

CapitaLand Integrated Commercial Trust (CICT SP)

3Q26: Uptick For Office Occupancy; Firmer Reversion For Retail

Highlights

- Office occupancy rose 1.0ppt qoq to 95.4% with broad-based improvements in Singapore, Germany and Australia. We estimated rental reversion for retail portfolio improved from +3.5% in 2Q26 to +6.6% for 3Q26.
- Management targets mid-single-digit reversions for both office and retail in 2026. Paragon, balance 55% of CapitaSpring and Gallileo's progressive handover to ECB would contribute fully for six months in 2H26.
- Maintain BUY. Target price: S\$3.11.

3Q26 Results

Year to 31 Dec (\$m)	3Q26	yoy % Chg	Remarks
Gross Revenue	464.5	+15.0	
- Retail	143.5	-5.4	Divestment of Bukit Panjang Plaza (completion: 27 Feb 26).
- Office	151.4	+15.3	Consolidation of CapitaSpring (completion: 25 Aug 25)
- Integrated Development	169.6	+40.3	Full three-month contribution from Paragon (completion: 1 Jul 26).
Net Property Income (NPI)	334.9	+13.8	
- Retail	99.6	-8.2	
- Office	111.8	+13.8	Handover to European Central Bank (ECB) at Gallileo in 1H26.
- Integrated Development	123.5	+40.8	

Source: CICT, UOB Kay Hian

Analysis

- CapitaLand Integrated Commercial Trust (CICT) report NPI of S\$334.9m for 3Q26, up 13.8% yoy and quite in line with our expectation.
- Financial performance strengthened in 3Q26.** Gross revenue and NPI rose 15.0% and 13.8% yoy respectively in 3Q26, driven by Paragon, Gallileo and CapitaSpring step-up acquisition, partly offset by the divestments of Bukit Panjang Plaza and Asia Square Tower 2 (AST2). NPI from integrated development grew 41% due to contribution from newly acquired Paragon.
- Retail: Uptick in rent reversion.** Retail occupancy eased 0.4ppt qoq to 97.3% (suburban: 99.1% and downtown: 96.0%), excluding AEI space at Plaza Singapura and The Atrium @ Orchard. Retail rental reversion improved to +4.6% for 9M26 (suburban: +4.6% and downtown: +4.5%). Tenant retention was 83.6%. Tenant sales psf grew 2.1% yoy, supported by seasonal promotions and new openings, particularly in jewellery & watches and food & beverages. AEI for Tampines Mall was completed in 3Q26 and has added 16 new brands. Chanel, Dior and YSL, who were previously subtenants within Isetan, have setup standalone boutiques at Tampines Mall.

Key Financials

Year to 31 Dec (\$m)	2024	2025	2026F	2027F	2028F
Net turnover	1,586	1,619	1,706	1,845	1,874
EBITDA	1,039	1,073	1,129	1,226	1,246
Operating profit	1,039	1,073	1,129	1,226	1,246
Net profit (rep./act.)	934	937	1,171	1,019	1,042
Net profit (adj.)	748	869	932	1,019	1,042
EPU (S\$ cent)	10.7	11.8	11.9	12.8	13.0
DPU (S\$ cent)	10.9	11.6	11.8	12.8	13.0
PE (x)	21.4	19.4	19.2	17.8	17.5
P/B (x)	1.1	1.1	1.1	1.1	1.1
DPU yld (%)	4.8	5.1	5.2	5.6	5.7
Net margin (%)	58.9	57.9	68.7	55.2	55.6
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	4.6
ROE (%)	6.3	5.9	7.0	5.9	6.0
Consensus DPU (S\$ cent)	-	-	11.9	12.5	12.9
UOBKH/Consensus (x)	-	-	0.99	1.02	1.01

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

Analyst(s)

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BUY (Maintained)

Share Price	S\$2.28
Target Price	S\$3.11
Upside	34.2%

Stock Data

Sector	Real Estate
Bloomberg ticker	CICT SP
Shares issued (m)	7,974.0
Market cap (\$m)	18,180.8
Market cap (US\$m)	14,194.9
3-mth avg daily t'over (US\$m)	56.7

Price Performance (%)

52-week high/low				S\$2.57/S\$2.20
1mth	3mth	6mth	1yr	YTD
2.7	(9.2)	(4.6)	(5.4)	(4.6)

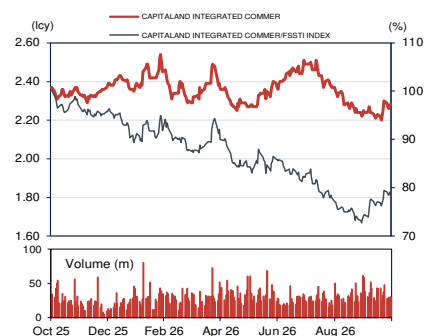
Major Shareholders (%)

Temasek Hldgs	21.0
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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: Occupancy and leasing momentum improved.** Office occupancy rose 1.0ppt qoq to 95.4% with improvement from Singapore (+1ppt qoq to 97.4%). Germany and Australia also saw upticks of 0.8ppt and 3.4ppt qoq respectively to 86.2% and 97.5%. Singapore office rental reversion was +7.1% for 9M26. Tenant retention was 79.1%. Major renewals and new leases in 3Q26 included Ericsson at CapitaSky, JustCo at Raffles City Tower and Mirae Asset Securities at Six Battery Road.
- **Aggregate leverage increased 2.3ppt qoq to 39.7%** as of Sep 26. Average cost of debt temporary fell 0.1ppt qoq to 2.8% in 3Q26 due to drawdown of bridging loan. Interest coverage was 3.8x. CICT issued S\$400m of five-year green notes at 2.646% on 8 Sep 26. Fixed-rate borrowings accounted for 76%, and average debt maturity lengthened to 4.2 years. Management guided for cost of debt to inch slightly higher at about 3.0% in 2027.

Valuation/Recommendation

- **Growth supported by Paragon and phased AEIs.** Management targets mid-single-digit reversions for both office and retail in 2026. Paragon, balance 55% of CapitaSpring and Gallileo's progressive handover to ECB would contribute fully for six months in 2H26. AEIs for Lot One Shoppers' Mall, Capital Tower and Plaza Singapura & The Atrium @ Orchard are scheduled for completion in 1Q27, 4Q27 and 4Q28 respectively. Singapore portfolio locked in electricity tariff at lower-cost formula till Jun 27.
- **Leasing momentum for office space gained traction.** Average Singapore office rent was S\$10.98psf/month in 3Q26, down 0.5% qoq after excluding AST2 (divestment completed on 17 Sep 26), which is below Core CBD Grade A rents estimated at S\$12.75psf/month (+4.5% yoy and +2.0% qoq) by CBRE. CICT is expected to maintain positive rental reversions as a large proportion of upcoming office expiries remain below prevailing market rents at S\$11.42psf/month in 2H26 and S\$11.87psf/month in 2027.
- **AEI for Plaza Singapura & The Atrium @ Orchard**, with an estimated capex of S\$160m and a targeted ROI of 6-7%, is progressing from 3Q26 to 4Q28. The redevelopment is aligned with the URA's plans to pedestrianise the stretch of Orchard Road in front of Plaza Singapura and expand Istana Park. The project will transform the existing cinema space with experiential entertainment and thematic dining concepts. The arrival area at Level 1 facing Orchard Road will be refreshed with all-day dining cafes. Sky bridges at Levels 3 and 5 will be transformed into floating gardens, anchored by new F&B concepts. Basement connection to Dhoby Ghaut MRT station would also be enhanced to improve circulation.
- **Management has initiated the process to divest Main Airport Center** near Frankfurt airport in Germany. Key tenants are Dell, IQVIA Commercial and Deutsche Lufthansa. It is in discussion with several potential buyers. There is no fixed timeline, but we should get some clarity come 1Q27. The property was valued at €234m (S\$332m) as of Dec 25.
- **Keeping focus on home base Singapore.** CICT will continue to focus on expansion in Singapore via acquisitions. Singapore's positive outlook is grounded in continued population growth and investment in infrastructure.
- **Maintain BUY.** Our target price of S\$3.11 is based on the dividend discount model (cost of equity: 6.2%, terminal growth: 2.2%).

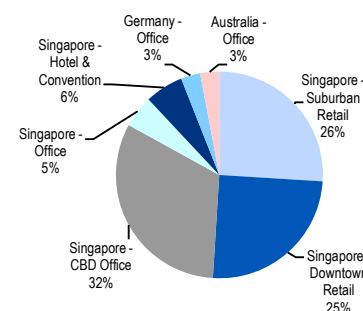
Earnings Revision/Risk

- We maintain our existing DPU forecast.

Share Price Catalyst

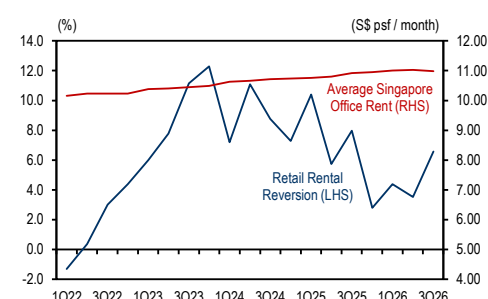
- Paragon, balance 55% of CapitaSpring and Gallileo's progressive handover to ECB would contribute fully for six months in 2H26.
- Asset enhancement and redevelopment of existing properties.

Gross Revenue By Asset Type (1H26)



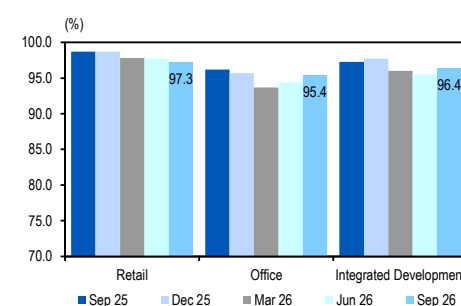
Source: CICT

Rental Reversion For Retail And Average Singapore Office Rent



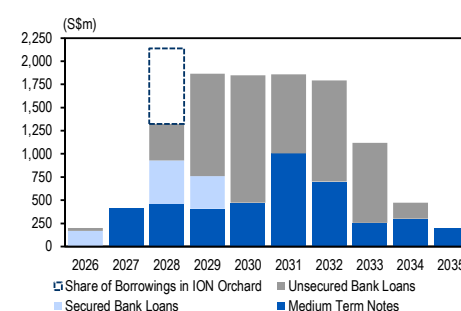
Source: CICT

Portfolio Occupancy



Source: CICT

Debt Maturity Profile



Source: CICT

Profit & loss

Year to 31 Dec (\$m)	2025	2026F	2027F	2028F
Net turnover	1,619.2	1,705.8	1,845.1	1,874.3
EBITDA	1,072.5	1,129.3	1,225.9	1,246.2
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	1,072.5	1,129.3	1,225.9	1,246.2
Total other non-operating income	68.1	238.9	0.0	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	1,189.6	1,038.8	1,061.8
Tax	(7.2)	(14.3)	(15.6)	(15.9)
Minorities	(14.1)	(4.0)	(4.0)	(4.0)
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	937.3	1,171.4	1,019.2	1,041.8
Net profit (adj.)	869.1	932.5	1,019.2	1,041.8

Cash Flow

Year to 31 Dec (\$m)	2025	2026F	2027F	2028F
Operating	1,097.0	1,584.8	1,302.8	1,282.0
Pre-tax profit	890.5	950.7	1,038.8	1,061.8
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)	68.7	28.6	6.0
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	370.1	647.6	320.6	302.3
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)	(512.2)	(1,297.2)	(1,320.1)
Distribution to unitholders	(750.1)	(930.4)	(1,018.9)	(1,041.5)
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)	(276.9)	(288.2)	(288.5)
Net cash inflow (outflow)	(6.9)	106.6	35.7	(8.1)
Beginning cash & cash equivalent	156.4	149.5	256.1	291.7
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	149.5	256.1	291.7	283.6

Balance Sheet

Year to 31 Dec (\$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	256.1	291.7	283.6
Other current assets	486.1	70.9	76.6	77.8
Total assets	27,423.1	28,403.4	28,474.8	28,497.9
ST debt	654.6	654.6	654.6	654.6
Other current liabilities	494.5	544.2	588.1	597.3
LT debt	9,334.9	9,280.0	9,290.0	9,300.0
Other LT liabilities	448.7	443.3	460.5	464.1
Shareholders' equity	16,292.1	17,283.0	17,283.3	17,283.6
Minority interest	198.3	198.3	198.3	198.3
Total liabilities & equity	27,423.1	28,403.4	28,474.8	28,497.9

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	56.3	56.6
Net margin	57.9	68.7	55.2	55.6
ROA	3.5	4.2	3.6	3.7
ROE	5.9	7.0	5.9	6.0
Growth				
Turnover	2.1	5.4	8.2	1.6
EBITDA	3.2	5.3	8.6	1.7
Pre-tax profit	2.5	24.1	(12.7)	2.2
Net profit	0.4	25.0	(13.0)	2.2
Net profit (adj.)	16.2	7.3	9.3	2.2
EPU	10.4	0.7	7.8	1.9
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	4.6

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