FitchRatings

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Fitch Assigns CapitaLand China Trust First-Time 'BBB' IDR; Outlook Stable

Fitch Ratings - Hong Kong/Singapore - 03 Nov 2026: Fitch Ratings has assigned Singapore-listed REIT CapitaLand China Trust (CLCT) a first-time Long-Term Issuer Default Rating (IDR) of 'BBB' with a Stable Outlook. Fitch has also assigned a senior unsecured rating of 'BBB'.

CLCT's ratings are supported by its resilient portfolio of well-located retail assets in Beijing and Guangzhou. Occupancy is high and tenant sales are rising, despite weak consumer sentiment in China. Fitch expects occupancy to remain high and rental reversion to stabilize following recent tenant-mix adjustments. The ratings are further supported by CLCT's robust financial structure and strong financial flexibility. However, Fitch expects a moderate rise in EBITDA net leverage in 2026, as income from the business park portfolio remains under pressure.

CLCT's ratings are constrained by its concentrated portfolio that is exposed to economic weakness in China. Fitch does not anticipate significant expansion of the property portfolio in the near term.

Key Rating Drivers

Resilient Retail Portfolio: Fitch expects CLCT's net property income to remain broadly stable in 2026-2027. Its five largest income-producing retail assets, located in Beijing, Guangzhou and Harbin, contribute around 65%-70% of attributable net rental income on proportionally consolidation basis and have demonstrated resilient rental performance in recent years. CLCT's malls benefit from its early-mover advantage, occupying city-center locations with well-established transport connectivity.

Strong Occupancy: Fitch expects committed occupancy at CLCT's retail assets to remain high at 97%-98% in 2026-2027. CLCT benefits from access to a high-quality tenant network through its sponsor, which also manages a large portfolio of retail properties in China and across the Asia-Pacific region. This enables CLCT to refresh and optimize its tenant mix as consumer preferences change, supporting stable occupancy and recurring revenue.

Stabilizing Retail Rental: Fitch expects retail rental reversion to turn neutral in 2027, from negative 3% in 2026, as tenant repositioning at major malls is largely complete and most leases have been rebased closer to market rates. CLCT's planned asset enhancement initiative at Xinnan Mall in Chengdu, which includes a new supermarket anchor tenant, should also support the asset's stabilization. CLCT's muted rental EBITDA growth constrains its business profile, as its EBITDA scale is smaller than that of higher-rated peers.

Business Park Income Decline to Narrow: Fitch forecasts a low- to mid-single-digit annual decline in

the net rental income of CLCT's business parks in 2026-2027. The parks contribute around 20%-25% of attributable net rental income. However, negative rental reversion should narrow, as most competitive new supply affecting CLCT's Hangzhou business park had entered the market by 1H26.

CLCT's business parks have outperformed their respective submarkets in occupancy. In particular, the Ascendas Xinsu Portfolio in Suzhou has consistently maintained occupancy above 95%, supported by its premium location and tenant base in high-growth sectors.

Moderate Leverage; Strong Funding Access: Fitch expects net debt/EBITDA, calculated on a proportionally consolidated basis, to range between 8.5x-9.0x and net debt/investment properties at 35%-40% in 2026-2028. CLCT benefits from strong funding access and low funding costs, supported by its association with sponsor CapitaLand Investment Limited, which is majority owned by the Singapore government's investment fund, Temasek Holdings (Private) Limited.

Perpetual Securities Treated as Equity: Fitch treats CLCT's SGD150 million perpetual securities, issued in 2025, as equity. The instruments provide strong going- and gone-concern loss absorption through the absence of a maturity date, deep subordination and the issuer's ability to cancel coupon payments on a non-cumulative basis. Fitch expects the perpetual securities to remain a permanent part of CLCT's capital structure.

Peer Analysis

CLCT's rating can be compared with those of Singapore-listed REITs, such as Starhill Global Real Estate Investment Trust (SGREIT, BBB/Stable) and ESR-REIT (BBB/Stable).

SGREIT's rating is supported by stable cash flow from long-dated master leases and the prime locations of key properties. SGREIT has a weighted-average lease length of seven years, against CLCT's two years, while CLCT has demonstrated its ability to maintain strong retail occupancy rates through its solid tenant network. CLCT has a more diversified portfolio and no tenant concentration, while SGREIT's assets and tenants are more concentrated. Both have strong financial flexibility, with interest coverage ratios of above 3x.

CLCT's retail portfolio has higher occupancy than ESR-REIT's logistics and industrial assets. ESR-REIT has a more granular property portfolio and a longer weighted-average lease length of four years against CLCT's two years. However, CLCT's higher interest cover supports a rating in line with ESR-REIT's.

Fitch’s Key Rating-Case Assumptions

-- Net property income to fall by 2% in both 2026 and 2027, then remain flat in 2028

-- Retail occupancy of 98% in 2026-2028

-- EBITDA margin of 63%-64% in 2026-2028

-- Capex of SGD10 million-15 million each year in 2026-2028, including for maintenance and asset enhancement projects

Corporate Rating Tool Inputs and Scores

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

Business and financial profile factors (assessment, relative importance): management ('bbb', lower), access to capital ('bbb+', moderate), liability profile ('bbb', moderate), property portfolio ('bbb-', higher), rental income risk profile ('bbb', moderate), profitability ('bbb-', lower), financial structure ('bbb', higher), and financial flexibility ('a-', moderate).

Assessments of the quantitative financial subfactors include bespoke calculations.

The governance assessment of 'good' has no impact.

The operating environment assessment of 'bbb-' has no impact.

The SCP is 'bbb'.

To derive the Long-Term IDR:

Fitch made no adjustments to the SCP, resulting in an IDR of 'BBB'.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- Net debt/EBITDA of above 9.5x for a sustained period (1H26 last 12 months: 8.6x)

-- Net debt/investment properties ratio of above 40% for a sustained period (1H26: 37%)

-- EBITDA interest coverage of below 2.7x for a sustained period (1H26 last 12 months: 3.2x)

-- Material weakening in occupancy or rental reversion across the investment property portfolio

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Fitch does not expect positive rating action in the near term, as CLCT's property portfolio is unlikely to expand enough to strengthen Fitch's assessment of its business profile.

Note: The above ratios are based on proportionate consolidation of the 51%-owned Ascendas Xinsu portfolio.

Liquidity and Debt Structure

CLCT had cash of SGD223 million and committed undrawn facilities of about SGD250 million as at end-June 2026, sufficient to cover SGD294 million of debt maturing in a year. CLCT has demonstrated strong capital markets access, which Fitch believes benefits from the trust's association with its sponsor. CLCT's unencumbered portfolio of quality assets in China, valued at about 2x unsecured debt,

offers strong contingent liquidity through the cycle.

Issuer Profile

CLCT has been listed as a REIT on the Singapore Exchange since 2006, investing in retail, office and industrial properties in greater China. The portfolio comprises eight retail malls, five business parks and four logistics parks in tier one and other leading Chinese cities.

Date of Relevant Committee

23 October 2026

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

Click here to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

Climate Vulnerability Signals

The results of our Climate.VS screener did not indicate an elevated risk for CLCT.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores

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Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
CapitaLand China Trust	LT IDR	BBB ⏹	New Rating		
• senior unsecured	LT	BBB	New Rating		

RATINGS KEY	OUTLOOK	WATCH
POSITIVE	⊕	◈
NEGATIVE	⊖	◈
EVOLVING	◈	◆
STABLE	⏹	

Applicable Criteria

Corporate Hybrids Treatment and Notching Criteria (pub.08 Apr 2025)

Corporate Rating Criteria (pub.09 Jan 2026) (including rating assumption sensitivity)

Corporates Recovery Ratings and Instrument Ratings Criteria (pub.02 Aug 2024) (including rating assumption sensitivity)

Country-Specific Treatment of Recovery Ratings Criteria (pub.20 Feb 2026)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub.09 Jan 2026)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (1)

Additional Disclosures

Solicitation Status

Endorsement Status

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch’s website.

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