount model (cost of equity: 6.25%, terminal growth: 2.2%).

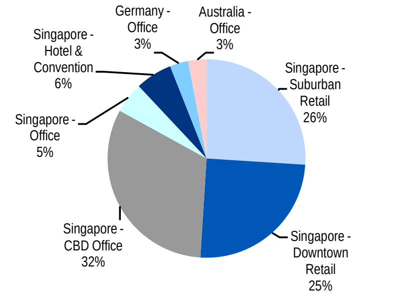
Earnings Revision/Risk

- We maintain our existing DPU forecast.

Share Price Catalyst

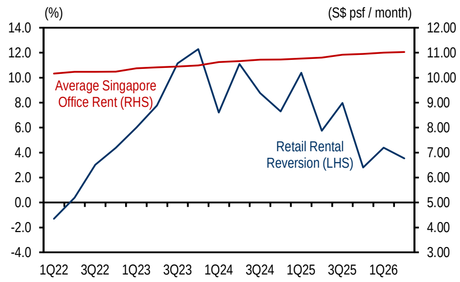
- Steady recovery in tenant sales at CICT's downtown malls, driven by a recovery in tourist arrivals and work-from-office momentum.
- Asset enhancement and redevelopment of existing properties.

Gross Revenue By Asset Type (1H26)



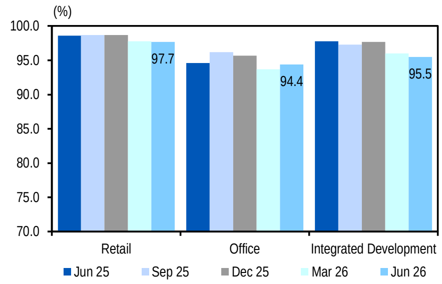
Source: CICT

Rental Reversion For Retail And Average Singapore Office Rent



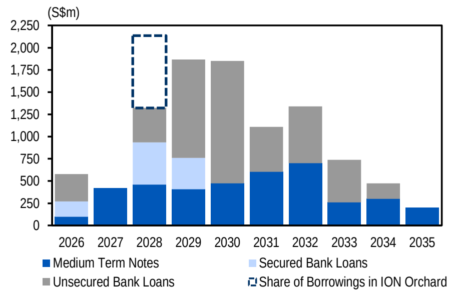
Source: CICT

Portfolio Occupancy



Source: CICT

Debt Maturity Profile



Source: CICT

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	1,619.2	1,692.1	1,831.2	1,860.3
EBITDA	1,072.5	1,119.8	1,216.3	1,236.4
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	1,072.5	1,119.8	1,216.3	1,236.4
Total other non-operating income	68.1	238.9	(0.1)	0.0
Associate contributions	116.8	82.3	85.2	88.1
Net interest income/(expense)	(298.8)	(260.9)	(272.2)	(272.5)
Pre-tax profit	958.6	1,180.1	1,029.2	1,052.0
Tax	(7.2)	(14.1)	(15.4)	(15.8)
Minorities	(14.1)	(4.0)	(4.0)	(4.0)
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	937.3	1,162.0	1,009.8	1,032.2
Net profit (adj.)	869.1	923.1	1,009.8	1,032.2

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	25,606.6	26,895.6	26,925.6	26,955.6
Other LT assets	1,180.9	1,180.9	1,180.9	1,180.9
Cash/ST investment	149.5	250.8	286.6	278.7
Other current assets	486.1	70.3	76.1	77.2
Total assets	27,423.1	28,397.6	28,469.2	28,492.4
ST debt	654.6	654.6	654.6	654.6
Other current liabilities	494.6	539.9	583.8	592.9
LT debt	9,334.9	9,280.0	9,290.0	9,300.0
Other LT liabilities	448.7	441.6	458.8	462.4
Shareholders' equity	16,292.1	17,283.2	17,283.7	17,284.3
Minority interest	198.3	198.3	198.3	198.3
Total liabilities & equity	27,423.1	28,397.6	28,469.2	28,492.4

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	1,097.0	1,570.0	1,293.3	1,272.3
Pre-tax profit	890.5	941.2	1,029.2	1,052.0
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	(116.8)	(82.3)	(85.2)	(88.1)
Working capital changes	(46.9)	65.9	28.6	6.0
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	370.2	645.2	320.7	302.4
Investing	(653.8)	(966.0)	30.0	30.0
Capex (growth)	(462.1)	(3,900.0)	0.0	0.0
Capex (maintenance)	(285.0)	(30.0)	(30.0)	(30.0)
Proceeds from sale of assets	0.0	2,904.0	0.0	0.0
Others	93.3	60.0	60.0	60.0
Financing	(450.0)	(502.6)	(1,287.5)	(1,310.3)
Distribution to unitholders	(750.1)	(920.9)	(1,009.2)	(1,031.7)
Issue of shares	600.0	750.0	0.0	0.0
Proceeds from borrowings	31.5	(54.9)	10.0	10.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(331.4)	(276.8)	(288.3)	(288.6)
Net cash inflow (outflow)	(6.8)	101.4	35.8	(8.0)
Beginning cash & cash equivalent	156.4	149.5	250.8	286.6
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	149.6	250.9	286.6	278.6

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	66.2	66.2	66.4	66.5
Pre-tax margin	59.2	69.7	56.2	56.6
Net margin	57.9	68.7	55.1	55.5
ROA	3.5	4.2	3.6	3.6
ROE	5.9	6.9	5.8	6.0
Growth				
Turnover	2.1	4.5	8.2	1.6
EBITDA	3.2	4.4	8.6	1.7
Pre-tax profit	2.5	23.1	(12.8)	2.2
Net profit	0.4	24.0	(13.1)	2.2
Net profit (adj.)	16.2	6.2	9.4	2.2
EPU	10.3	(0.8)	8.5	1.6
Leverage				
Debt to total capital	37.7	36.2	36.3	36.3
Debt to equity	61.3	57.5	57.5	57.6
Net debt/(cash) to equity	60.4	56.0	55.9	56.0
Interest cover (x)	3.6	4.3	4.5	4.5