

Frasers Centrepoint Trust (FCT SP)

2HFY26: Positive Reversion And AElS Underpin Sustainable Growth

Highlights

- FCT clocked positive rental reversion of 6.6% in FY26 and maintained stable portfolio occupancy at 99.7% as of Sep 26. Tenant retention was healthy at 81%. Occupancy cost of 16.3% was supported by tenant sales growth.
- Causeway Point, believed to be most susceptible to retail sales leakage to Johor Bahru, achieved growth in NPI of 6% yoy in 2HFY26. Northpoint City saw NPI growth of 23% yoy, boosted by full six-month contribution from Northpoint City South Wing (acquisition completed on 26 May 25).
- FCT creates value through AElS. Maintain BUY. Target price: S\$2.92.

2HFY26 Results

Year to 30 Sep (S\$m)	2HFY26	yoy % Chg	Remarks
Gross Revenue	223.0	+8.7	Full six-month contribution from Northpoint City South Wing.
Net Property Income (NPI)	160.9	+11.5	NPI margin improved 1.9ppt yoy to 72.2%.
Finance Costs	(41.7)	-7.8	Cost of debt eased 0.6ppt yoy to 3.2% in 4QFY26.
Distributable Income	127.2	+3.3	
DPU (S cents)	6.214	+2.6	Retained distributable income of S\$3.0m.

Source: FCT, UOB Kay Hian

Analysis

- Frasers Centrepoint Trust (FCT) reported 2HFY26 DPU of 6.214 S cents (+2.6% yoy), which is in line with our expectation despite retaining income of S\$3m for asset enhancement initiatives (AEI) and working capital purposes. Full-year FY26 DPU was a record 12.35 S cents.
- Northpoint City drives NPI growth.** Gross revenue and NPI grew 8.7% and 11.5% yoy in 2HFY26, driven by full six-month contribution from Northpoint City South Wing and higher passing rents across most malls. Northpoint City achieved 100% occupancy as of Sep 26 and generated NPI of S\$48.5m in 2HFY26 (+23% yoy), accounting for 30% of group NPI. Causeway Point occupancy was 99.9%, with NPI increasing 6% yoy to S\$36.4m. NPI margin improved 1.9ppt yoy to 72.2% in 2HFY26 due to cost savings from integrated facilities management and diagnostics & preventive maintenance.
- Healthy leasing despite slower sales growth.** Committed portfolio occupancy was stable at 99.7% as of Sep 26, excluding NEX and the divested White Sands. Rental reversion was positive at 6.6% on an average-to-average basis in FY26, supported by food & beverage, beauty & healthcare and fashion & accessories. Tenant retention was 81%. Occupancy cost was healthy at 16.3% in FY26. In 4QFY26, traffic rose 1.0% but sales grew just 0.1%, affected by key tenant reconfigurations.

Key Financials

Year to 30 Sep (S\$m)	2025	2026	2027F	2028F	2029F
Net turnover	390	445	423	428	432
EBITDA	233	272	381	386	390
Operating profit	233	272	381	386	390
Net profit (rep./act.)	200	368	366	378	390
Net profit (adj.)	211	305	366	378	390
EPD (S\$ cent)	11.0	15.0	17.9	18.4	19.0
DPU (S\$ cent)	12.1	12.4	12.5	12.9	13.1
PE (x)	19.2	14.1	11.8	11.4	11.1
P/B (x)	0.9	0.9	0.9	0.9	0.9
DPU yld (%)	5.7	5.9	5.9	6.1	6.2
Net margin (%)	51.3	82.8	86.7	88.4	90.2
Net debt/(cash) to equity (%)	52.3	42.9	43.0	43.8	44.4
Interest cover (x)	2.7	3.1	5.0	5.1	5.1
ROE (%)	4.5	7.6	7.4	7.7	8.0
Consensus DPU (S\$ cent)	-	-	12.5	12.6	12.7
UOBKH/Consensus (x)	-	-	1.00	1.02	1.03

Source: Frasers Centrepoint Trust, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S\$2.11
Target Price	S\$2.92
Upside	38.4%
Previous TP	S\$3.00

Stock Data

Sector	Real Estate
Bloomberg ticker	FCT SP
Shares issued (m)	2,039.3
Market cap (S\$m)	4,302.9
Market cap (US\$m)	3,370.1
3-mth avg daily t'over (US\$m)	12.1

Price Performance (%)

52-week high/low				S\$2.47/S\$2.03
1mth	3mth	6mth	1yr	YTD
0.5	(6.6)	(7.5)	(13.5)	(9.4)

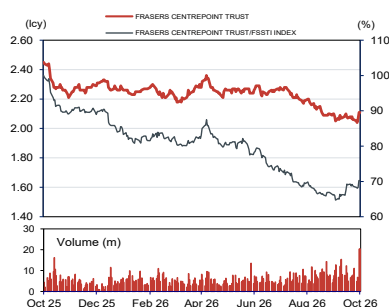
Major Shareholders (%)

Frasers Property Ltd	38.0
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Balance Sheet Metrics

FY27 NAV/Share (S\$)	2.31
FY27 Net Debt/Share (S\$)	1.03

Price Chart



Source: Bloomberg

Company Description

FCT is the largest owner of suburban retail malls in Singapore. It has nine suburban retail malls and one office building. Its suburban retail malls are located in populous residential estates and proximity to public transportation amenities, such as MRT stations and bus interchanges.

- **Leverage receded after divestment.** Aggregate leverage was 38.7% as of Sep 26 but dropped to 36.8% after the receipt of proceeds of S\$462m from divestment of White Sands. Refinancing required for FY27 has already been secured, with an average debt maturity of 3.4 years. Cost of debt fell 60bp yoy to 3.1% in 4QFY26. Management guided for cost of debt at 3.3% for FY27. Interest coverage improved to 4.4x. Fixed-rate debt stood at 68.6%, rising to 75.9% after recent loan repayment.
- **NAV per unit increased 4%** to S\$2.32 due to fair value gain of S\$66m for its investment properties. Valuation for Northpoint City increased S\$18m or 0.9%, while valuation for Causeway Point was stable. Valuation for Hougang Mall and NEX increased by S\$38m and S\$60m respectively, representing enhancements of 8.1% and 5.7%, underpinned by AEIs.
- **Limited incremental leakage from RTS Link.** Value-focused Singaporeans venture to Johor Bahru on day trips for dining, beauty treatments and shopping apparels and even groceries. Based on UOB internal transaction data, each credit cardholder spends more than S\$100 on average. According to CBRE, the retail sales leakage from Singapore to Johor Bahru is estimated to increase from the current 3-4% to 5% by 2032. The additional leakage arising from the RTS Link is estimated at just 1-2ppt. Singaporeans are known for their hectic lifestyles. Thus, frequent trips to Johor Bahru are untenable after the initial novelty of the RTS Link wears off.
- **AEIs support continued growth.** Hougang Mall's S\$47m AEI was completed in Sep 26, achieving 8% ROI and 99.7% committed occupancy, with over 13,000sf of NLA created and deployed to prime retail floors. NEX Phase 1 at the ex-Isetan space is 98% pre-committed and on track for completion in Dec 26. 76% of the new leases are new-to-mall brands and concepts. Phase 2 to create additional NLA of 44,000sf by decanting carpark space is scheduled to commence in Jan 27. The NEX AEI targets 7% ROI and FCT is responsible for half of the capex of S\$90m.
- FCT has partnered with the National Library & Archives Board (NLB) to develop **The HomePage @ Causeway Point**, a social and reading destination expected to open in 2028. Spanning over 32,000sf across levels 6 and 7, it will feature an extensive collection of pre-loved NLB books that visitors can take home without borrowing. Reading areas will be complemented by dining, children's play zones and an indoor theatre for screenings, talks and cultural programmes. The Community / Sports Facilities Scheme (CSFC) initiative could lead to conversion of GFA into rentable NLA of 32,000sf during upcoming AEI in FY27 and FY28.
- **Fortifying Causeway Point.** FCT plans to transform Causeway Point into a regional mall, leveraging on its physical location as the connection hub in the north region (Woodlands MRT station is an interchange for the North-South Line and Thomson-East Coast Line). FCT will rebalance the tenant mix by adding unique experiential, educational and health/wellness brands. Many of these new offerings are new-to-Frasers brands with regional reach and appeal. New mini anchors will provide differentiated products. The AEI would be carried out over two years and is scheduled to complete by end-29.
- **Maintaining stable DPU.** FCT will strive to stabilise DPU despite disruptions from executing two AEIs at NEX and Causeway Point concurrently through: a) distributing income of S\$7.6m retained in FY26 in FY27, and b) increasing the proportion of management fees paid by issue of new units.

Valuation/Recommendation

- **Maintain BUY.** Our target price of S\$2.92 is based on DDM (cost of equity: 6.3%, terminal growth: 2.0%).

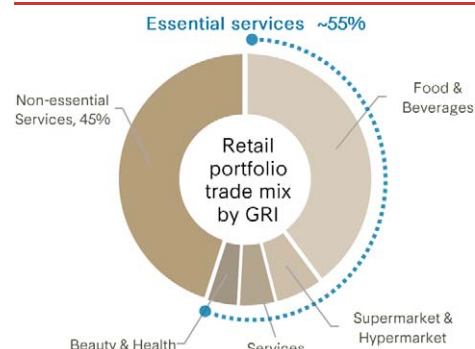
Earnings Revision/Risk

- We trimmed our FY27 and FY28 DPU forecast by 3% due to AEI at NEX, which may cause disruption to 10-20% of the retail space.

Share Price Catalyst

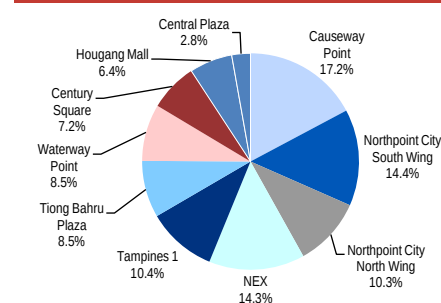
- a) Increase in shopper traffic and tenant sales, driven by growth in domestic consumption, supported by rising population and household income; and b) AEIs for NEX and Causeway Point.

Trade Mix By Gross Rental Income



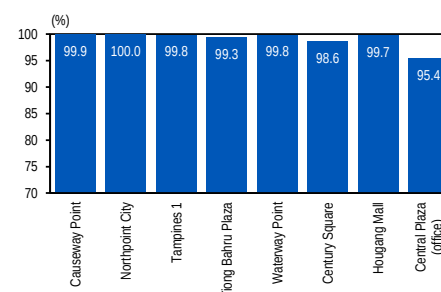
Source: FCT

Valuation By Property



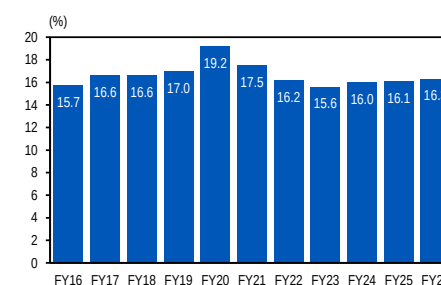
Source: FCT

Committed Occupancies Of Suburban Retail Malls



Source: FCT

Occupancy Cost



Source: FCT

Profit & loss

Year to 30 Sep (S\$m)	2026	2027F	2028F	2029F
Net turnover	444.9	422.7	428.2	432.5
EBITDA	272.1	381.1	386.3	390.5
Deprec. & amort.	0.0	0.1	0.1	0.1
EBIT	272.1	381.0	386.2	390.4
Total other non-operating income	72.2	0.0	0.0	0.0
Associate contributions	111.1	61.0	67.7	76.2
Net interest income/(expense)	(86.9)	(75.6)	(75.7)	(76.6)
Pre-tax profit	368.5	366.4	378.3	390.0
Tax	(0.0)	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	368.5	366.4	378.3	390.0
Net profit (adj.)	305.4	366.4	378.3	390.0

Cash Flow

Year to 30 Sep (S\$m)	2026	2027F	2028F	2029F
Operating	289.2	385.0	339.1	361.2
Pre-tax profit	194.4	180.2	182.3	184.3
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.1	0.1	0.1
Associates	111.1	61.0	67.7	76.2
Working capital changes	0.1	(16.0)	1.3	1.1
Non-cash items	24.3	18.3	18.4	18.5
Other operating cashflows	(40.7)	141.4	69.2	81.1
Investing	430.5	(53.0)	(30.5)	(30.5)
Capex (growth)	0.0	0.0	0.0	0.0
Capex (maintenance)	(31.0)	(53.0)	(30.5)	(30.5)
Proceeds from sale of assets	458.5	0.0	0.0	0.0
Others	3.1	0.0	0.0	0.0
Financing	(386.3)	(610.7)	(310.2)	(326.6)
Distribution to unitholders	(259.8)	(255.6)	(264.5)	(275.0)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	1,483.1	(279.5)	30.0	25.0
Loan repayment	(1,528.9)	0.0	0.0	0.0
Others/interest paid	(80.6)	(75.6)	(75.7)	(76.6)
Net cash inflow (outflow)	333.4	(278.8)	(1.6)	4.1
Beginning cash & cash equivalent	107.5	440.9	162.2	160.6
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	440.9	162.2	160.6	164.7

Balance Sheet

Year to 30 Sep (S\$m)	2026	2027F	2028F	2029F
Fixed assets	6,084.0	6,114.4	6,133.6	6,141.6
Other LT assets	1,170.9	1,112.6	1,112.6	1,112.6
Cash/ST investment	440.9	162.2	160.6	164.7
Other current assets	15.8	13.9	14.1	14.2
Total assets	7,711.6	7,403.1	7,420.9	7,433.1
ST debt	111.6	111.6	111.6	111.6
Other current liabilities	133.9	116.0	117.5	118.7
LT debt	2,449.5	2,170.0	2,200.0	2,225.0
Other LT liabilities	78.0	81.2	82.0	82.5
Shareholders' equity	4,938.7	4,924.3	4,909.9	4,895.3
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	7,711.6	7,403.1	7,420.9	7,433.1

Key Metric

Year to 30 Sep (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	61.2	90.2	90.2	90.3
Pre-tax margin	82.8	86.7	88.4	90.2
Net margin	82.8	86.7	88.4	90.2
ROA	4.8	4.8	5.1	5.3
ROE	7.6	7.4	7.7	8.0
Growth				
Turnover	14.2	(5.0)	1.3	1.0
EBITDA	16.6	40.1	1.4	1.1
Pre-tax profit	84.7	(0.6)	3.3	3.1
Net profit	84.4	(0.6)	3.3	3.1
Net profit (adj.)	44.9	19.9	3.3	3.1
EPU	36.0	19.4	3.1	2.9
Leverage				
Debt to total capital	34.1	31.7	32.0	32.3
Debt to equity	51.9	46.3	47.1	47.7
Net debt/(cash) to equity	42.9	43.0	43.8	44.4
Interest cover (x)	3.1	5.0	5.1	5.1

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