26 October 2025

Beansprout

CapitaLand China Trust

(SGX: AU8U)

Riding on China's gradual consumption recovery

- **Largest listed China-focused REIT.** CapitaLand China Trust holds a portfolio of nine shopping malls, five business park properties, and four logistics park properties in China. This portfolio, with total gross floor area of approximately 1.8 million square metres, was valued at RMB 24 billion as at 30 June 2025.
- **Diversified portfolio.** As at 30 June 2025, retail property contributed 70.8% of gross rental income, followed by business parks at 25.8% and logistics parks at 3.4%. The strategy is to build a balanced, multi-asset portfolio to tap into China's domestic consumption growth and its innovation-driven economy.
- **Strategic location.** Retail properties are strategically located in densely populated areas with good connectivity to public transport. Business parks are in high-growth economic zones. Logistic parks are in key hubs, serve the domestic logistics needs of China's Eastern, Central and Southwest regions.
- **IPO of CapitaLand Commercial C-REIT.** CapitaLand Investment has listed CapitaLand Commercial C-REIT on the Shanghai Stock Exchange. CapitaLand China Trust has divested CapitaMall Yuhuating to the C-REIT at RMB813.8 million (S$146.8 million). CapitaLand China Trust will receive RMB663.4 million (~S$119.8 million) in net proceeds.
- **Asset enhancement initiatives (AEI) to boost distributable income.** To elevate rental value, traditional anchor supermarket is converted into high-yielding, customer-centric retail concepts. These assets will benefit from the gradual recovery in domestic demand. Both goods and services retail sales have recorded modest growth since 4Q 2024.
- **Healthy financial profile.** As of 30 June 2025, CapitaLand China Trust reported aggregate leverage at 42.1%, implying a debt headroom of S$0.7 billion. Interest coverage ratio (ICR) remains healthy at 2.9x and reflecting ample buffer from the regulatory minimum requirement at 1.5x.
- **Proactive capital management.** To increase the natural hedge position, SGD loans are replaced with RMB loans. The lower RMB interest rates reduce the overall cost of debt. The target is to increase the RMB-denominated debt to at least 50% of total debt by end 2025. CapitaLand China Trust has completed the debt refinancing for 2025.
- **Initiate with Buy.** We derived the target price at S$0.88 per unit based on the dividend discount model. We forecast distribution per unit for FY2025f and FY2026f at 5.18 cents and 5.29 cents, respectively. At S$0.79 per unit, it offers FY2025f 6.6% and FY2026f 6.7% in distribution yield. It trades at a price-to-book valuation of 0.76x, above its historical average of 0.61x. Key risks include exposure to potential economic slowdown in China, interest rate risk, and foreign exchange risk, amongst others.

Ticker	AU8U
Rating	Buy
Price Target*	S$0.88
Price (22 Oct)	S$0.79
Upside/Downside:	+11%
52-week range	S$0.560 - 0.885
Market Cap	S$1.4B

*Target price is for 12 months

Research Analyst

Gerald Wong, CFA
gerald@growbeansprout.com

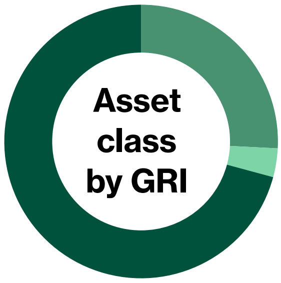
Focus charts and tables

Figure 1: CapitaLand China Trust portfolio, by asset class, as at 30 June 2025

70.8%

Retail

Key asset class positioned to benefit from government initiatives aimed at boosting **domestic consumption,** enhancing long-term retail demand



25.8%

Business Park

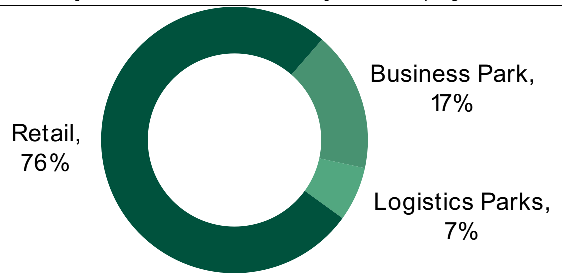
3.4%

Logistics Park

Strategically aligned with China's **technology and innovation-driven agenda,** providing exposure to key sectors such as Semiconductors, Electronics and Information & Communications Technology (ICT)

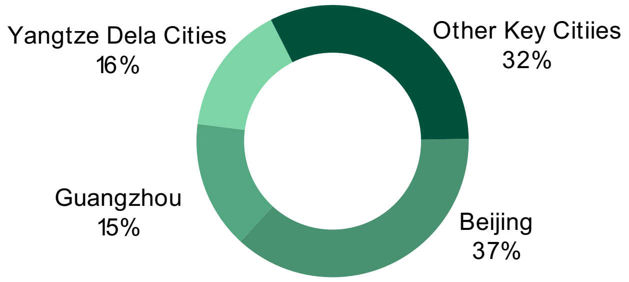
Source: Company data

Figure 2: CapitaLand China Trust portfolio, by AUM



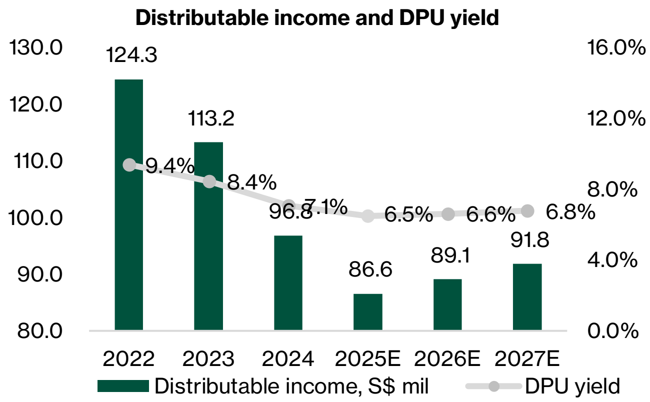
Source: Company data

Figure 3: CapitaLand China Trust portfolio, by geography



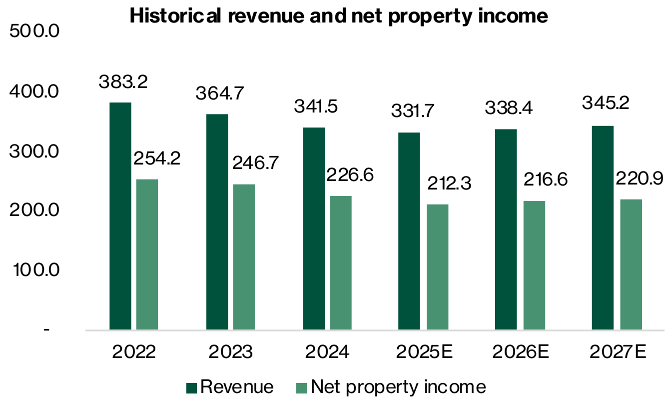
Source: Company data

Figure 4: Distributable income and DPU yield



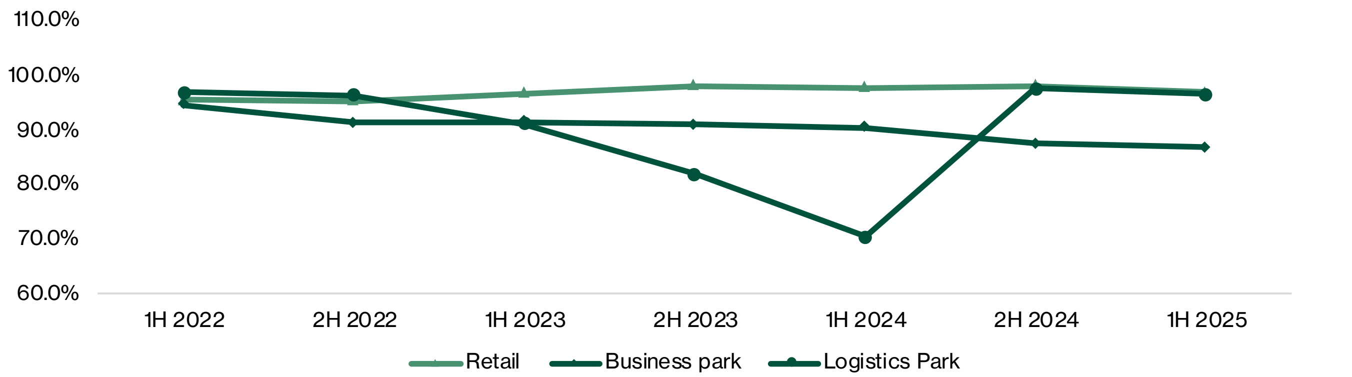
Source: Company data

Figure 5: Historical revenue and net property income



Source: Company data

Figure 6: Steady occupancy rates in Retail and Business park assets while Logistics Park's occupancy has recovered



Source: Company data

PLEASE SEE ANALYST CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING IN APPENDIX.

Largest China-focused S-REIT

CapitaLand China Trust is listed on Singapore Exchange Securities Trading Limited (SGX-ST), with a market cap of S$1.37 billion as of 22 Oct 2025.

CapitaLand China Trust is Singapore's largest China focused real estate investment trust. The objective of CLCT is to invest on a long-term basis, in a diversified portfolio of income producing real estate and real estate-related assets in China, Hong Kong SAR and Macau that are used primarily for retail, office and industrial purposes (including business parks, logistics facilities, data centres and integrated developments).

CapitaLand China Trust has a portfolio of nine shopping malls, five business park properties, and four logistics park properties in China. This portfolio is spread out across 12 Chinese cities with a total gross floor area of approximately 1.8 million square metres. The portfolio was valued at approximately RMB 24 billion as at 30 June 2025.

The retail portion makes up the bulk (70.8%) of gross rental income (GRI) for 1H 2025. Business parks took up around a quarter (25.8%) of GRI while logistics park made up the remainder (3.4%). CapitaLand China Trust's strategy is to build a balanced, multi-asset portfolio to tap into China's domestic consumption growth and its innovation-driven economy through four key pillars.

Figure 7: CapitaLand China Trust's strategy with four key pillars

Source: Company data

Summary of portfolio of assets

Figure 8: Valuation of portfolio

	Valuation 2024 RMB Million	Valuation 2023 RMB Million	Valuation 2024 (in per sq m of GFA) RMB	Valuation 2024 S$ Million	Valuation 2023 S$ Million
Retail					
CapitaMall Xizhimen	3,668.0	3,668.0	44,153	680.4	683.5
Rock Square	3,410.0	3,410.0	38,628	632.5	635.5
CapitaMall Wangjing	2,844.0	2,844.0	33,951	527.6	530.0
CapitaMall Grand Canyon	1,797.0	1,883.0	19,340	333.3	350.9
CapitaMall Xuefu	1,789.0	1,789.0	14,450	331.9	333.4
CapitaMall Xinnan	1,385.0	1,460.0	15,085	256.9	272.1
CapitaMall Nuohemule	1,030.0	1,030.0	10,295	191.1	191.9
CapitaMall Yuhuating	785.0	802.0	10,407	145.6	149.5
CapitaMall Aidemengdun	382.5	402.0	7,800	70.9	74.9
CapitaMall Shuangjing[1]	–	842.0	–	–	156.9
Total Valuation for Retail	**17,090.5**	**18,130.0**		**3,170.2**	**3,378.6**
Business Parks					
Ascendas Xinsu Portfolio	2,340.0	2,340.0	6,268	434.1	436.1
Singapore-Hangzhou Science & Technology Park (Phase I)	810.0	824.0	7,956	150.3	153.6
Singapore-Hangzhou Science & Technology Park (Phase II)	1,025.0	1,043.0	7,869	190.1	194.4
Ascendas Innovation Towers	879.0	902.0	7,418	163.1	168.1
Ascendas Innovation Hub	343.0	353.0	8,459	63.6	65.7
Total Valuation for Business Parks	**5,397.0**	**5,462.0**		**1,001.2**	**1,017.9**
Logistics Parks					
Shanghai Fengxian Logistics Park	510.0	598.0	8,123	94.6	111.4
Chengdu Shuangliu Logistics Park	336.0	348.0	4,696	62.3	64.8
Wuhan Yangluo Logistics Park	332.0	357.0	3,817	61.6	66.5
Kunshan Bacheng Logistics Park	291.0	327.0	6,622	54.0	60.9
Total Valuation for Logistics Parks	**1,469.0**	**1,630.0**		**272.5**	**303.6**
Total Valuation	**23,956.5**	**25,222.0**		**4,443.9**	**4,700.1**

1 CapitaMall Shuangjing was classified under held for sale as at 31 December 2023 following the announcement of divestment on 6 December 2023. The divestment was completed on 23 January 2024.

Source: Company data

Strategically located

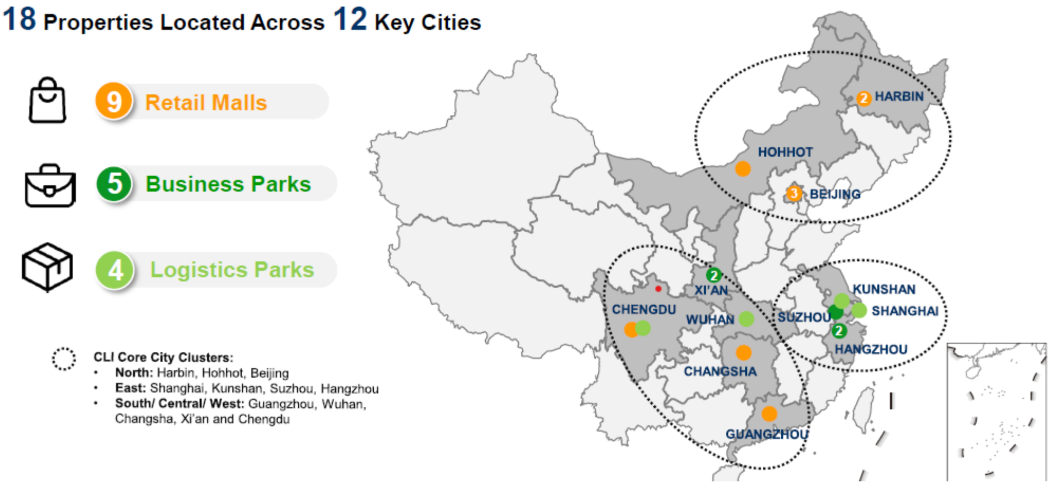
The retail properties are strategically located in densely populated areas with good connectivity to public transport. The nine shopping malls are CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon in Beijing; Rock Square in Guangzhou; CapitaMall Xinnan in Chengdu; CapitaMall Nuohemule in Hohhot; CapitaMall Xuefu and CapitaMall Aidemengdun in Harbin and CapitaMall Yuhuating in Changsha.

The portfolio consists of five business parks located in high-growth economic zones, supported by domestic and multinational corporations in industries such as electronics, ICT and financial services. The properties are well-connected to transportation hubs and accessible via multiple transport modes. The five business parks are Ascendas Xinsu

Portfolio in Suzhou, Ascendas Innovation Towers and Ascendas Innovation Hub in Xi'an, and Singapore-Hangzhou Science & Technology Park Phases I and II in Hangzhou.

The portfolio consists of four logistics parks located in key hubs, serving the domestic logistics needs of China's Eastern, Central and Southwest regions. The properties are built to modern specifications to support a broad range of e-commerce and logistics operations. The portfolio comprises Shanghai Fengxian Logistics Park in Shanghai, Kunshan Bacheng Logistics Park in Kunshan, Wuhan Yangluo Logistics Park in Wuhan and Chengdu Shuangliu Logistics Park in Chengdu.

Figure 9: A portfolio of strategically located assets.



Source: Company data

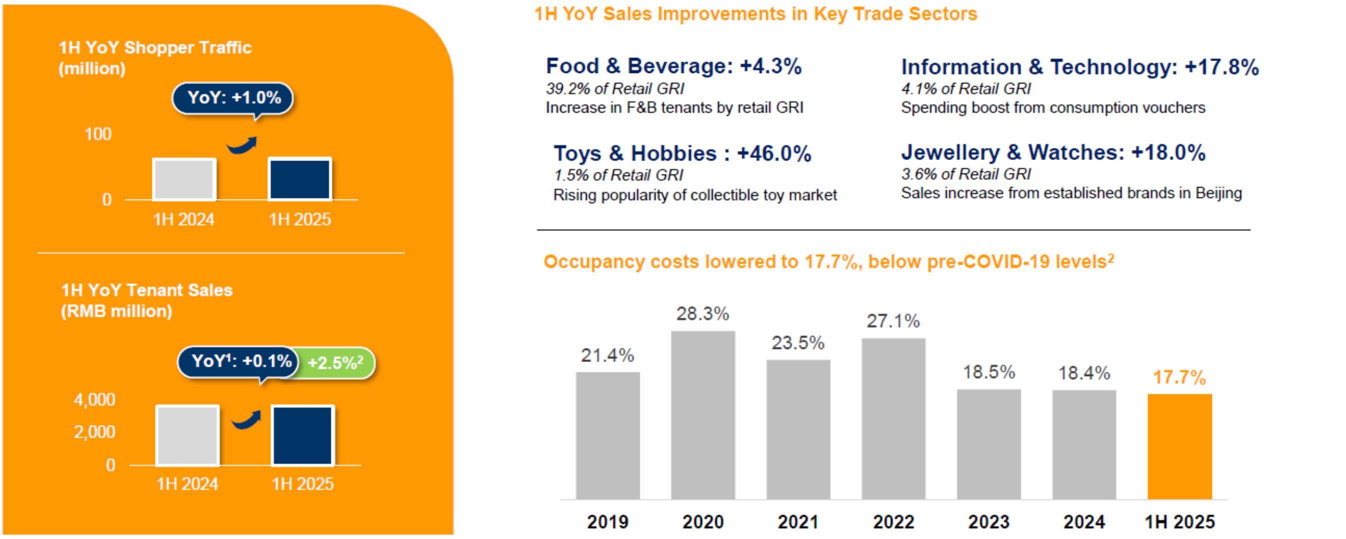
Retail segment was resilient

In 1H2025, shopper traffic rose 1.0% and tenant sales increased 0.1% year-on-year, with a strong occupancy rate of 96.9%. Tenant sales growth was muted due to three supermarkets anchors undergoing upgrades. Excluding the supermarket sales, 1H 2025 tenant sales would increase by 2.5%, reflecting continual improvement from FY2024's 2.0% year-on-year growth in tenant sales.

More Asset enhancement initiatives (AEIs) are planned for 2025 to boost retail sales. China's recent policy measures aimed at boosting domestic consumption and household income would have a positive impact on the retail sector.

1H 2025 occupancy costs at 17.7% remains significantly below pre-Covid level. As the government's expansionary measures take effect in boosting domestic consumption and business confidence, CapitaLand China Trust look forward to a gradually recovery in tenant sales to support strong rental revisions.

Figure 10: 1H 2025 retail portfolio shopper traffic and tenant sales



Notes:
1. Excluding automobile sales, 1H 2025 tenant sales would increase by 0.8% YoY. Excluding automobile sales and supermarket sales in CapitaMall Xuefu, Xizhimen and Wangjing, which has supermarket anchors undergoing upgrades, 1H 2025 tenant sales would increase by 3.5% YoY and tenant sales per sqm would increase by 2.5% YoY.
2. Excludes supermarket sales in CapitaMall Xuefu, Xizhimen, and Wangjing, which has supermarket anchors undergoing upgrades.

Source: Company data

Industrial segments faced headwinds

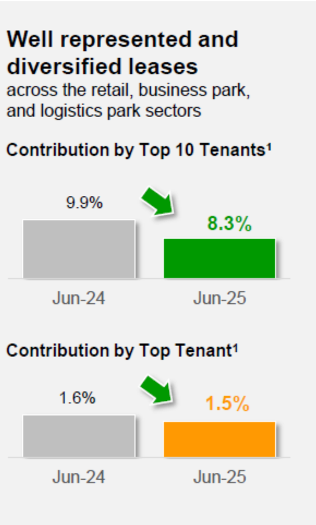
In 1H 2025, the Business park segment reported Net Property Income at S$27.0 million, declined by 17.5% year-on-year. This was due to a Business Park Serviced office tenant that pre-terminated at Singapore-Hangzhou Science and Technology Park Phase II, in February 2025. In 1H 2025, business park reported a rental reversion of –8.0% and a drop in occupancy to 86.9%, compared with 87.6% as of end-Dec 2024.

Logistics parks segment reported Net Property Income at S$2.7 million, increased by 4.1% year-on-year. This was contributed by improved occupancy at Kunshan Bacheng Logistics Park. Although CapitaLand China Trust faced a steep –24.7% rental reversion, occupancy has stabilised at 96.6%, compared with 97.6% as of end-Dec 2024.

Diversified tenant mix

Based on contribution to total rental income, the top 10 tenants declined from 9.3% in 2024 to 8.3% in 1H 2025. The top tenant contributed to only 1.5% of the total rental income, from 1.7% in 2024.

Figure 11: Top 10 tenants (based on percentage of Total Gross Rental Income in the month of June 2025



No.	Tenant	Trade Sector	Asset Class	% of Total Rental Income
1	JD.com Group of Companies	E-commerce, Logistics and Warehouse, Supermarket	Retail, Logistics Park	1.5%
2	Hangzhou Yuelong	Real Estate	Business Park	1.0%
3	Bestseller Group of Companies	Fashion & Accessories	Retail	0.9%
4	Yum China Holdings, Inc	Food & Beverage	Retail	0.8%
5	Guangdong Yongwang Tee Mall Commerce (Aeon)	Supermarket	Retail	0.8%
6	Bosideng International Holdings Limited	Fashion & Accessories	Retail	0.7%
7	BHG Group of Companies	Supermarket	Retail	0.7%
8	Yun Feng Logistics	Logistics and Warehouse	Logistics Park	0.7%
9	B.U.T Commercial Group	Supermarket	Retail	0.6%
10	Ping An Insurance Company	Financial Services	Business Park	0.6%
Total				8.3%

Source: Company data

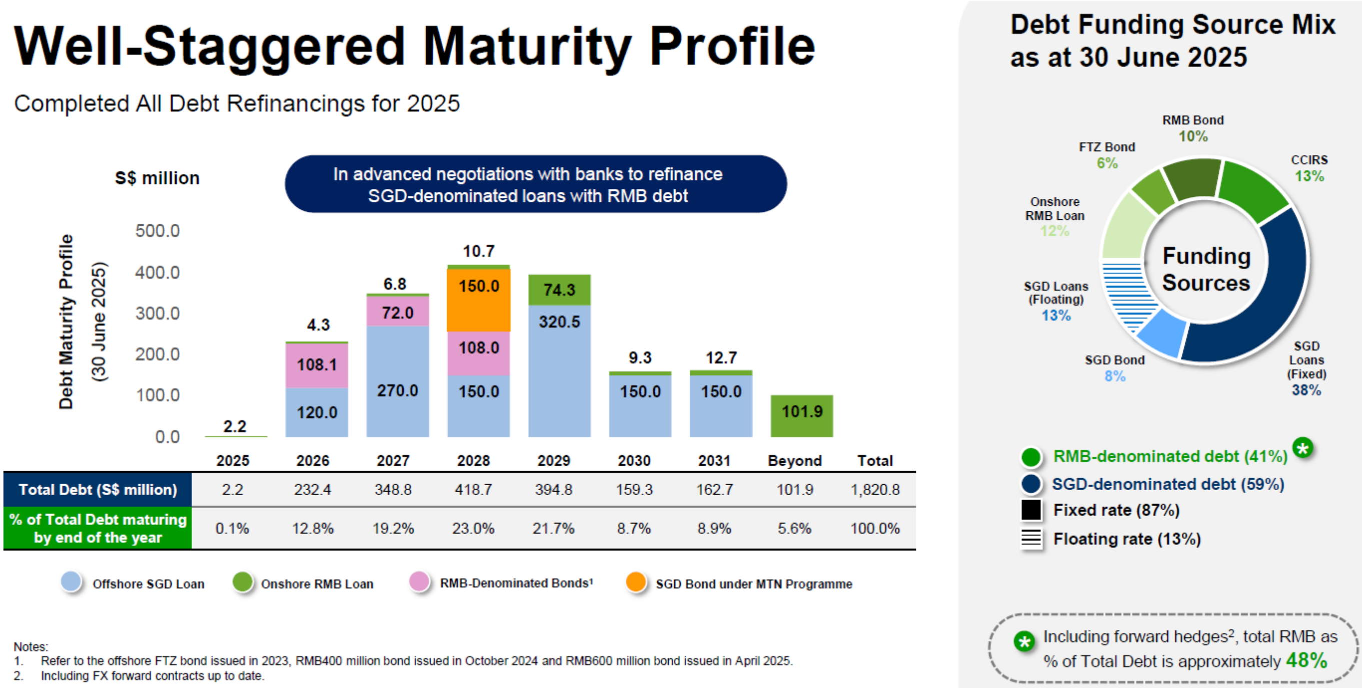
Proactive capital management

To manage the foreign exchange risk from weaker RMB against the SGD, CapitaLand China Trust has been replacing the SGD loans with RMB loans. Besides establishing a natural hedge position, CapitaLand China Trust is also taking advantage of lower RMB Interest rates to reduce the overall cost of debt. In April 2025, CapitaLand China Trust issued a 3-year CNH 600 million bond at a 2.88% coupon. This compares favourably to the average cost of debt at 3.42% as at 30 June 2025.

CapitaLand China Trust targets to increase the RMB-denominated debt to at least 50% of total debt by end 2025, from 41% as at 30 June 2025.

Financial flexibility remains robust. For the SGD loan maturing in 2026, CapitaLand China Trust is negotiating with the banks to refinance with RMB debt. As at 30 June 2025, there is S$159.5 million of undrawn committed facilities.

Figure 12: Debt maturity profile of CLCT



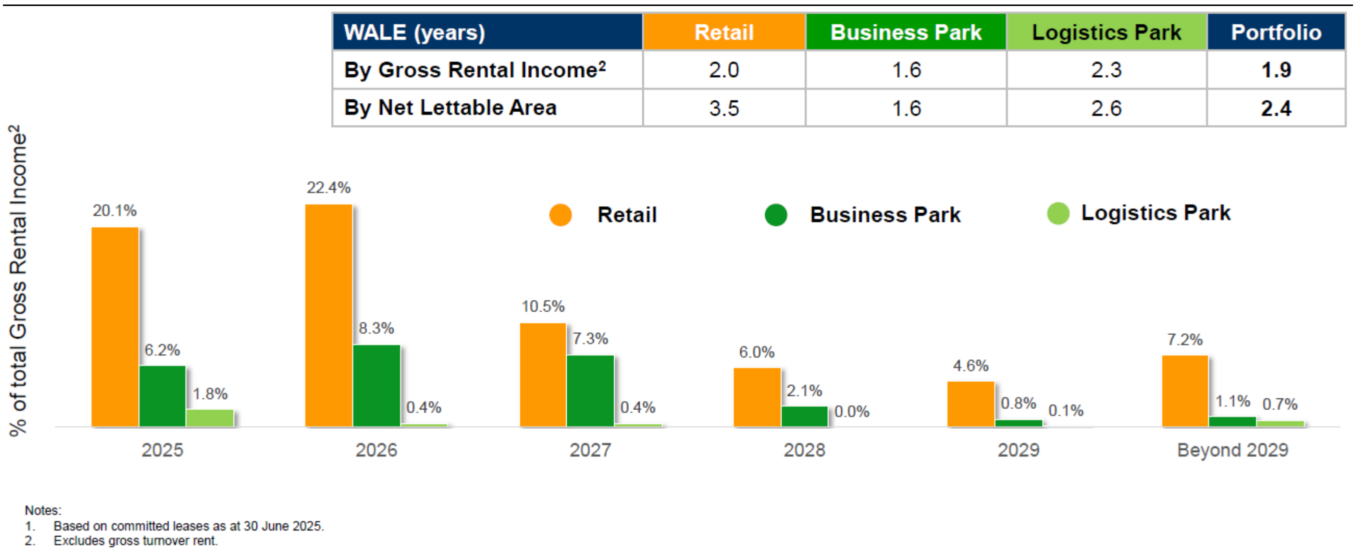
	2025	2026	2027	2028	2029	2030	2031	Beyond	Total
Total Debt (S$ million)	2.2	232.4	348.8	418.7	394.8	159.3	162.7	101.9	1,820.8
% of Total Debt maturing by end of the year	0.1%	12.8%	19.2%	23.0%	21.7%	8.7%	8.9%	5.6%	100.0%

Source: Company data

Well-distributed lease expiry profile

As of 30 June 2025, the portfolio's weighted average lease expiry (WALE) by net lettable area, remains stable at 2.4 years, unchanged from end-2024.

Figure 13: Portfolio lease expiry profile



WALE (years)	Retail	Business Park	Logistics Park	Portfolio
By Gross Rental Income²	2.0	1.6	2.3	**1.9**
By Net Lettable Area	3.5	1.6	2.6	**2.4**

Source: Company data

Sponsor is a leading global asset manager

The Sponsor of CapitaLand China Trust is CapitaLand Investment Limited. CapitaLand Investment Limited is a global real asset manager with S$117 billion in funds under management as at 31 March 2025. CapitaLand Investment Limited is listed on the Singapore Exchange with a market capitalisation of S$13.68 billion as at 21 October 2025.

The Sponsor has strongly supported CapitaLand China Trust's growth by offering a pipeline of quality assets who retains the rights of first refusal (ROFR) over the Sponsor's assets. CapitaLand Investment Limited is also the largest unitholder, with 32.17% ownership as of 31 March 2025. CapitaLand China Trust is managed by CapitaLand China Trust Management Limited, a wholly owned subsidiary of CapitaLand Investment Limited. We expect the CapitaLand Group to maintain a cohesive structure that promotes close collaboration to support portfolio optimisation.

Positive Industry Outlook

China stimulus measures to boost retail spending and business confidence have supported modest growth. The Chinese regulators have been implementing fiscal and monetary stimuli to boost domestic consumption and economic growth. China's economy grew 5.2% year-to-date till 30 September 2025, within the government's target 5% annual growth.

Back in October 2024, the government cut its reserve requirement ratio by 50 basis points to enhance market liquidity. In March 2025, the government announced a comprehensive 30-point plan to steer the economy towards consumption-driven growth. In May 2025, the 5-year Loan Prime Rate (LPR) was reduced by 10bp to 3.5%.

China's September retail sales grew 3.0% year-on-year. Although moderating from August's 3.4% year-on-year and July 3.7% year-on-year, this was partly due to the high base effect. To recap, the government gave RMB150 billion subsidies for the trade-in program introduced in August 2024. It is possible that the trade-in subsidies could be expand to other categories in 2026.

At the close of the Fourth Plenary Session on 23 October 2025, China reiterated the commitment towards expanding the domestic demand. In September 2025, services-related retail sales increased by 5.2% year-on-year. With continual government support, the latest consumption data during the Golden Week reported better than expected services sales, +7.6% year-on-year. Overall retail sales will benefit as the strong services-related retail sales will filter through to economic activity and consumption growth.

Listing of CapitaLand Commercial C-REIT

On 27 August 2025, CapitaLand Investment Limited announced that it has received approval to list CapitaLand Commercial C-REIT on the Shanghai Stock Exchange. This is a big leap forward as CapitaLand Commercial C-REIT will be China's first international-sponsored retail C-REIT.

On 29 September 2025, CapitaLand Commercial C-REIT was listed on the Shanghai Stock Exchange. With the IPO, CapitaLand China Trust has divested CapitaMall Yuhuating at RMB813.8 million (S$146.8 million), representing an exit yield of 6.2%. As joint strategic investors of the C-REIT, CapitaLand Investment Limited, CapitaLand China Trust and CapitaLand Development will collectively hold at least a 20% interest in the C-REIT. As part of the transaction, CapitaLand China Trust has subscribed to 5% of the IPO units at the IPO price of RMB5.718 per unit and subject to lock-up period of 5 years. CapitaLand China Trust will receive an estimated net proceeds RMB663.4 million (~S$119.8 million).

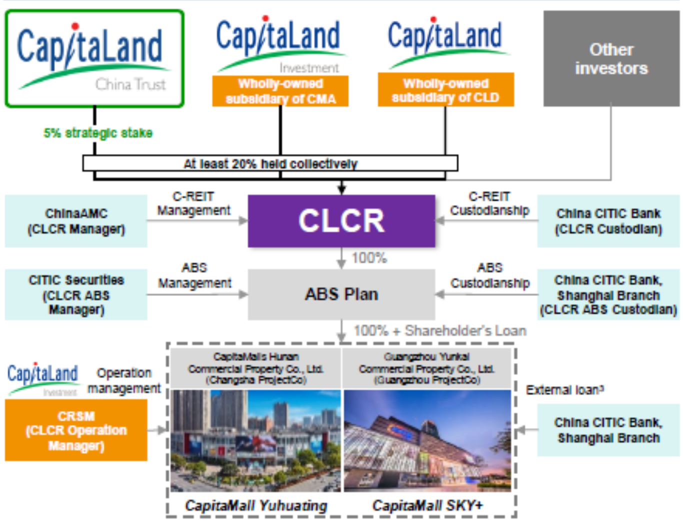
Besides providing an additional channel to recycle the mature retail assets, the C-REIT gives CapitaLand China Trust an access to the onshore retail C-REIT platform. This is positive for CapitaLand China Trust's asset divestment in future. Furthermore, CapitaLand China Trust retains its rights of first refusal (ROFR) to the Sponsor's assets. The Sponsor will also remain the asset manager and continue to operate the two initial assets in the portfolio. The ecosystem remains tightly integrated within the CapitaLand Group.

Figure 14: Overview of Capitaland Commercial C-REIT

Overview

Initial portfolio	▪ CapitaMall Yuhuating (CLCT) ▪ CapitaMall SKY+ (Jointly owned by CMA and CLD)
CapitaLand subscription[2]	▪ CLCT: 5% strategic stake[1] ▪ CLCT and certain entities of CMA and CLD: In aggregate at least 20% of the total number of IPO Units as mandated under the C-REIT regime
Key participants	▪ Strategic investors: CLCT / CMA / CLD ▪ CLCR Manager: China Asset Management Co., Ltd. ("ChinaAMC") ▪ CLCR ABS Manager: CITIC Securities Company Limited ("CITIC Securities") ▪ CLCR Custodian: China CITIC Bank Corporation Limited ("China CITIC Bank") ▪ CLCR ABS Custodian: China CITIC Bank Corporation Limited (Shanghai Branch) ▪ CLCR Operation Manager: CapitaLand Retail (Shanghai) Management & Consulting Co., Ltd. ("CRSM") (indirect wholly owned subsidiary of CMA)

Indicative structure



Notes:
1. CLCT would be subject to a lock-up period of five years in respect of the IPO Units subscribed by CLCT, commencing from the Listing Date.
2. Notwithstanding the current intention, such percentages are indicative only and, subject to relevant laws and regulations, the actual percentages of IPO Units to be subscribed by each of the Strategic Investors (save for CLCT) may be subject to change at the book-building phase.
3. Provided by China CITIC Bank Corporation Limited (Shanghai Branch) to Guangzhou ProjectCo pursuant to the loan agreement dated 3 January 2024 entered into between China CITIC Bank Corporation Limited (Shanghai Branch) and Guangzhou ProjectCo.

Source: Company data

Initial portfolio

CapitaLand Commercial C-REIT will invest in high-quality operating retail assets in China. The initial portfolio comprises two mature assets with a combined value of c. Rmb2.8 billion (S$500 million) and total gross floor area of 168,405 square metres and an overall occupancy rate of 96%, as at 31 March 2025. The two retail assets are CapitaMall SKY+ at Guangzhou and CapitaMall Yuhuating at Changsha.

CapitaMall SKY+ is a 92,974 square metres lifestyle mall located in the Baiyun CBD in Guangzhou, a Tier 1 city in China. It is currently jointly owned by CLI and CapitaLand Development.

CapitaMall Yuhuating, currently wholly owned by CLCT, is a 75,431 square metres community mall in Yuhua District in Changsha, a Tier 2 city in China. The mall serves the residential and office worker population in the area.

Exposure to C-REIT

With CapitaLand China Trust's strategic stake in the C-REIT, investors have the unique opportunity to gain exposure to C-REIT. Investors could capture the upside potential of the first and only international-sponsored retail C-REIT.

The C-REIT platform gives CapitaLand China Trust the access to the onshore China domestic capital market for asset recycling. In addition, the C-REIT could raise CapitaLand China Trust's visibility among the domestic debt and equity investors in the well-developed Chinese domestic capital market.

Figure 15: Summary of the properties

	CapitaMall Yuhuating	CapitaMall SKY+
Address	No. 421 Shaoshan Middle Road, Yuhua District, Changsha, Hunan Province, China	No. 890, No. 874 and No. 892 Yun Cheng West Road, Baiyun District, Guangzhou, Guangdong Province, China
Number of Storeys	Four storeys aboveground and one basement level	Six storeys above ground and four basement levels
Year of Opening	2005	2015
Land Tenure	40 years expiring on 3 March 2044	For commercial, tourism and entertainment use: 40 years expiring on 30 March 2051 For carpark and other uses: 50 years expiring on 30 March 2061
Site Area (sq m)	26,522	18,092
Gross Floor Area (sq m)	75,431	92,974 (including underground parking spaces)

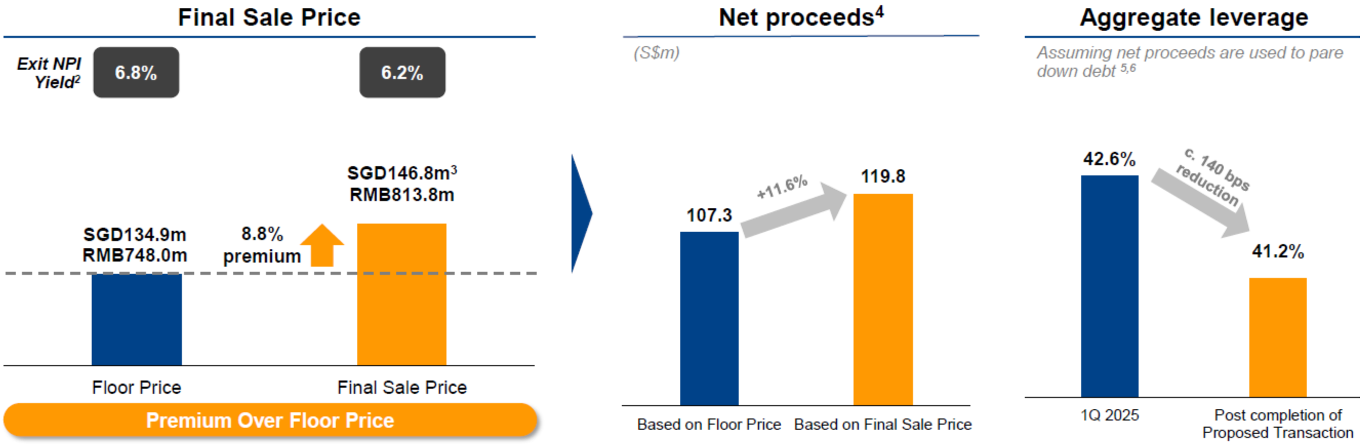
Source: Company data

Capital recycling

CapitaLand China Trust has divested CapitaMall Yuhuating, Changsha to the C-REIT at the final price RMB813.8 million, representing 8.8% premium over the floor price of RMB748 million. The final price is also 3.7% premium over the valuation of CapitaMall Yuhuating as at 31 December 2024 of RMB785.0 million. The exit yield at 6.2% is based on CapitaMall Yuhuating's FY2024 Net Property Income of RMB50.7 million (S$9.1 million).

As part of the divestment, CapitaLand China Trust will subscribe for 5% strategic stake in the C-REIT's IPO units. CapitaLand China Trust will receive net proceeds approximately RMB663.4 million (S$119.8 million) and plans to use the proceeds for debt repayment and unit buy-back.

Figure 16: Sale of Capitamall Yuhuating at 8.8% premium to floor price



Notes: Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the circular to Unitholders dated 11 July 2025 (the "Circular") and the Announcement dated 8 September 2025. For illustrative purposes, certain RMB amounts have been translated into Singapore dollars. Unless otherwise indicated, such translations have been made based on the exchange rate of RMB5.5448 = S$1.000.

1. The Final IPO Unit Price is RMB5.718 per IPO Unit, which has been determined via the book building process in connection with the IPO at an offering price range of RMB4.756 - RMB5.932 per IPO Unit . This translates to an offering size of RMB2,287.2m, which represents a premium of approximately 7.0% over the estimated offering size of RMB2,137.5m. Based on the Final IPO Unit Price, the final price for the divestment of CapitaMall Yuhuating to CLCR pursuant to the Proposed Divestment is RMB813.8 million (the "Final Sale Price").
2. Based on CapitaMall Yuhuating's actual NPI for FY 2024 of RMB50.7 million.
3. Final Sale Price of RMB813.8 million represents approximately 3.7% premium to the valuation of CapitaMall Yuhuating as at 31 December 2024 of RMB785.0 million.
4. After accounting for the Proposed Subscription and the Relevant Transaction Cost.
5. Excludes CLCT's existing deposited properties and gross borrowings as a result of the Proposed Divestment, assuming all net proceeds are used to pare down debt.
6. The Manager intends to utilise the net proceeds for one or more of the following purposes: to repay existing debts, to undertake Unit Buy-Backs, and/or for general working capital purposes. Assuming S$50.0 million of net proceeds are used for Unit Buy-Backs and the remaining net proceeds are used to pare down debt, the *pro forma* aggregate leverage post completion of the Proposed Transaction will be 42.3% instead. The Manager will make periodic announcements on the material utilisation of the net proceeds in accordance with the Listing Manual.

Source: Company data

Pro Forma Financial effects

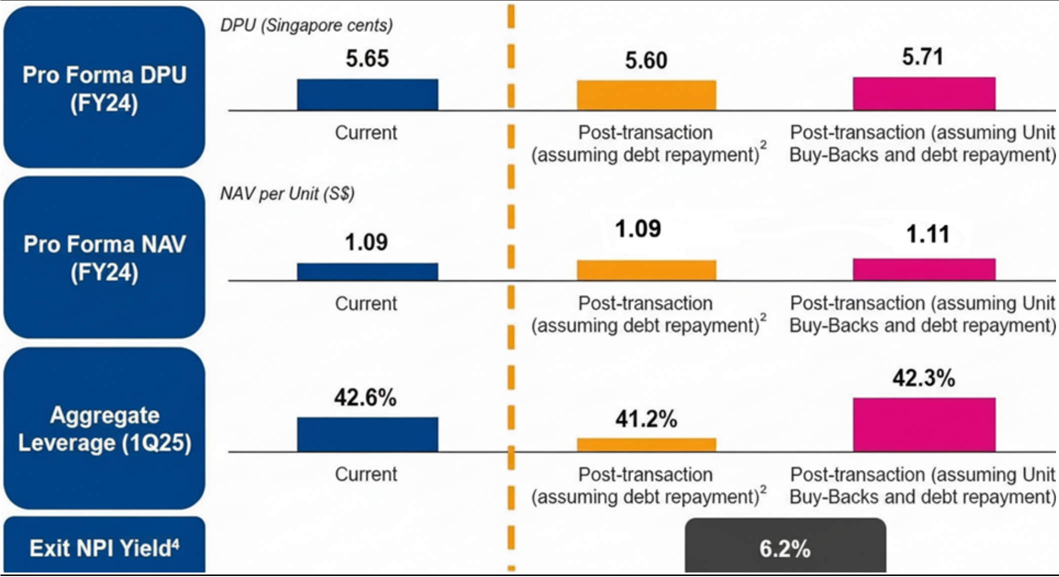
At the final price of RMB813.8 million (S$146.8 million), CapitaLand China Trust will receive net proceeds of RMB663.4 million (S$119.8 million). On a proforma basis, if all the net proceeds are used for debt repayment, the Aggregate leverage will improve by 140 basis points, to 41.2% as at 31 March 2025.

Proforma FY2024 DPU will dilute by 0.05 cents to 5.60 cents while the NAV will remain stable at S$1.09 per unit.

However, if CapitaLand China Trust uses S$50 million for unit buy-backs and S$50 million for debt repayment, the proforma FY2024 DPU would increase by 0.06 cents to 5.71 cents. Proforma NAV will also improve to 1.11 cents. On a proforma basis, the aggregate leverage will improve by 30 basis points, to 42.3% as at 31 March 2025.

Overall, the debt repayment and unit buyback programme enhances financial flexibility for potential asset acquisitions in future.

Figure 17: Pro Forma Financial Effects of divesting CapitaMall Yuhuating



Notes: The pro forma financial effects of the Proposed Transaction are strictly for illustrative purposes only. For further details, please refer to the Transaction Announcement.

1. The Divestment Consideration is RMB813.8 million, representing 8.8% premium over the floor price.

2. Assuming all net proceeds are used to pare down debt.

3. Assuming S$50.0 million of net proceeds are used for Unit Buy-Backs and the remaining net proceeds are used to pare down debt.

4. Based on CapitaMall Yuhuating's FY 2024 actual net property income of RMB50.7 million

Source: Company data

Limitations of C-REIT

CapitaLand China Trust could tap on the C-REIT platform for more asset recycling opportunities but Chinese C-REITs are subject to a one-year lock-up period after listing. Thus, the C-REIT is not allowed to buy additional assets within the first year of listing. The C-REIT can only hold 100% of an asset. CapitaLand China Trust expects the deal size to be relatively small, at approximately RMB350 million. The C-REIT's aggregate leverage will be subjected to a regulatory limit of 28.6%. Overall, the pace of asset recycling into C-REIT will likely pick up only in 2027.

Asset Enhancement Initiatives

Asset enhancement initiatives (AEIs) carried out in 2023 boosted the retail segment and achieved a return on investment of around 14% for the three malls that underwent AEIs. CapitaMall Grand Canyon, which logged a 26.6% year-on-year surge in shopper traffic and a 13.9% year-on-year increase in tenant sales for 2024 post-AEI.

The Management has planned for more asset enhancement initiatives for 2025. In 2025, traditional anchor supermarket is converted into high-yielding, customer-centric retail concepts. These conversions aim to elevate rental value by enhancing trade mix and improving shopper experience.

In 1H2025, the Management has recorded positive results from the asset enhancement initiatives, as summarised below. By offering relevant retail experience, we expect the retail assets to be more resilient and achieve optimal revenue.

CapitalMall Xuefu, Harbin

To elevate rent and optimise revenue, an area of 8,700 sqm has been reconfigured to house B.U.T, a leading local supermarket operator. The conversion raised total rent by approximately 13.1%. Within a month of the supermarket's opening, mall tenant sales jumped by more than 33% year-over-year.

In 3Q 2025, a theme street on animation, comics and gaming is scheduled to launch. The themed street, designed to attract young shoppers is already fully leased.

CapitaMall Xuefu

CapitaLand China Trust transformed 8,800 sqm of space into a new retail concept housing 7Fresh by JD.com and 17 popular retail and F&B outlets. Scheduled to open in 4Q 2025, CapitaLand China Trust has secured 78% pre-leasing commitment. CapitaLand China Trust is targeting return on investment of 10%.

Figure 18: Launched B.U.T Supermarket at CapitaMall Xuefu

	First Month's YoY Performance (18 June – 17 July)		
13.1%	**+31%**	**+33%**	**> 7x**
Total rental increase achieved	Shopper Traffic at CapitaMall Xuefu	Tenant Sales at CapitaMall Xuefu	Higher Sales per sq m for supermarket

Source: Company data

CapitaMall Wangjing, Beijing

CapitaLand China Trust transformed 8,800 sqm of space into a new retail concept housing 7Fresh by JD.com and 17 popular retail and F&B outlets. Scheduled to open in 4Q 2025, CapitaLand China Trust has secured 78% pre-leasing commitment. CapitaLand China Trust is targeting return on investment of 10%.

CapitaMall Xizhimen, Beijing

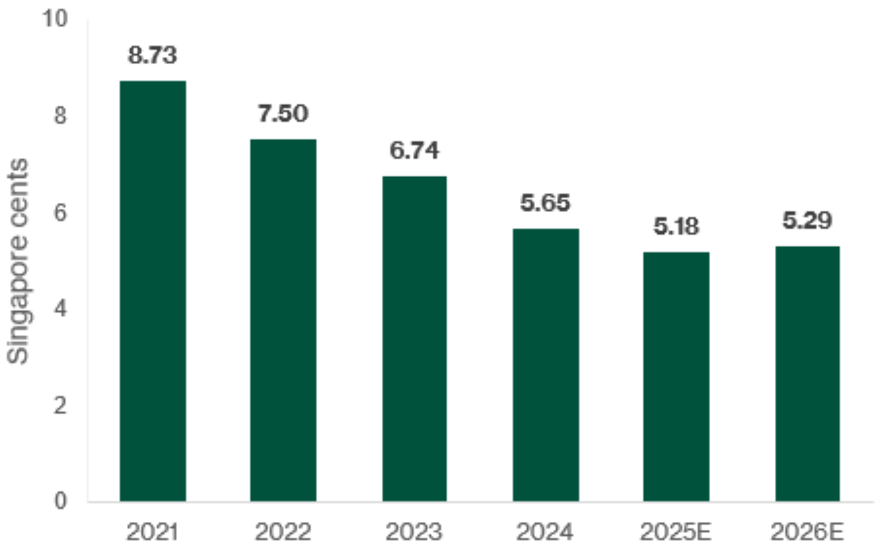
CapitaLand China Trust is converting 10,100 sqm to a premium supermarket, multi-brand boutiques targeting mid- to-high end consumers, and curated social spaces. CapitaLand China Trust targets to complete in 4Q 2025.

DPU remains below pre-Covid level

CapitaLand China Trust's distribution per unit (DPU) has been declining for three years consecutively. Due to the portfolio's concentration in China, financial performance has been adversely impacted by China's weak macroeconomic conditions in recent years. Post Covid-19, interest rates increased sharply from 2022 to 2023, rising by 4.88 percentage points. At the same time, the Chinese government only started to ease the draconian COVID-zero policy at the tail end of 2024. These has been a major drag to business confidence and consumer spending.

Back in 2021, the manager acquired the portfolio of business and logistics parks to pivot away from a pure retail strategy. Business and logistics parks were subsequently hit by oversupply and weak occupancies as tenants pulled out or downsized. Amid the real estate sector downturn and sluggish consumer spending, CapitaLand China Trust extended rental reliefs to mall tenants. As a result, DPU has declined to 5.65 cents in 2024, -16.2% year-on-year.

Figure 19: CapitaLand China Trust's Distribution Per Unit



Source: Company data

Going forward, the distributable income may improve very gradually, led by contribution from the post-AEI retail properties, CapitaLand China Trust's active leasing strategies and units buy-back program. With the debt headroom and lower borrowing cost, there is room for CapitaLand China Trust to acquire new asset to fill the gap after divesting CapitaMall Yuhuating.

In 1H2025, shopper traffic rose 1.0% and tenant sales increased 0.1% year-on-year, with a strong occupancy rate of 96.9%. Tenant sales growth was muted due to three supermarkets anchors undergoing upgrades. Excluding the supermarket sales, 1H 2025 tenant sales would increase by 2.5%, reflecting continual improvement from FY2024's 2.0% year-on-year growth in tenant sales. The AEI is on track to complete by end-2025 and we could look forward to the supermarkets' contribution to the distributable income in 2026.

CapitaLand China Trust also expects China's recent policy measures aimed at boosting domestic consumption and household income to have a positive impact on the retail sector. 1H25 occupancy costs at 17.7% remains significantly below pre-Covid level. As the government's expansionary measures take effect in boosting domestic consumption and business confidence, CapitaLand China Trust look forward to a gradually recovery in tenant sales to support strong rental revisions.

Both the Business Park and logistics segments reported higher occupancy level in 2Q 2025 following proactive leasing management. For the Business Park portfolio, new commitment of U.S. Engineering tenant MNC in Ascendas XInsu boost occupancy back to 96.5%. In addition, 72% of serviced office tenant space in Singapore-Hangzhou Science Technology Park Phase II that pre-terminated in February 2025 has been taken up, with positive rental revision.

For the logistic park, CapitaLand China Trust's repositioned Shanghai Fengxian Logistic Park signed on a new anchor tenant – Shanghai Yunfeng, a specialist in private port logistic business, bulk cargo transportation and container transportation services.

On the cost side, there is certainty that interest expense will be lower as the Rmb loans are drawn at an attractive borrowing rate. Average cost of debt was 3.42% as of 30 June 2025, improving from 3.51% as of 31 March 2025.

Healthy financial position

CapitaLand China Trust maintains a healthy financial position. As of 30 June 2025, CapitaLand China Trust reported total debt of S$1.82 billion and aggregate leverage at 42.1%, below the MAS' regulatory cap of 50%. Aggregate leverage has improved by 50 basis points, compared to 42.6% as at 31 March 2025.

As of 30 June 2025, CapitaLand China Trust has ample debt headroom of S$0.7 billion (Rmb3.8 billion), assuming Aggregate Leverage at 50%. CapitaLand China Trust maintains adequate liquidity with S$159.5 million of available undrawn committed credit facilities

87% of the total debt is on a fixed rate basis, reducing the exposure to volatile interest rates. Interest coverage ratio (ICR) remains healthy at 2.9x as of 30 June 2025, from 3.0x as of 31 March 2025 and represent ample buffer from the regulatory minimum requirement at 1.5x.

Average interest rate for borrowings was lower at 3.42% as of 30 June 2025, from 3.51% as of 31 March 2025.

Figure 20: Capital management

	30 June 2025	31 March 2025
Total Debt (S$ million)	1,820.8	1,867.2
Gearing[2]	42.1%	42.6%
Average Cost of Debt[3]	3.42%	3.51%
Interest Coverage Ratio (ICR)[4]	2.9x	3.0x
Average Term to Maturity (years)	3.6	3.9

ICR Sensitivity Analyses

Movement	ICR (x)
100 bps increase in interest rates	2.3
10% decrease in EBITDA	2.6

Impact of Exchange Rate Movement on Gearing

Movement in SGD/RMB	Gearing (%)
+/- 1%	+/- 0.31

Source: Company data

Initiate at Buy

We derived the target price of S$0.88 per unit based on the dividend discount model, assuming a cost of equity of 10% and terminal growth rate of 2%. We forecast distribution per unit for FY2025f and FY2026f at 5.18 cents and 5.29 cents, respectively.

At the current price S$0.79, CapitaLand China Trust offers distribution yield of FY2025f 6.6% and FY2026f 6.7%. Based on Net asset value of S$1.04 as of 30 June 2025, CapitaLand China Trust trades at a price-to-book valuation of 0.76x, above its historical average of 0.61x.

Figure 21: Peer comparison - S-REITs listed on SGX

Name	Symbol	Market cap S$ mil	Last price S$	DPU FY2024 S$	ROE	PB ratio	Dividend yield FY2024	Gearing ratio
CapitaLand China Trust	AU8U. SI	1,374.6	0.79	0.0565	-0.9%	0.76	7.15%	41.9%
CapitaLand India Trust	CY6U. SI	1,572.1	1.17	0.0684	23.5%	0.91	5.85%	40.1%
CapitaLand Ascendas REIT	A17U.SI	13,220.0	2.87	0.1521	7.6%	1.26	5.30%	37.7%
Frasers Centrepoint Trust	J69U.SI	4,951.5	2.44	0.1200	4.9%	1.07	4.92%	38.5%
Mapletree Pan Asia Commercial Trust	N2IU.SI	7,701.2	1.46	0.0802	6.3%	0.82	5.49%	37.7%
Mapletree Industrial Trust	ME8U.SI	6,218.6	2.18	0.1357	6.8%	1.27	6.22%	40.1%
Mapletree Logistics Trust	M44U.SI	6,571.2	1.29	0.0805	2.7%	0.98	6.24%	40.7%

Source: Company data, Beansprout research based on market price as of 22 Oct 2025

Key Risks

Weak macroeconomic environment in China

CapitaLand China Trust's portfolio being concentrated in China, the REIT had to grapple with tough macroeconomic conditions in the past several years. Post Covid-19, interest rates saw their sharpest increase ever from 2022 to 2023, rising by 4.88 percentage points within a short span, resulting in sharply higher borrowing costs for the REIT. At the same time, China has the longest Covid lock-down period. The Chinese government also implemented a COVID-zero policy in 2019 that enforced strict quarantine protocols, resulting in movement restrictions across the country. This policy involved mass testing, quarantining the sick, and imposing draconian lockdowns. China began to ease this policy only at the tail end of 2024 and slowly lifted restrictions on intra-country travel and entry into public spaces.

Back in 2021, the manager acquired the portfolio of business and logistics parks to help the REIT pivot away from a pure retail strategy. Retail malls were suffering back then as COVID-zero restricted movements. While 2022 saw a full year of contributions from these newly acquired assets, rental reliefs had to be doled out to mall tenants who were adversely impacted by prolonged COVID-zero lockdowns.

Subsequently, China began experiencing weak consumer spending as its economywas hit by a flurry of real estate woes in 2023 and 2024, with many prominent Chinese developers running into financial difficulties.

Sector concentration

As at 31 December 2024, CapitaLand China Trust's portfolio by asset types comprises retail 76.4%, business park 17.0% and logistic parks 6.6%. Following the divestment of Yuhuating to the C-REIT, the retail portfolio remains at a relatively high level 75.1%. Through capital recycling and portfolio reconstitution, CapitaLand China Trust aims to achieve a balanced and diversified portfolio.

Interest rate risk

Higher interest rates imply higher interest expense, eroding CapitaLand China Trust's ability to generate cash flow for dividend distribution. To hedge interest rate risk, 87% of the total debt was on fixed rate, as at end-2024.

Foreign exchange risk

To establish a natural hedge for the RMB cash inflows, CapitaLand China Trust aims to increase the RMB-denominated debt to 50% of its total debt by end-2025. This will partially mitigate the adverse effect of foreign exchange translation risk on SGD-based distribution.

In addition, as of 30 June 2025, 90% of the payable distributable income is hedged into SGD, on a one-year forward basis. This reduces the foreign exchange risk and provides stability to unitholder returns.

Financial summary

Y/E Dec (S$ '000)	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Income Statement						
Revenue	383,171	364,746	341,529	331,748	338,383	345,150
Property expenses	-128,955	-118,007	-114,952	-119,429	-121,818	-124,254
Net property income	254,216	246,739	226,577	212,319	216,565	220,896
Other income	1,268	6,747	1,119	0	9,314	9,314
Manager's fees	-22,511	-21,502	-19,809	-20,356	-20,269	-20,552
Other expenses	-780	-934	-733	-733	-733	-733
Change in value of derivatives	1,861	-1,067	-403	0	0	0
Change in value of investment pı	67,845	-39,769	-89,733	43,458	43,412	43,846
Other gains/ (losses)	-2,758	1,433	7,105	0	0	0
EBIT	299,141	191,647	124,123	234,688	248,288	252,771
Net finance expenses	-56,230	-66,671	-61,939	-61,939	-60,173	-60,173
Profit before tax	242,911	124,976	62,184	172,749	188,115	192,598
Tax	-87,785	-70,005	-66,121	-29,367	-31,980	-32,742
Minority interests	32,133	14,145	10,745	28,676	31,227	31,971
Profit attributable to owners	122,993	40,826	-14,682	114,705	124,908	127,885
Balance sheet						
Assets						
PPE	2,979	1,115	1,852	1,871	1,889	1,908
Others	4,952,140	4,560,899	4,451,388	4,515,256	4,412,574	4,456,401
Total non-current assets	4,955,119	4,562,014	4,453,240	4,517,127	4,414,463	4,458,309
Cash & cash equivalents	231,048	243,464	228,845	238,622	265,490	293,128
Trade & other receivables	37,134	24,444	39,396	38,268	39,033	39,814
Others	2,805	165,837	1,353	0	0	0
Total current assets	270,987	433,745	269,594	276,889	304,523	332,942
Total assets	5,226,106	4,995,759	4,722,834	4,794,016	4,718,985	4,791,251
Liabilities						
ST borrowings	331,137	131,041	203,494	203,494	203,494	203,494
Trade & other payables	130,671	147,239	100,700	104,622	106,715	108,849
Others	55,633	89,701	56,066	56,066	56,066	56,066
Total current liabilities	517,441	367,981	360,260	364,182	366,275	368,409
LT borrowings	1,619,938	1,820,076	1,647,702	1,597,702	1,597,702	1,597,702
Others	405,685	390,936	405,138	405,138	405,138	405,138
Total non-current liabilities	2,025,623	2,211,012	2,052,840	2,002,840	2,002,840	2,002,840
Total liabilities	2,543,064	2,578,993	2,413,100	2,367,022	2,369,115	2,371,249
Equity						
Share Capital	2,306,231	2,039,854	1,926,644	1,990,750	1,920,176	1,987,510
Total equity	2,683,042	2,416,766	2,309,734	2,426,994	2,349,871	2,420,002
Perpetual securities	99,610	99,610	99,610	150,000	150,000	150,000
Total equity and liabilities	5,325,716	5,095,369	4,822,444	4,944,016	4,868,985	4,941,251

Y/E Dec (S$ '000)	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Cash Flow						
Operating cash flow						
Pretax profit	242,911	124,976	62,184	172,749	188,115	192,598
Adjustments	-26,523	89,716	119,011	2,676	-1,715	-2,717
Working capital changes	-34,307	-8,620	-5,400	5,050	1,327	1,354
Others	0	0	0	0	0	0
Cash flow from operations	182,081	206,072	175,795	180,475	187,727	191,234
Investing cash flow						
CAPEX	-37,996	-37,329	-16,845	-15,000	-15,000	-15,000
Others	-5,965	31,700	101,999	102,670	12,744	12,744
Cash flow from investments	-43,961	-5,629	85,154	87,670	-2,256	-2,256
Financing cash flow						
Dividends paid	-95,792	-121,986	-92,897	-88,980	-89,074	-91,811
Proceeds from borrowings	492,470	715,950	363,178	0	0	0
Others	-570,186	-771,949	-546,127	-169,389	-69,528	-69,528
Cash flow from financing	-173,508	-177,985	-275,846	-258,369	-158,603	-161,339
Net change in cash	-35,388	22,458	-14,897	9,777	26,868	27,639
Beginning cash	288,860	231,048	243,464	228,845	238,622	265,490
Currency translation	-22,424	-10,042	278	0	0	0
Ending cash	231,048	243,464	228,845	238,622	265,490	293,128
Per share data (S$ cents)						
Book value per unit	137.8	120.8	112.0	119.2	114.0	117.1
Distribution per unit	7.5	6.7	5.7	5.2	5.3	5.4
Earnings per unit	7.3	2.4	(0.9)	6.9	7.4	7.5
Valuation						
P/E (x)	10.8	32.7	-	11.5	10.7	10.5
P/B (x)	0.57	0.65	0.71	0.66	0.69	0.67
EV/NPI (x)	12.9	13.3	14.2	14.7	14.5	14.2
Dividend yield (%)	9.5	8.5	7.2	6.6	6.7	6.8
Ratios						
ROE (%)	4.6	1.7	(0.6)	4.7	5.3	5.3
ROA (%)	2.4	0.8	(0.3)	2.4	2.6	2.7
Net gearing (%)	0.62	0.68	0.67	0.61	0.61	0.59
Margins (%)						
EBIT margin	78.1	52.5	36.3	70.7	73.4	73.2
Net margin	32.1	11.2	(4.3)	34.6	36.9	37.1

Disclosure Appendix

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