

# CapitaLand China Trust

(SGX: AU8U)

## Lower DPU after divesting retail asset

- **Lower DPU after divesting Yuhuating.** Distribution per unit (DPU) decreased by 11.7% year-on-year to 2.33 cents in 2H FY25. This includes 0.03 cent in distribution top-up. The FY2025 distribution top-up effectively replaced the income lost from the divestment of CapitaMall Yuhuating, keeping DPU from falling more sharply. For the full year FY2025, DPU fell 14.7% year-on-year to 4.82 cents, translating to a distribution yield of 6.2% based on the closing price of S\$0.78 as at 5 February 2026.
- **Weaker financial performance.** Revenue declined 13.5% year-on-year to S\$131.0 million in 2H25. The lower revenue was due to sale of CapitaMall Yuhuating and asset enhance initiatives (AEI). Several malls which were under asset enhancement works reported lower rental. Net property income fell by 13.1% year-on-year to S\$94.3 million in 2H25, due to slower leasing and lower rent renewals in business parks. For the full year FY2025, net property income decreased by 11.3% year-on-year to S\$200.9 million.
- **Improved balance sheet.** Gearing declined to 40.7% as at 31 December 2025, from 41.3% as at 30 September 2025. Cost of debt declined to 3.32% as at 31 December 2025, from 3.36% as at 30 September 2025. In order to diversify the funding sources and reduce cost of debt, the REIT has been switching to RMB denominated debt by refinanced SGD loans with CNH loans. RMB denominated debt increased to 60% as at 31 December 2025, from 35% as at 31 December 2024. Going forward, the REIT plans to increase the proportion of RMB to align with its RMB-based operations.
- **Portfolio valuation growth led by new developments.** Weighted average lease expiry (WALE) improved to 2.6 years as at 31 December 2025, from 2.4 years as at 31 December 2024. Valuations as at 31 December 2025 fell 5.4% year-on-year to S\$4.2 billion. The decline reflects the sale of Yuhuating. On a like-for-like basis, the portfolio valuation declined 2.2% year-over-year.
- **Management to focus on portfolio reconstitution and to drive new leases.** Management is determined to actively source for new assets to drive income growth. Secondly, the REIT will actively pursue tenants across sectors for Ascendas innovation Towers and Singapore Hangzhou Science & Technology Park II.
- **Maintain BUY and target price at S\$0.88.** CapitaLand China Trust is trading at S\$0.78, implying FY25 distribution yield of 6.2%. Comparing with other commercial REITs, CapitaLand China Trust offers a relatively more attractive distribution yield. We expect the distribution per unit to remain stable as management optimises occupancy and rental rate.
- **Key risks** include prolonged deflationary environment in China, sector concentration on retail, weak outlook on business park leasing, interest rate risk, and foreign exchange risk, amongst others.

<b>Ticker</b>	AU8U
<b>Rating</b>	BUY
<b>Price Target*</b>	S\$0.88
<b>Price (6 Feb)</b>	S\$0.765
<b>Upside/Downside:</b>	+15.0%
<b>52-week range</b>	S\$0.56 – 0.825
<b>Market Cap</b>	S\$1.33B

\*Target price is for 12 months

### Research Analyst

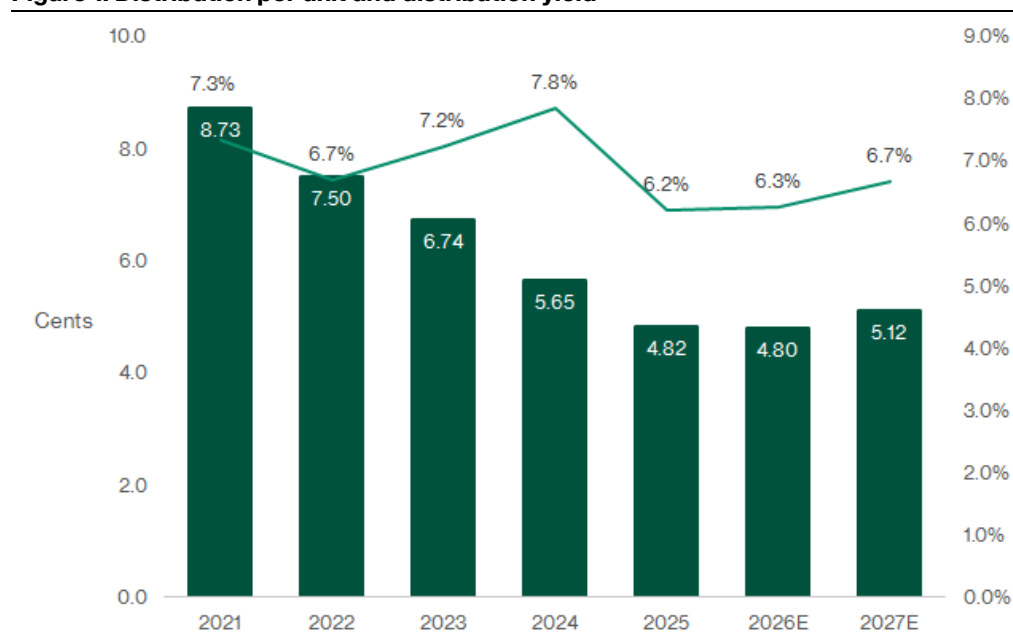
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## Lower distribution per unit after divestment

Distribution per unit (DPU) decreased by 11.7% year-on-year to 2.33 cents in 2H FY25. This includes 0.03 cent in distribution top-up. The FY2025 distribution top-up effectively replaced the income lost from the divestment of CapitaMall Yuhuating, keeping DPU from falling more sharply. The distribution top up will be funded by debt with minimal impact to the gearing ratio which will increase by 0.1x.

For the full year FY2025, DPU fell 14.7% year-on-year to 4.82 cents, translating to a distribution yield of 6.2% based on the closing price of S\$0.78 as at 5 February 2026.

**Figure 1: Distribution per unit and distribution yield**



Source: Company data, Beansprout research

## Weaker financial performance due to operating headwinds

CapitaLand China Trust reported 13.5% year-on-year decline in revenue to S\$131.0 million in 2H25. The lower revenue was due to sale of CapitaMall Yuhuating and asset enhance initiatives (AEI) downtime. Several malls which were under asset enhancement works reported lower rental. Business parks also weighed on the top line as leasing conditions stayed soft, with weaker demand and lower renewal rents. Logistics held up better and provided some stability, but it was not large enough to offset the declines. On top of that, a weaker renminbi reduced the SGD value of earnings.

Net property income fell by 13.1% year-on-year to S\$94.3 million in 2H25, due to slower leasing and lower rent renewals in business parks. For the full year FY2025, net property income decreased by 11.3% year-on-year due to absence of contribution from Yuhuating. This was partially offset by cost reduction of 4.3% year-on-year on same store basis.

Interest expense decreased by 8.1% year-on-year to S\$60.0 million in FY2025, led by continual increase in proportion of RMB denominated debt.

**Figure 2: Financial highlights**

S\$ '000	2H FY25	2H FY24	change, % yoy	FY2025	FY2024	change, % yoy
Gross revenue	131,024	151,439	-13.5%	276,794	309,935	-10.7%
Property operating expenses	-50,083	-59,914	-16.4%	-102,825	-114,952	-10.5%
Net property income	94,399	108,633	-13.1%	200,895	226,577	-11.3%
Finance expenses	-28,669	-32,533	-11.9%	-60,076	-65,369	-8.1%
Income to be distributed to Unitholders	40,507	45,501	-11.0%	83,926	96,803	-13.3%
<b>Distribution per Unit (Singapore cents)</b>	<b>2.33</b>	<b>2.64</b>	<b>-11.7%</b>	<b>4.82</b>	<b>5.65</b>	<b>-14.7%</b>

Source: Company data

## Portfolio performance improving gradually

Weighted average lease expiry (WALE) improved to 2.6 years as at 31 December 2025, from 2.4 years as at 31 December 2024.

The REIT maintained strong occupancy levels overall, with retail properties holding up best at around 97.2%.

Business parks saw occupancy dip to 86.7%, reflecting continued leasing softness in office and business park space. Management has been signed new lease with two major electronics and ICT tenants for Ascendas Innovation Towers.

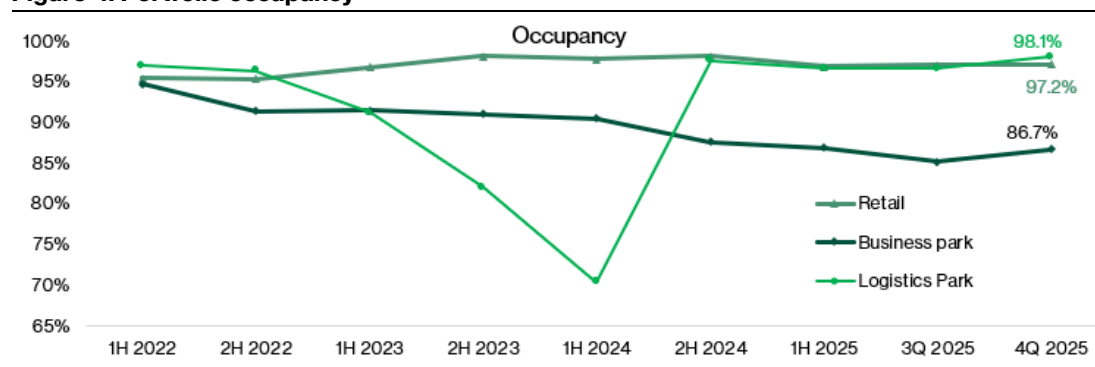
Logistics parks continued to deliver very high occupancy at 98.1%, supported by strong demand from distribution and e-commerce tenants.

The valuations as at 31 December 2025 fell by 5.4% year-on-year to S\$4.2 billion. The decline reflects the sale of Yuhuating. On a like-for-like basis, the portfolio valuation declined 2.2% year-over-year.

**Figure 3: Portfolio metrics**

Portfolio metrics	31-Dec-25	31-Dec-24	change, %
AUM, S\$ bn	4.20	4.44	-5.4%
AUM excluding Yuhuating, S\$ bn	4.20	4.30	-2.2%
Net asset value per unit, S\$	1.03	1.12	-8.0%
Portfolio WALE, years (by NLA)	2.60	2.40	-0.2

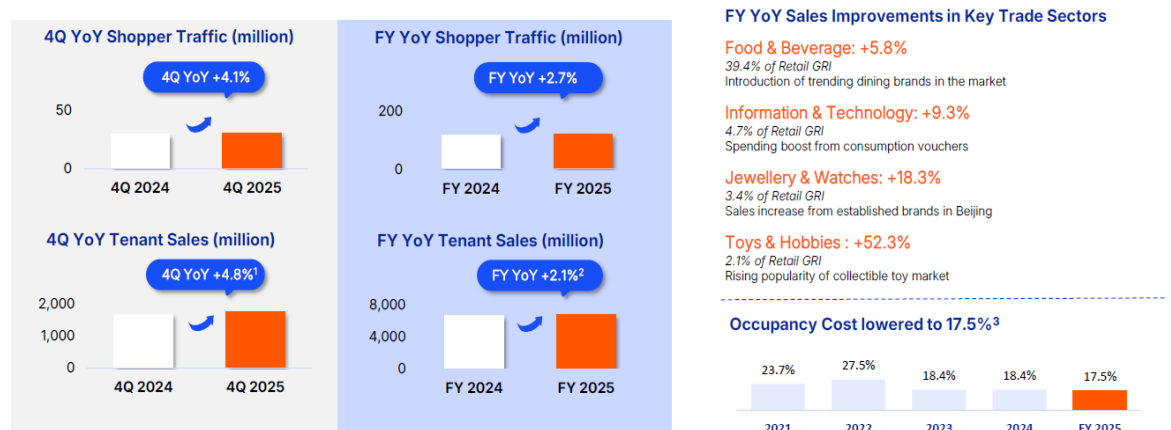
Source: Company data

**Figure 4: Portfolio occupancy**

Source: Company data

## Updates on retail portfolio, shopper traffic and tenant sales

Figure 5: Retail portfolio shopper traffic and tenant sales



Source: Company data

Notes:

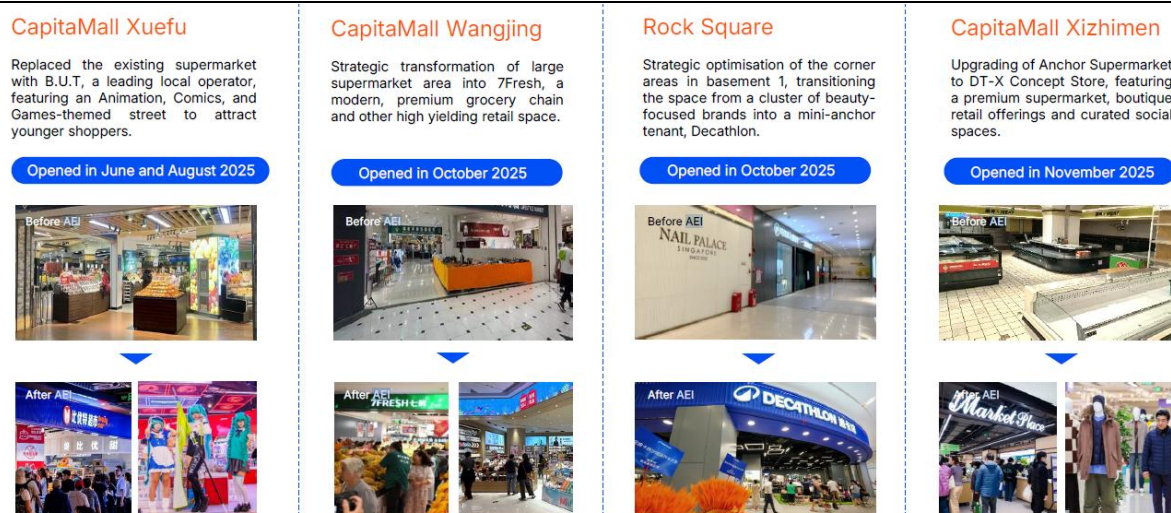
1. Excluding automobile sales, 4Q 2025 tenant sales would increase by 9.4% YoY and tenant sales per sqm would increase by 13.1% YoY.
2. Excluding automobile sales, FY 2025 tenant sales would increase by 4.2% YoY and tenant sales per sqm would increase by 10.0% YoY.
3. Excludes supermarket and department store.

Shopper traffic up 2.7% in FY2025 and 4.1% in 4Q 2025. Tenant sales rose 2.1% in FY2025 and a stronger 4.8% in 4Q 2025, signalling improving momentum into year end. Sales in key trade sectors continued to improve, with Toys & Hobbies, Jewellery & Watches, Information & Technology and Food & Beverages growing 52.3%, 18.3%, 9.3% and 5.8% year-on-year, respectively.

Tenant health also improved with occupancy cost falling to a healthy level at 17.5%, giving the trust more room to stabilise rents and rebuild income as consumer sentiment in China continues to normalise.

The asset enhancement initiatives at CapitaMall Xizhimen, Rock Square, CapitaMall Wangjing and CapitaMall Xuefu have completed. With the opening phased in, performance of the retail portfolio could improve moderately in 2026.

Figure 6: Asset enhancement initiatives completed at four retail malls



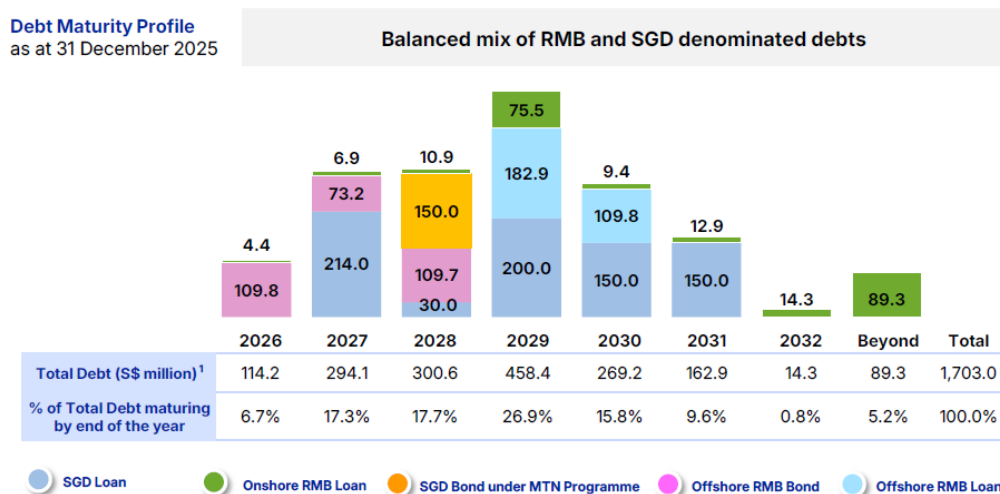
Source: Company data

## Healthy balance sheet

The debt maturity profile looks well laddered. Only 6.7% of total debt falls due in 2026, rising gradually to a peak in 2029 at 26.9% before tapering off again, which gives management time to refinance opportunistically or adjust the currency of funding. The mix of SGD and RMB borrowings across bank loans and bonds also spreads funding sources, reducing reliance on any one market while keeping currency exposure aligned with the underlying China-focused assets.

In FY2025, the REIT has increased the proportion of RMB denominated debt from 35% to 60%, above the 50% guided earlier. By refinancing SGD loans with CNH loans, the REIT registered interest costs savings of 8.1%.

**Figure 6: Debt maturity profile**



Source: Company data

Gearing declined to 40.7% as at 31 December 2025, from 41.3% as at 30 September 2025. CapitaLand China Trust maintains adequate liquidity with S\$250.0 million of available undrawn committed facilities.

Cost of debt declined to 3.32% as at 31 December 2025, from 3.36% as at 30 September 2025.

In order to diversify the funding sources and reduce cost of debt, the REIT has been switching to RMB denominated debt by refinanced SGD loans with CNH loans. Proportion of RMB denominated debt increased to 60% as at 31 December 2025, from 35% as at 31 December 2024. Going forward, the REIT plans to increase the proportion of RMB to match its RMB-based operations.

**Figure 7: Financial ratios**

As of end of period	31-Dec-25	30-Sept-25	change
Total debt, S\$ mil	1,703	1,661	2.6%
Aggregate leverage	40.7%	41.3%	-60 bps
Weighted average debt maturity	3.5 years	3.4 years	+0.1 year
Average cost of debt	3.32%	3.36%	-4 bps
Fixed rate borrowings	68.0%	80.0%	-12.0 ppt
Interest coverage ratio	2.8x	2.9x	0.1

Source: Company data

## Maintain BUY and target price at S\$0.88

Currently, CapitaLand China Trust is trading at S\$0.88, implying FY25 distribution yield of 6.2%. Comparing with other commercial REITs, CapitaLand China Trust offers a relatively more attractive distribution yield.

**Figure 8: Valuation comparison**

Name	Symbol	Market cap S\$ mil	Last price S\$	Dividend yield FY2025	Dividend yield FY2026E	PB ratio	Aggregate leverage
CapitaLand China Trust	AU8U.SI	1,331.1	0.77	6.7%	6.3%	0.70	41.9%
CapitaLand India Trust	CY6U.SI	1,748.7	1.29	5.9%	6.5%	0.88	39.6%
CapitaLand Ascendas REIT	A17U.SI	12,897.6	2.80	5.4%	5.6%	1.24	37.7%
Frasers Centrepoint Trust	J69U.SI	4,566.0	2.25	5.4%	5.5%	0.99	39.6%
Lendlease Global Commercial REIT	JYEU.SI	1,553.7	0.64	5.7%	5.9%	0.70	42.6%
Mapletree Pan Asia Commercial Trust	N2IU.SI	7,600.3	1.44	5.6%	5.7%	0.70	37.7%
Mapletree Industrial Trust	ME8U.SI	5,792.3	2.03	6.3%	6.2%	1.22	40.1%
Mapletree Logistics Trust	M44U.SI	6,684.4	1.31	5.4%	5.5%	1.00	40.7%
Average				5.8%	5.9%	0.9	

Source: Factset, Beansprout research, prices as at 6 February 2026



## Financial summary

Y/E Dec (S\$ '000)	FY2023	FY2024	FY2025	FY2026	FY2027	Y/E Dec (S\$ '000)	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Income Statement</b>						<b>Cash Flow</b>					
Revenue	364,746	341,529	303,720	318,906	325,284	<b>Operating cash flow</b>					
Property expenses	-118,007	-114,952	-102,825	-107,966	-110,126	Pretax profit	124,976	62,184	60,580	178,004	187,783
Net property income	246,739	226,577	200,895	210,940	215,159	Adjustments	89,716	119,011	103,117	4,688	-2,622
Other income	6,747	1,119	935	9,314	9,314	Working capital changes	-8,620	-5,400	-10,968	-13,746	1,156
Manager's fees	-21,502	-19,809	-18,232	-19,673	-19,948	Others	0	0	0	0	0
Other expenses	-934	-733	-739	-739	-739	Cash flow from operations	206,072	175,795	152,729	168,945	186,318
Change in value of derivatives	-1,067	-403	-1,122	0	0	<b>Investing cash flow</b>					
Change in value of investment pr	-39,769	-89,733	-50,507	42,044	42,464	CAPEX	-37,329	-16,845	-16,619	-15,000	-15,000
Other gains/ (losses)	1,433	7,105	-12,061	0	0	Others	31,700	101,999	112,359	1,487	10,801
EBIT	191,647	124,123	119,169	241,886	246,250	Cash flow from investments	-5,629	85,154	95,740	-13,513	-4,199
Net finance expenses	-66,671	-61,939	-58,589	-63,882	-58,467	<b>Financing cash flow</b>					
Profit before tax	124,976	62,184	60,580	178,004	187,783	Dividends paid	-121,986	-92,897	-91,528	-88,980	-90,455
Tax	-70,005	-66,121	-55,077	-30,261	-31,923	Proceeds from borrowings	715,950	363,178	668,450	0	0
Minority interests	14,145	10,745	11,058	29,549	31,172	Others	-771,949	-546,127	-813,426	-71,294	-65,879
Profit attributable to owners	40,826	-14,682	-5,555	118,194	124,688	Cash flow from financing	-177,985	-275,846	-236,504	-160,274	-156,334
<b>Balance sheet</b>						Net change in cash	22,458	-14,897	11,965	-4,841	25,785
<b>Assets</b>						Beginning cash	231,048	243,464	228,845	237,732	232,891
PPE	2,155	1,830	1,346	1,346	1,346	Currency translation	-10,042	278	-3,078	0	0
Others	4,559,859	4,451,410	4,229,343	4,271,387	4,313,851	Ending cash	243,464	228,845	237,732	232,891	258,675
Total non-current assets	4,562,014	4,453,240	4,230,689	4,272,733	4,315,197	<b>Per share data (S\$ cents)</b>					
Cash & cash equivalents	243,464	228,845	237,732	232,891	258,675	Book value per unit	120.8	112.0	102.8	105.6	108.5
Trade & other receivables	24,444	39,396	16,271	36,786	37,522	Distribution per unit	6.7	5.7	4.8	4.8	5.1
Others	165,837	1,353	-228,523	0	0	Earnings per unit	2.4	(0.9)	(0.3)	6.7	7.1
Total current assets	433,745	269,594	25,480	269,677	296,197	<b>Valuation</b>					
Total assets	4,995,759	4,722,834	4,256,169	4,542,410	4,611,394	P/E (x)	32.3	-	-	11.6	11.1
<b>Liabilities</b>						P/B (x)	0.65	0.70	0.76	0.74	0.72
ST borrowings	131,041	203,494	113,906	113,906	113,906	EV/NPI (x)	13.2	14.1	15.2	14.5	14.3
Trade & other payables	147,239	100,700	87,811	94,580	96,472	Dividend yield (%)	8.6	7.2	6.2	6.2	6.6
Others	89,701	56,066	62,726	62,726	62,726	<b>Ratios</b>					
Total current liabilities	367,981	360,260	264,443	271,212	273,104	ROE (%)	1.7	(0.6)	(0.2)	5.2	5.3
LT borrowings	1,820,076	1,647,702	1,583,929	1,583,929	1,583,929	ROA (%)	0.8	(0.3)	(0.1)	2.6	2.7
Others	390,936	405,138	408,692	408,692	408,692	Net gearing (%)	0.68	0.67	0.61	0.60	0.58
Total non-current liabilities	2,211,012	2,052,840	1,992,621	1,992,621	1,992,621	<b>Margins (%)</b>					
Total liabilities	2,578,993	2,413,100	2,257,064	2,263,833	2,265,725	# EBIT margin	52.5	36.3	39.2	75.8	75.7
<b>Equity</b>						Net margin	11.2	(4.3)	(1.8)	37.1	38.3
Share Capital	2,039,854	1,926,644	1,789,624	1,853,097	1,917,435						
Total equity	2,416,766	2,309,734	2,227,705	2,278,577	2,345,669						
Perpetual securities	99,610	99,610	149,788	150,000	150,000						
Total equity and liabilities	5,095,369	4,822,444	4,634,557	4,692,410	4,761,394						

## Disclosure Appendix

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