

## CapitaLand Integrated Commercial Trust (CICT SP)

Retail Upside From Acquisition; Office Upside From Positive Reversion

### Highlights

- The acquisition of Paragon was completed on 1 Jul 26 and will provide full six-month contribution in 2H26.
- The AEI for Tampines Mall was completed in 3Q26, and new brands Chanel, Dior, Paris Baguette, Sephora and Yves Saint Laurent will progressively commence their leases in 2H26. The AEIs for Capital Tower (3Q26-4Q27) and Plaza Singapura (3Q26-4Q28) are running concurrently with a phased approach to minimise disruptions.
- CICT backfilled pockets of vacant space in 6 Battery Road and Capital Tower. It is also working on larger spaces vacated by Allianz at CapitaSky (88,000sf) and Adidas at Funan (28,000sf). It is expected to maintain positive rental reversions as upcoming office expiries remain below prevailing market rents at S\$11.42psf/month in 2H26 and S\$11.87psf/month in 2027.
- Maintain BUY. Target price: S\$3.06.

### Analysis

- Full six-month contributions from Paragon in 2H26.** CapitaLand Integrated Commercial Trust (CICT) has completed the acquisition of Paragon, a premier integrated development known for upscale luxury shopping next to Mount Elizabeth Hospital and near Orchard and Somerset MRT stations, at an agreed property value of S\$3.9b on 1 Jul 26. The freehold asset comprises a six-storey retail podium with two basement levels (NLA: 491,817sf), and medical suites/office tower (NLA: 223,098sf). Paragon provides an NPI yield of 3.9% and full six-month contribution in 2H26.
- CICT is executing multiple AEIs across Tampines Mall, Capital Tower, Plaza Singapura and The Atrium@Orchard.** The AEIs are undertaken with a phased approach to minimise operational and income disruptions.
  - CICT has rejuvenated the main entrance at Tampines Mall to align with URA's plan for pedestrianisation of the area between Tampines Town Central and Tampines MRT Station, including adding new escalators to improve flow of shoppers to L2. Departmental store space of 38,000sf vacated by Isetan in Nov 25 was reconfigured into smaller specialty units, which generated rental uplift. The AEI has completed in 3Q26. 96% of the AEI space committed or under advanced negotiations as of Jun 26. New brands Chanel, Dior, Paris Baguette, Sephora and Yves Saint Laurent will progressively commence their leases in 2H26.
  - 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 has commenced in 3Q26 and is scheduled to complete in 4Q27.

### Key Financials

| Year to 31 Dec (S\$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)                        | 20.6  | 18.7  | 18.6  | 17.2  | 16.9  |
| P/B (x)                       | 1.0   | 1.0   | 1.0   | 1.0   | 1.0   |
| DPU yld (%)                   | 4.9   | 5.3   | 5.4   | 5.8   | 5.9   |
| 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

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### BUY (Maintained)

|              |         |
|--------------|---------|
| Share Price  | S\$2.20 |
| Target Price | S\$3.06 |
| Upside       | 39.1%   |

### Stock Data

|                                |             |
|--------------------------------|-------------|
| Sector                         | Real Estate |
| Bloomberg ticker               | CICT SP     |
| Shares issued (m)              | 7,974.0     |
| Market cap (S\$m)              | 17,542.9    |
| Market cap (US\$m)             | 13,719.3    |
| 3-mth avg daily t'over (US\$m) | 56.3        |

### Price Performance (%)

|                  |        |       |       |                 |
|------------------|--------|-------|-------|-----------------|
| 52-week high/low |        |       |       | S\$2.57/S\$2.20 |
| 1mth             | 3mth   | 6mth  | 1yr   | YTD             |
| (3.9)            | (10.2) | (7.9) | (7.6) | (7.9)           |

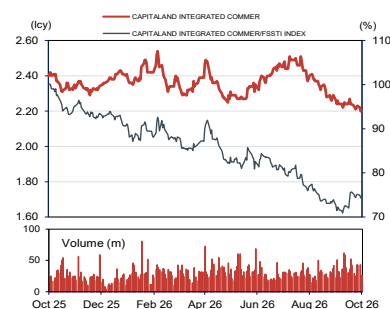
### Major Shareholders (%)

|               |      |
|---------------|------|
| Temasek Hldgs | 21.0 |
|---------------|------|

### 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).

c) **AEI for Plaza Singapura and 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.

- **AEI for Paragon in the pipeline.** Management is still in the planning process on AEI for Paragon. Tenant mix will be reconfigured and optimised. Metro occupies three floors with NLA of 75,000sf (15% of Paragon's retail NLA) with lease expiry in Mar 27. Metro plans to rollout new multi-concept retail stores that emphasis customer engagement. It will consider renewing the lease for one of the three floors. The AEI will improve the connectivity to neighbouring buildings, including Mt Elizabeth Hospital and Orchard MRT station.
- **Leasing momentum for office space gained traction.** CICT continues to backfill pockets of vacant space in 6 Battery Road and Capital Tower. It is also working on larger spaces vacated by Allianz at CapitaSky (88,000sf) and Adidas at Funan (28,000sf). CICT is expected to maintain positive rental reversion 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. Average rent for the Singapore office portfolio increased 2% yoy to S\$11.03psf/month in 2Q26, which is below Core CBD Grade A rents estimated at S\$12.75psf/month in 3Q26 (+4.5% yoy and +2.0% qoq). CICT achieved positive office rental reversion of 6.5% in 1H26.
- **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. It has issued S\$400m of five-year fixed rate green notes at 2.646% in Sep 26. About 78% of borrowings are on fixed interest rates. Debt maturity is well staggered with an average term to maturity of 4.1 years. Borrowings of S\$578m and S\$417m must be refinanced in 2H26 and 2027 respectively, which represents only 5% and 4% of total borrowings. 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 diversified funding sources.

## 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.

### Tampines Mall – New Tenant Chanel



Source: CICT

### Tampines Mall – New Tenant Yves Saint Laurent



Source: CICT

### Tampines Mall – New Tenant Sephora



Source: CICT

### Tampines Mall – New Tenant Dior Parfums



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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