UOBKayHian

Country Daily | Singapore

Thursday, 22 October 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52495.9	1.0	1.6	1.6	9.2
S&P 500	7712.6	0.3	(1.2)	0.8	12.7
FTSE 100	10733.0	(0.3)	0.8	0.7	8.1
AS30	8956.4	0.1	1.0	0.4	(0.7)
CSI 300	4152.1	(0.5)	(2.9)	(8.5)	(10.3)
FSSTI	5404.0	(0.1)	(0.5)	(4.8)	16.3
HSCEI	8030.3	(1.2)	(1.7)	(3.7)	(9.9)
HSI	23867.7	(1.3)	(1.7)	(3.6)	(6.9)
JCI	5278.9	5.6	(10.9)	(17.3)	(39.0)
KLCI	1599.6	0.2	(1.5)	(4.0)	(4.8)
KOSPI	5552.7	(3.7)	(8.0)	(20.8)	31.8
Nikkei 225	64075.4	(1.3)	(5.5)	(1.5)	27.3
SET	1554.9	(1.1)	(1.4)	(2.7)	23.4
TWSE	46292.9	(1.1)	(4.2)	(3.0)	59.8
BDI	2593	1.8	(7.4)	(23.1)	38.1
CPO (RM/mt)	4455	0.0	0.8	(3.9)	13.3
Brent Crude (US$/bbl)	109	(0.7)	2.9	4.7	78.8

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Hybrid Small & Mid-Caps Corporate Day	Singapore	21 Oct	21 Oct
1HFY27 Post Results briefing with Valuetronics Holdings Ltd (VALUE SP)	Singapore	11 Nov	11 Nov
Analyst Marketing by Johnny Yum on GC AI Sector	Taipei	17 Nov	18 Nov

Corporate and Macro Calendar

Economic Indicator/Event	Date
6-Month T-Bill Auction	22 Oct
URA Property Index QoQ Final Q3	23 Oct
Core Inflation Rate YoY SEP	23 Oct
Inflation Rate MoM SEP	23 Oct

Top Stories

Sector Update | REITs Page 2 →

- Yield spreads for S-REITs have expanded by 29bp to 4.06%, which is 2SD above the long-term mean, as unit prices and 10-year Singapore bond yield pulled back concurrently in Oct 26. Maintain OVERWEIGHT. S-REITs remain defensive and resilient. BUY CICT (Target: S$3.11), LREIT (Target: S$0.80), MPACT (Target: S$1.67), NTTDCR (Target: US$1.29) and UIBREIT (Target: S$1.16).

Company Update | Centurion Corp (CENT SP/**BUY**/S$1.28/Target: S$2.05) Page 7 →

- CENT has embarked on a significant growth reinvestment path with about S$750m in announced land and property acquisitions within its geographic footprint in 2026 ytd. We estimate these new and ongoing development projects could generate around S$2b in attributable GDV, and boost EBIT and NAV by 10-30% when completed. Despite capex funding needs, we expect gearing to remain well below its targeted optimal limit, with a healthy ICR over the next few years. Maintain BUY with a revised target price of S$2.05.

Market Spotlight

Page 11 →

- US stocks were higher on Wednesday. All indices rose as information technology, industrials and financials sectors rose. There were more advancers than decliners on NASDAQ and NYSE.
- The FSSTI rose 33.97 points to 5,437.99, on the back of strength in OCBC Bank and DBS. Both mid- and small-cap indices rose with a broad market advance on S$1.78b turnover.

Technical Analysis

Bumitama Agri (BAL SP) Page 12 →

- Trading Buy Range: S$1.69-1.70

Sembcorp Industries (SCI SP) Page 12 →

- Trading Buy Range: S$6.01-6.02

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

REITs

Value Emerges With Expanded Yield Spread

Highlights

- Social unrest and street protests have erupted across many cities in France and Italy. Ironically, 10-year government bond yields across the Eurozone have eased 19bp to 3.40% in October due to tightening of monetary policies by central banks and the pullback in AI funding.
- Yield spreads for S-REITs have expanded by 29bp to 4.06%, which is 2SD above long-term mean, as unit prices and 10Y Singapore bond yield pulled back concurrently in Oct 26. We cut DPU forecast for FLT by 1.5%, CLAS by 0.7%, KDCREIT by 0.3% and LREIT by 0.3% due to weakness in the euro.
- **Maintain OVERWEIGHT.** S-REITs remain defensive and resilient. BUY CICT (Target: S$3.11), LREIT (Target: S$0.80), MPACT (Target: S$1.67), NTTDCR (Target: US$1.29) and UIBREIT (Target: S$1.16).

Analysis

- **France trapped in a vicious cycle.** France has been trapped in a political gridlock since the parliamentary election in mid-24 led to a split parliament. Prime Minister Sébastien Lecornu has struggled to secure parliamentary support for a 2027 budget seeking €54b in savings. France has the highest budget deficit at 5.5% of GDP in the Eurozone. Opposition to spending cuts has cast doubts on the government's ability to deliver fiscal reforms. Thus, France's 10-year government bond yield rose 139bp ytd to 4.95% in Oct 26, its highest level since 2002. The premium over German bonds has also widened sharply to 153bp. Student protests have erupted over underfunded schools. These pressures create a vicious cycle in which delays in deficit reduction and higher financing costs result in additional austerity, which fuels further social unrest.
- **The UK has highest bond yield among G7 countries.** The UK's borrowing in the first five months of the financial year was £7b above the Office for Budget Responsibility's forecast, including £2b in higher-than-expected debt interest. The rising government bond yields and increased debt-servicing costs have reduced room for additional spending in the budget to be unveiled in Oct 26. The government wants to help low-income households defray higher energy bills. To fund the higher expenditure, the Exchequer intends to raise the surcharge on banks' profits, which affects the competitiveness of the financial services industry. The 10-year gilt yield rose 93bp ytd to 5.41% in Oct 26 due to higher energy prices and stretched public finances. Higher yields lead to higher mortgage and corporate borrowing costs, which weakens demand.
- **The euro has weakened against the US dollar and Singapore dollar** amid rising energy costs, concerns over France's public finances and stronger demand for dollar assets. It depreciated 4.3% against the US dollar and 5.3% against the Singapore dollar on a ytd basis in Oct 26. Sentiment remains fragile due to fears of financial stress in France spreading across the Eurozone. Europe's energy shock threatens growth and adds to inflation worries, outweighing support from the European Central Bank's rate hikes. The weaker euro raises the cost of US dollar-denominated energy imports, complicating the ECB's task of containing inflation and safeguarding financial stability.

Analyst(s)

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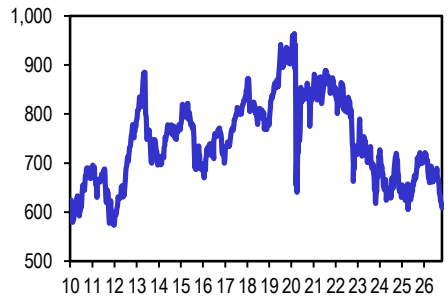
OVERWEIGHT (Maintained)

Sector Picks

Company	Ticker	Rec	Share Price (S$)	Target Price (S$)
CICT	CICT SP	BUY	2.23	3.11
LREIT	LREIT SP	BUY	0.525	0.80
MPACT	MPACT SP	BUY	1.14	1.67
NTTDCR USD	NTTDCR SP	BUY	0.885	1.29
UIBREIT	UIBREIT SP	BUY	0.78	1.16

Source: UOB Kay Hian

FTSE ST All-Share REITS Index (FSTREI)



Source: UOB Kay Hian

Peer Comparison

Name	BBG Ticker	Trading Code	Rec	Curr	Price 21 Oct 26	Target Price	Mkt Cap (US$m)	Yield (%) Hist	Yield (%) Curr	Yield (%) Fwd 1Y	Yield (%) Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
CapLand Int Comm Trust	CICT SP	C38U	BUY	S$	2.23	3.11	13,913	5.2	5.3	5.7	5.8	57.8	37.4	1.04
Lendlease REIT	LREIT SP	JYEU	BUY	S$	0.525	0.80	1,300	7.0	7.0	7.1	7.1	73.0	38.9	0.75
Mapletree Pan Asia	MPACT SP	N2IU	BUY	S$	1.14	1.67	4,716	7.0	7.0	7.1	7.2	63.8	37.7	0.66
NTT DC REIT USD	NTTDCR SP	NTDU	BUY	US$	0.885	1.29	922	8.8	9.2	9.4	9.6	45.5	31.0	0.78
UIBREIT	UIBREIT SP	UIBU	BUY	S$	0.78	1.16	835	n.a.	9.0	8.9	9.2	65.9	36.4	0.91

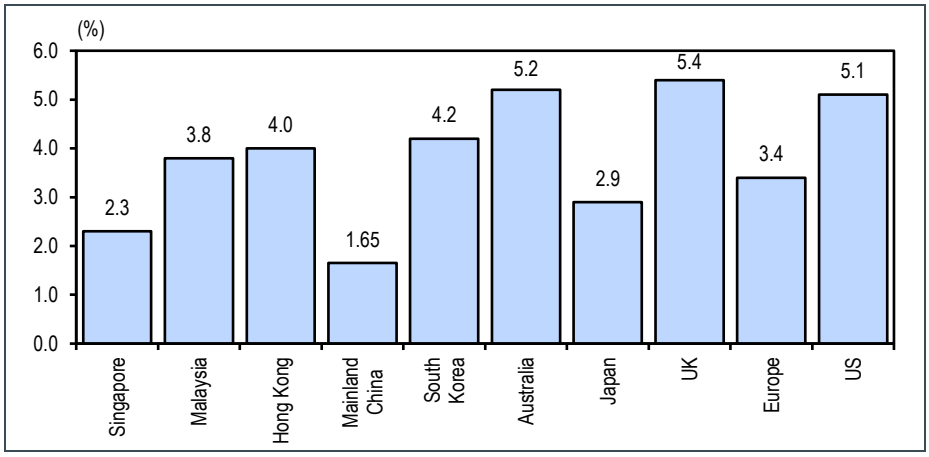
Source: Bloomberg, UOB Kay Hian

Geographical Breakdown of AUM

(%)	Singapore	Malaysia	Hong Kong	Mainland China	South Korea	Australia	Japan	UK	Europe	US	Others	Total
Healthcare												
PREIT	68.0	0.0	0.0	0.0	0.0	0.0	25.0	0.0	7.0	0.0	0.0	100.0
Hospitality												
CLAS	19.1	5.3	0.0	1.8	2.0	10.5	16.9	11.5	14.5	18.4	0.0	100.0
CAREIT	64.0	0.0	0.0	0.0	0.0	16.5	0.0	19.5	0.0	0.0	0.0	100.0
FEHT	97.5	0.0	0.0	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0	100.0
Industrial												
CLAR	65.0	0.0	0.0	0.0	0.0	12.0	3.0	6.4	2.6	11.0	0.0	100.0
EREIT	71.7	0.0	0.0	0.0	0.0	18.4	9.9	0.0	0.0	0.0	0.0	100.0
KDCREIT	62.8	0.3	0.0	3.7	0.0	4.4	13.4	2.2	13.2	0.0	0.0	100.0
MINT	46.3	0.0	0.0	0.0	0.0	0.0	7.2	0.0	0.0	46.5	0.0	100.0
MLT	20.9	8.7	22.2	18.7	7.4	7.7	13.3	0.0	0.0	0.0	1.1	100.0
NTTDCR	18.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.5	63.9	0.0	100.0
UIBREIT	71.2	0.0	0.0	0.0	0.0	0.0	28.8	0.0	0.0	0.0	0.0	100.0
Office												
KREIT	78.7	0.0	0.0	0.0	2.2	18.4	0.7	0.0	0.0	0.0	0.0	100.0
Retail												
FCT	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0
LREIT	91.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.0	0.0	0.0	100.0
SGREIT	70.0	16.2	0.0	0.3	0.0	12.3	1.2	0.0	0.0	0.0	0.0	100.0
Diversified												
CICT	92.8	0.0	0.0	0.0	0.0	3.4	0.0	0.0	3.7	0.0	0.0	100.0
FLT	12.3	0.0	0.0	0.0	0.0	46.8	0.0	9.8	31.1	0.0	0.0	100.0
MPACT	62.0	0.0	22.0	9.0	1.0	0.0	6.0	0.0	0.0	0.0	0.0	100.0
SUN	78.9	0.0	0.0	0.0	0.0	15.2	0.0	5.9	0.0	0.0	0.0	100.0

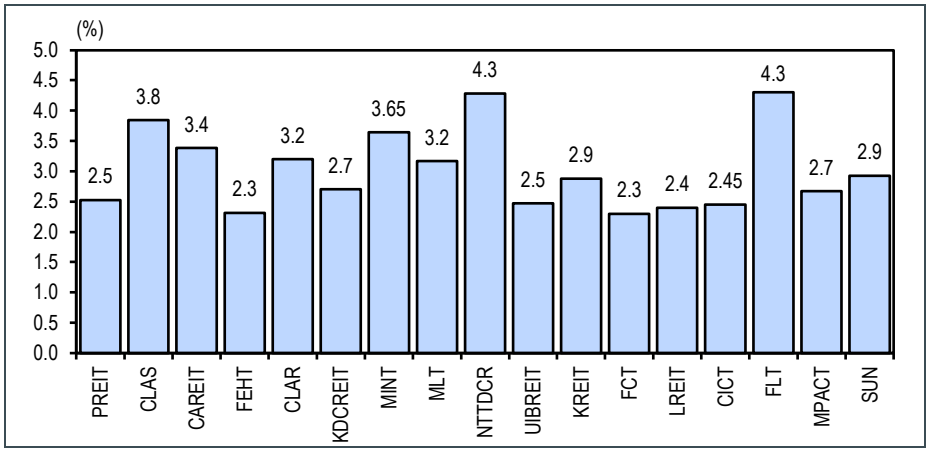
Source: Respectively S-REIT, UOB Kay Hian

10-year Government Bond Yields



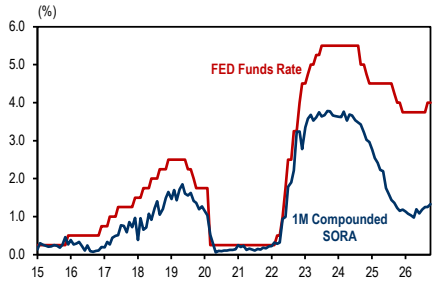
Source: Bloomberg, UOB Kay Hian

Risk-free Rate Weighted By Geographical Disposition



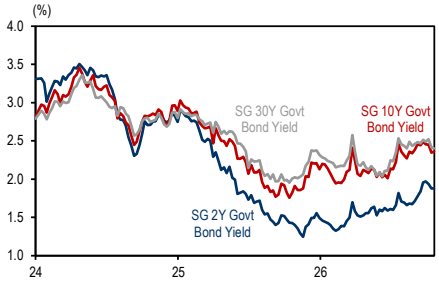
Source: UOB Kay Hian

US Fed Funds Rate vs 1M SORA



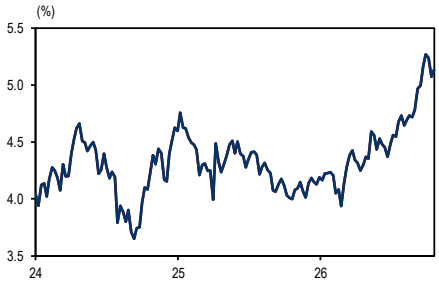
Source: Bloomberg

SG 2Y, 10Y and 30Y Government Bond Yields



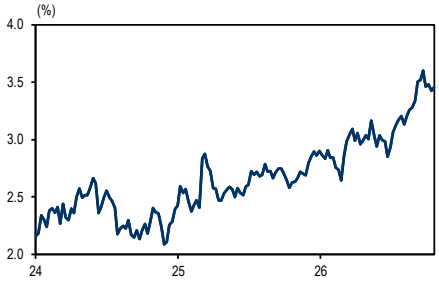
Source: Bloomberg

US 10Y Treasury Yield



Source: Bloomberg

Germany 10Y Bund Yield



Source: Bloomberg

S-REITs Unit Price Performance, % Chg

	1Q26	2Q26	3Q26	Oct 26	YTD
Healthcare					
PREIT	-2.0	1.3	-1.0	0.7	-1.0
Hospitality					
CLAS	-7.9	0.6	-6.8	-2.4	-15.7
CAREIT	-0.9	-3.6	-1.9	0.0	-6.3
FEHT	-8.2	1.8	-9.6	-1.0	-16.4
Industrial					
CLAR	-12.6	0.8	-9.2	-2.2	-21.8
KDCREIT	-3.1	2.8	-5.8	-3.3	-9.3
MINT	-6.7	-1.0	-3.1	-6.5	-16.3
MLT	-12.9	6.1	-10.7	-1.8	-18.9
NTTDCR USD	-10.3	2.7	-1.6	-4.3	-13.2
UIBREIT	-8.5	-0.6	1.3	-3.7	-11.4
Office					
KREIT	-8.7	-3.4	-1.2	-7.6	-19.5
Retail					
FCT	-6.4	3.7	-7.5	-1.4	-11.6
LREIT	-13.4	6.5	-4.4	-3.7	-15.0
Diversified					
CICT	-4.2	3.5	-5.9	0.0	-6.7
FLT	-10.1	7.8	-8.8	0.0	-11.6
MPACT	-10.2	-2.3	-5.4	-6.6	-22.4
SUN	1.4	-0.7	-8.3	2.3	-5.6

Source: UOB Kay Hian

- **Central banks started to act on elevated inflation.** The ECB raised the main refinancing rate by 25bp to 2.65% on 10 Sep 26. It cautioned that inflation risk is skewed to the upside and monetary policy must remain restrictive. Similarly, the Fed decided unanimously to hike the Fed Funds Rate by 25bp to 3.75% on 16 Sep 26. There was broad discussion on the pace of upcoming rate hikes. Most policymakers assessed another rate hike is appropriate by end-26, likely coming on 9 Dec 26.
- **Financial markets are turning more cautious on the debt financing for AI and data centres.** Investors are more risk-averse now and question whether future revenues can justify enormous upfront spending on digital infrastructure. They are increasingly scrutinising leverage and demanded stronger protections and higher interest rate. CoreWeave is a cautionary tale with its debts having fallen to distressed prices. The planned listings of AirTrunk, Firmus and SB Energy have been paused or withdrawn.
- **Singapore exhibiting divergent trend.** Singapore is recognised for its fiscal austerity and conservatism. Singapore 10-year government bond yield has risen by a smaller 35bp to 2.47% in 9M26 but eased 7bp to 2.40% in Oct 26. Comparatively, the Eurozone saw a steep increase in 10-year government bond yield of 73bp to 3.59% in 9M26, which similarly also eased 19bp to 3.40% in Oct 26. In the US, yields for 10-year treasury bonds rose 111bp to 5.28% in 9M26 but eased 15bp to 5.13% in Oct 26.
- **Refinement of methodology for valuing S-REITs.** The risk-free rate for our Dividend Discount Model (DDM) was based on each country's 10-year government bond yield weighted by the REIT's geographical disposition since 10 Sep 26. 10-year government bond yields are relatively lower at 2.3% in Singapore, 1.65% in China and 2.9% in Japan. Conversely, they are quite elevated at 5.2% in Australia and 5.4% in the UK and 5.1% in the US.
- **Value has emerged with expanded yield spread.** Yield spreads for S-REITs have expanded by 29bp to 4.06% in Oct 26, which is 2SD above long-term mean, as unit prices and 10Y Singapore bond yield pulled back concurrently.
- **Factoring in weakness in the euro.** We cut DPU forecast for FLT by 1.5%, CLAS by 0.7%, KDCREIT by 0.3% and LREIT by 0.3% due to weakness in the euro, which depreciated 4.3% against the US dollar and 5.3% against the Singapore dollar on a ytd basis in Oct 26.

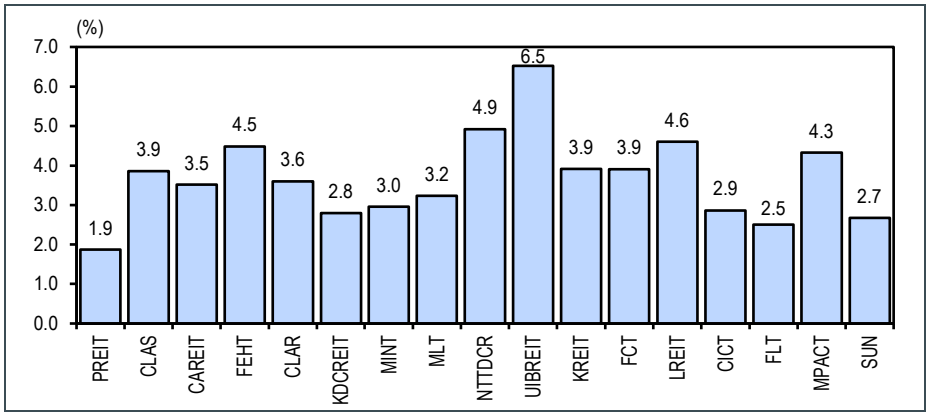
- **Maintain OVERWEIGHT.** The influx of safe-haven liquidity has kept domestic interest rates low. Thus, the S-REIT sector is supported by firm asset valuation and continued low cost of debt. The S-REIT sector is a major laggard and, thus, more defensive and resilient. BUY CICT (Target: S$3.11), LREIT (Target: S$0.80), MPACT (Target: S$1.67), NTTDCR (Target: US$1.29) and UIBREIT (Target: S$1.16).

Changes To Target Prices

	Share	----- Target Price (S$) -----				Cost of Equity (%)		Risk-free Rate (%)		Terminal Growth (%)	
	Price (S$)	Old	New	% Chg	% Upside	Old	New	Old	New	Old	New
Healthcare											
PREIT	4.04	4.88	5.02	2.9	24.3	6.1	6.0	2.6	2.5	2.5	2.5
Hospitality											
CLAS	0.805	0.99	1.00	1.0	24.2	8.15	8.05	3.9	3.8	2.2	2.2
CAREIT	1.04	1.39	1.39	0.0	33.7	8.15	8.15	3.4	3.4	2.8	2.8
FEHT	0.51	0.79	0.80	1.3	56.9	6.9	6.8	2.4	2.3	2.0	2.0
Industrial											
CLAR	2.21	3.25	3.25	0.0	47.1	7.2	7.2	3.2	3.2	2.2	2.2
KDCREIT	2.04	2.77	2.83	2.2	38.7	6.8	6.7	2.8	2.7	2.8	2.8
MINT	1.74	1.74	1.72	-1.1	-1.1	8.35	8.4	3.6	3.65	1.5	1.5
MLT	1.07	1.15	1.13	-1.7	5.6	7.35	7.45	3.1	3.2	1.5	1.5
NTTDCR USD	0.885	1.31	1.29	-1.5	45.8	8.7	8.8	4.2	4.3	2.5	2.5
UIBREIT	0.78	1.16	1.16	0.0	48.7	7.45	7.45	2.5	2.5	1.2	1.2
Office											
KREIT	0.785	1.06	1.06	0.0	35.0	6.65	6.65	2.9	2.9	1.8	1.8
Retail											
FCT	2.06	2.93	3.00	2.4	45.6	6.4	6.3	2.4	2.3	2.0	2.0
LREIT	0.525	0.79	0.80	1.3	52.4	6.75	6.65	2.5	2.4	2.2	2.2
Diversified											
CICT	2.23	3.06	3.11	1.6	39.5	6.25	6.2	2.5	2.45	2.2	2.2
FLT	0.88	0.96	0.96	0.0	9.1	8.4	8.3	4.4	4.3	2.5	2.5
MPACT	1.14	1.71	1.67	-2.3	46.5	6.6	6.7	2.6	2.7	2.0	2.0
SUN	1.36	1.64	1.67	1.8	22.8	6.75	6.65	3.0	2.9	2.0	2.0

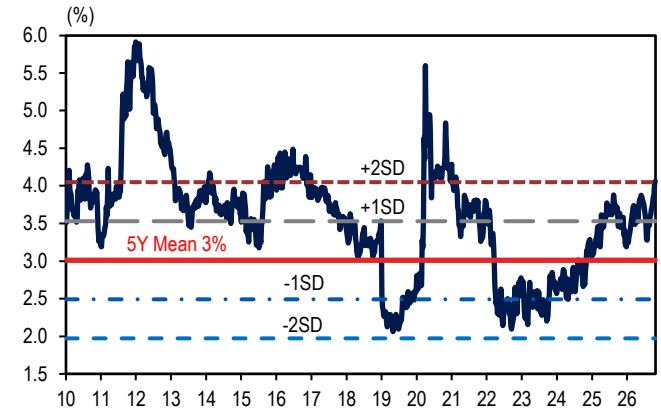
Source: UOB Kay Hian

Yield Spread Above Reformulated Risk-free Rate



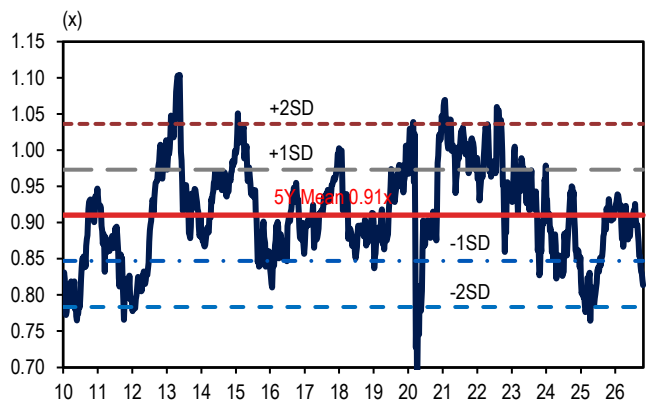
Source: UOB Kay Hian

S-REIT Yield Spread



Source: UOB Kay Hian

S-REIT P/NAV



Source: UOB Kay Hian

Peer Comparison

Name	BBG Ticker	Trading Code	Rec	Curr	Price 21 Oct 26	Target Price	Mkt Cap (US$m)	Yield (%) Hist	Yield (%) Curr	Yield (%) Fwd 1Y	Yield (%) Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
HEALTHCARE														
First REIT	FIRT SP	AW9U	NR	S$	0.18	n.a.	299	12.1	10.8	10.0	n.a.	96.3	45.7	0.78
PLife REIT	PREIT SP	C2PU	BUY	S$	4.04	4.88	2,063	3.8	4.4	4.5	4.6	53.4	33.7	1.57
HOSPITALITY														
CapLand Ascott	CLAS SP	HMN	BUY	S$	0.805	0.99	2,429	7.6	7.7	7.8	7.9	71.4	37.7	0.70
CDL HTrust	CDREIT SP	J85	BUY	S$	0.705	1.11	708	6.8	7.8	7.8	7.7	66.4	35.3	0.51
Cent Accom REIT	CAREIT SP	8C8U	BUY	S$	1.04	1.39	1,406	6.2	6.9	7.9	7.9	43.8	29.9	1.19
Far East HTrust	FEHT SP	Q5T	BUY	S$	0.51	0.79	822	7.3	6.8	7.3	7.5	42.6	32.8	0.58
INDUSTRIAL														
AIMS APAC REIT	AAREIT SP	O5RU	NR	S$	1.37	n.a.	884	7.2	7.3	7.8	8.3	78.0	37.4	1.07
CapLand Ascendas	CLAR SP	A17U	BUY	S$	2.21	3.25	8,637	6.8	6.8	7.4	7.8	72.8	39.7	0.97
Daiwa Hse Log Trust	DHLT SP	DHLU	NR	S$	0.395	n.a.	217	11.0	n.a.	n.a.	n.a.	78.9	40.1	0.63
Digi Core REIT USD	DCREIT SP	DCRU	BUY	US$	0.44	0.93	562	8.2	7.8	9.3	9.3	67.9	39.2	0.56
ESR-REIT	EREIT SP	9A4U	NR	S$	1.97	n.a.	1,248	11.1	11.2	11.0	11.3	99.2	41.4	0.79
Keppel DC REIT	KDCREIT SP	AJBU	BUY	S$	2.04	2.77	4,382	5.1	5.5	5.6	5.7	54.3	34.0	1.18
Mapletree Ind Trust	MINT SP	ME8U	SELL	S$	1.74	1.74	3,888	7.3	6.6	6.7	7.1	66.3	37.5	1.07
Mapletree Log Trust	MLT SP	M44U	HOLD	S$	1.07	1.15	4,302	6.8	6.4	6.5	6.5	85.2	40.5	0.85
NTT DC REIT USD	NTTDCR SP	NTDU	BUY	US$	0.885	1.31	922	8.8	9.2	9.4	9.6	45.5	31.0	0.78
UIBREIT	UIBREIT SP	UIBU	BUY	S$	0.78	1.16	835	n.a.	9.0	8.9	9.2	65.9	36.4	0.91
OFFICE														
Keppel REIT	KREIT SP	K71U	BUY	S$	0.785	1.06	3,059	6.7	6.8	6.9	6.8	78.2	40.0	0.63
RETAIL														
Frasers Centrepoint	FCT SP	J69U	BUY	S$	2.06	2.93	3,287	5.9	6.2	6.4	6.5	58.3	40.4	0.91
Lendlease REIT	LREIT SP	JYEU	BUY	S$	0.525	0.79	1,300	7.0	7.0	7.1	7.1	73.0	38.9	0.75
Starhill Global	SGREIT SP	P40U	NR	S$	0.50	n.a.	910	7.4	7.5	7.7	7.9	61.6	35.8	0.70
DIVERSIFIED														
CapLand China Trust	CLCT SP	AU8U	NR	S$	0.605	n.a.	832	8.0	7.9	8.1	8.4	94.8	40.4	0.58
CapLand Int Comm Trust	CICT SP	C38U	BUY	S$	2.23	3.06	13,913	5.2	5.3	5.7	5.8	57.8	37.4	1.04
Frasers L&C Trust	FLT SP	BUOU	BUY	S$	0.88	0.96	2,622	6.8	6.8	6.7	6.7	58.7	35.4	0.79
Mapletree Pan Asia	MPACT SP	N2IU	BUY	S$	1.14	1.71	4,716	7.0	7.0	7.1	7.2	63.8	37.7	0.66
OUE REIT	OUEREIT SP	TS0U	NR	S$	0.33	n.a.	1,429	6.8	7.3	7.6	7.9	79.1	41.5	0.59
Suntec REIT	SUN SP	T82U	BUY	S$	1.36	1.64	3,151	5.2	5.6	5.8	5.8	70.8	43.0	0.67
INTERNATIONAL (US / EUROPE)														
Stoneweg EU Trust EUR	SERT SP	SEB	NR	€	1.42	n.a.	884	9.4	9.3	9.6	10.3	93.2	43.6	0.70
Elite UK REIT GBP	ELITE SP	MXNU	NR	£	0.31	n.a.	275	9.8	9.8	10.2	10.0	58.1	34.8	0.71
IREIT Global	IREIT SP	UD1U	NR	S$	0.161	n.a.	169	9.7	8.9	8.9	8.9	94.9	45.5	0.36
KORE REIT USD	KORE SP	CMOU	BUY	US$	0.144	0.25	150	1.7	5.9	10.5	15.9	82.9	43.3	0.21
Prime US REIT USD	PRIME SP	OXMU	NR	US$	0.107	n.a.	154	5.7	9.3	12.1	n.a.	87.5	44.9	0.20
Utd Hampshire REIT USD	UHU SP	ODBU	BUY	US$	0.425	0.63	259	10.3	10.8	11.5	11.6	73.8	40.4	0.58

Source: Bloomberg, UOB Kay Hian

Centurion Corp (CENT SP)

Building Value

Highlights

- **Reinvesting for growth.** Following the successful listing of Centurion Accommodation REIT (CAREIT), CENT's balance sheet had strengthened significantly with end-25 net gearing at decade-lows and high net cash balances, embarking on a significant reinvestment growth path. YTD 2026, it had acquired over S$750m worth of projects, of which 70% are development land in Singapore and the remaining 30% in completed and income-generating buildings in Australia, Malaysia and Hong Kong SAR.
- **Potential addition of 22,684 beds between 2H26-1Q29.** In all, these new investments, coupled with development projects currently in the pipeline, could add 22,684 beds to CENT's portfolio, or about 41% of its current ex-CAREIT portfolio between 2H26-1Q29. These include two purpose-built workers accommodation (PBWA) development sites in Singapore, with a capacity of 12,000 beds when fully operational and a completed 7,974-bed dormitory in Pasir Gudang as well as maiden foray into income generating properties catering to the under-supplied key worker accommodation (KWA) market in Australia and rental assets in Hong Kong SAR.

Analysis

- **S$2b in attributable GDV…** We estimate these developments could generate around S$2b in attributable gross development value, assuming a yield on cost of 3.5-6.9%, once stabilised. The bulk of this value creation exercise is derived from the two PBWA projects in Singapore (~S$1.3b), four new purpose-built student accommodation (PBSA) developments in Melbourne and Perth in Australia (total 1,973 beds), one PBSA project in the UK (225 beds) as well as its conversion projects in Hong Kong SAR. Our estimates have not included any accretion from the newly acquired mixed-use development site at 200 North Terrace property in Adelaide and its 65% stake in Kim Chuan Place, pending more development details.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	254	296	401	454	490
EBITDA	157	170	269	304	317
Operating profit	153	166	265	300	313
Net profit (rep./act.)	345	115	98	125	127
Net profit (adj.)	283	115	98	125	127
EPS (S$ cent)	33.7	13.6	11.7	14.9	15.1
PE (x)	3.8	9.4	11.0	8.6	8.5
P/B (x)	0.9	0.9	0.9	0.8	0.7
EV/EBITDA (x)	22.3	20.7	13.1	11.6	11.1
Dividend yield (%)	2.3	11.7	3.1	3.1	3.1
Net margin (%)	136.0	38.8	24.5	27.6	25.9
Net debt/(cash) to equity (%)	46.4	27.0	114.2	132.9	138.5
Interest cover (x)	4.2	4.8	5.2	3.9	3.5
ROE (%)	34.9	9.6	7.9	9.6	9.0
Consensus net profit (S$m)	-	-	86	105	112
UOBKH/Consensus (x)	-	-	1.14	1.20	1.13

Source: Centurion Corp., Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$1.28
Target Price	S$2.05
Upside	60.2%
Previous TP	S$2.10

Stock Data

Sector	Real Estate
Bloomberg ticker	CENT SP
Shares issued (m)	840.8
Market cap (S$m)	1,076.2
Market cap (US$m)	842.0
3-mth avg daily t'over (US$m)	1.1

Price Performance (%)

52-week high/low				S$1.8/S$1.2
1mth	3mth	6mth	1yr	YTD
(12.9)	(21.0)	(17.3)	(1.2)	2.4

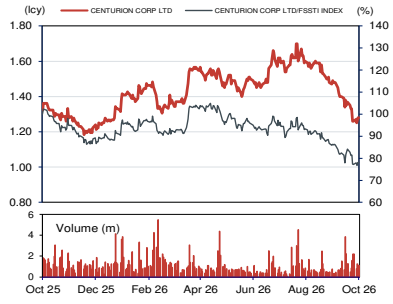
Major Shareholders (%)

Centurion Properties	50.64

Balance Sheet Metrics

FY26 NAV/Share (S$)	1.50
FY26 Net Debt/Share (S$)	1.71

Price Chart



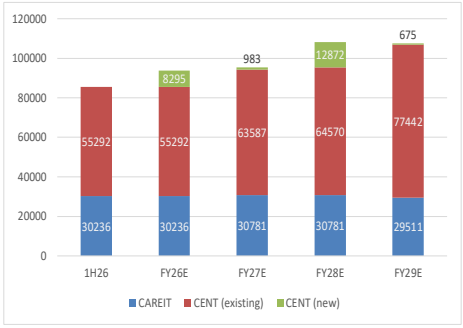
Source: Bloomberg

Company Description

Centurion is one of the largest providers of purpose-built workers' accommodations in Singapore and Malaysia, and has student accommodation assets in UK and Australia.

- **…and projected 20-30% of EBIT uplift, about 10% in NAV accretion.** We anticipate income streams from the new operating acquisitions to impact Centurion Corp (CENT) positively from 2H26 onwards. This, together with contributions from development projects, once completed and stabilised by 2028-29, could lift CENT's EBIT by 20-30%, in our view. In terms of NAV accretion, based on our return estimates from its development projects, we anticipate this value creation exercise could bolster CENT's NAV by around 10% when these developments are completed and marked-to-market. These potential fair value gains and NAV accretion have not been included in our current estimates.
- **Medium-term capex needs elevated, but projected ICR remains healthy.** We reckon that CENT would likely incur an attributable S$1.2b of capex, excluding pre-paid upfront land and building costs, between 2H26 to 2029. We think CENT's net debt to total equity (before mark-to-market gains) could range between 0.64-0.78x between 2027-28 as it funds construction progress. That said, as most of its capex requirements are project-related financing, assessment of its net gearing ratio remains healthy, at between 0.4-0.45x. Our estimates are conservative as we have not factored in revaluation gains from the new developments, which could lower these ratios. As the development projects are progressively completed and generate cashflow over the next few years, we estimate CENT's interest coverage ratio (ICR) would likely remain healthy, at 3.5-4.8x between 2027-28 (vs 5.6x as at Jun 26), in our view, assuming an unchanged effective interest rate.
- **Riding on the Singapore PBWA sector tailwinds.** CENT emerged as the top bidder for two PBWA land parcels in Aug 26. These sites with a total GFA of 137,340 sqm can house 12,000 dormitory beds and are expected to achieve operational readiness by 3Q28. Subject to regulatory approval, CENT intends to hold 90% of the developments, with a JV partner owing the balance 10%. This will enable CENT to ride on the tailwinds in the Singapore PBWA segment, underpinned by robust demand from a visible pipeline of ongoing and new infrastructure projects and limited new supply, due in part to the need to comply with the New Dormitory Standards (NDS).
- **Adopting a multi-pronged strategy in Australia.** After the sale of its 25% stake in EPIISOD Macquarie Parkin Jan 26, CENT is replenishing its Australia PBSA pipeline with 623 beds currently in construction and operational from 2Q27 to Dec 27 while EPIISOD Mackenzie (675 beds) has begun development works and is scheduled to be operational in 1Q29. Meanwhile, CENT has ventured into the key worker accommodation (KWA) market in Western Australia with the purchase of income generating business and land assets in Velocity Karratha and Concorde South, South Hedland, for a total of A$73.6m. Its latest acquisition of a 50% stake in 200 North Terrace in Adelaide for A$25m also marks the group's venture into mixed-use accommodation-led development projects in the country.
- **Scaling up Malaysia PBWA portfolio.** Although CENT's PBWA occupancy in Malaysia dipped to 73% in 1H26, owing to restrictions in foreign worker quota, the group remains upbeat on the sector's medium-term prospects and had continued to scale up its exposure through the acquisition of a 7,974-bed completed PBWA in Pasir Gudang for RM214.5m (S$67.2m), announced in Sep 26.
- **Potential for ROE uplift and higher DPS when assets are monetised.** Our current earnings and NAV projections for CENT have not included mark-to-market uplifts nor potential gains from capital recycling activities, whether to its REIT, new platforms or via third party sales. We believe that as its PBWA and PBSA assets in Singapore, the UK and Australia are completed and stabilised, CENT would likely continue to recycle and redeploy capital into new investments. In addition, it could look to unlock value from its Malaysia PBWA portfolio as it continues to scale up this portfolio, in our view.

CENT's Portfolio Of Operating Beds



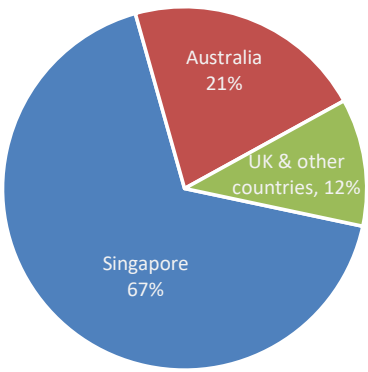
Source: UOB Kay Hian

New Acquisitions YTD 2026

Annc date	Property	Location	Type	Price paid ($m)
Feb-26	7 Kim Chuan Lane (65% stake)	Singapore	PBWA land	S$4.81m
Apr-26	Velocity Village and Velocity Motel & Bistro	Karratha, Western Australia	KWA property	A$45m
Apr-26	Concorde South	South Hedland, Western Australia	KWA property	A$28.55m
Jun-26	EPIISOD Fairways (25% stake)	Perth, Australia	PBSA property	A$0.25m
Aug-26	Kranji Close	Singapore	PBWA land	S$343m
Aug-26	Lok Yang Way	Singapore	PBWA land	S$221.7m
Sept-26	Pasir Gudang PBWA	Pasir Gudang, Malaysia	PBWA property	RM214.5m
Sept-26	Yan Woo Bldg (50% stake)	North Point, HK SAR	Accommodation/ commercial property	HK$364m (100% basis)
Sept-26	200 North Terrace (50% stake)	Adelaide, Australia	Mixed-use land	A$25m

Source: UOB Kay Hian

Breakdown Of Value Creation By GDV



Source: UOB Kay Hian

Valuation/Recommendation

- **Valuation basis changed to a blend of SOTP and PE.** CENT has metamorphosised from essentially a developer to a real estate company with multiple income streams. In addition to generating value from marking-to-market its completed assets and development properties, CENT benefits from the value of its stake in listed CAREIT as well as growing its fee income platform. As such, we believe a SOTP valuation would provide a more complete assessment of CENT's underlying value. In terms of PE valuation, we maintain an unchanged target PE multiple of 12.5x 2027 earnings.
- **SOTP valuation at S$2.23.** Our SOTP valuation includes valuing its completed PBWA and PBSA portfolio and factoring in development surpluses from its development projects. We value the stake in CAREIT (CAREIT SP/BUY/Target: S$1.39) by marking it to our target price of S$1.39 and ascribe a 10x PE multiple for its fee platform.
- **Maintain BUY rating with revised target price of S$2.05 (previously S$2.10).** We revise our target price to S$2.05/share for CENT based on an average of SOTP and PE multiple valuations. We think CENT is well placed to ride on the tailwinds of the structurally under-supplied living sectors, with a clear expansion in bed capacity over 2026-28.

Earnings Revision/Risk

- We lower our 2026-27F EPS by 2.5-12.4% to 11.65 S cents and 14.92 S cents, respectively, to adjust for higher interest expense, partly offset by contributions from new acquisitions and completed development properties, but raise our 2028 estimate by 16.8% to 15.07 S cents, mainly due to completion of the two new Singapore PBWAs, partly moderated by higher interest costs.

Share Price Catalyst

- **Catalysts**: a) Ability to secure low funding cost for its development projects, b) successful capital recycling efforts, and c) capacity expansions via JVs that could result in a more asset-light and higher-return business model or lessening of policy headwinds in Malaysian PBWA segment.

SOTP Breakdown

				Mkt value (S$m)	Value/share (S$)
Completed assets ex-CAREIT (as at Dec 2025 valuation)	**No of beds**				
Singapore PBWA	15,156			0.0	0.36
Malaysia PBWA	43,224			67.2	0.35
UK PBSA	181			0.0	0.01
AU PBSA	597			0.0	0.25
AU KWA	305			67.0	0.08
HK/CN portfolio	514			0.0	0.06
Total				**134.2**	**1.12**
Surplus value from assets under development (incl assocs)	**No of beds**				
Singapore PBWA - Kranji, Lok Yang	12,000			75.1	0.14
Overseas portfolio	2,405			8.6	0.02
Total				**83.6**	**0.17**
REIT	**Stake**	**No of units**	**TP**	**Mkt value**	
CAREIT	38.25%	1,728.0	1.39	**918.7**	**1.09**
	Est FY27 PATMI		**Multiple**		
Fee income	19.42		10	**194.2**	**0.23**
Add other assets/liabilities (ex-CAREIT)				0.0	-0.13
Net debt (ex-CAREIT)				-67.2	-0.24
RNAV				**1,263.6**	
RNAV/share				**2.23**	

Source: UOB Kay Hian

Target Price Calculation Basis

PE multiple	
2027 EPS (Scts/shr)	14.9
Target multiple (x)	12.5
Fair value	**$1.87**
SOTP	**$2.23**
Blended PE/ SOTP TP	**$2.05**

Source: UOB Kay Hian

Peer Comparison

			Price @	Target	Market	---------- PE ----------					------ P/B ------		----- Yield -----		----- ROE ----		Net
Company	**Ticker**	**Rec**	**21-Oct-26**	**Price**	**Cap**	**2025**	**2026F**	**2027F**	**RNAV**	**P/RNAV**	**2025**	**2026F**	**2025**	**2026F**	**2025**	**2026F**	**Gearing**
			(lcy)	**(lcy)**	**(US$m)**	**(x)**	**(x)**	**(x)**	**(lcy)**	**(x)**	**(x)**	**(x)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Apac Realty	APAC SP	NR	0.46	n.a.	159	8.5	11.2	9.8	n.a.	n.a.	1.2	1.3	3.9	15.7	12.8	12.1	(7.5)
Bukit Sembawang	BS SP	NR	4.36	n.a.	883	8.8	n.a.	n.a.	n.a.	n.a.	0.7	n.a.	0.9	n.a.	7.9	n.a.	(12.5)
Centurion	CENT SP	BUY	1.28	2.05	842	9.4	11.0	8.6	n.a.	n.a.	0.9	0.9	3.1	3.1	9.6	7.9	22.9
City Dev	CIT SP	BUY	7.11	11.85	4,969	10.1	11.2	18.1	16.92	0.4	0.7	0.6	3.5	3.1	6.7	5.6	121.6
CLI	CLI SP	BUY	2.33	3.93	9,102	80.6	18.6	17.1	3.93	0.6	0.9	0.9	5.2	5.2	1.1	5.0	49.1
Frasers Prop	FPL SP	NR	0.88	n.a.	2,703	14.9	25.9	21.5	n.a.	n.a.	0.4	0.3	5.1	5.1	2.4	1.4	99.2
Guocoland	GUOL SP	NR	2.16	n.a.	1,881	25.6	29.3	12.3	n.a.	n.a.	0.6	0.5	2.8	3.2	2.5	2.2	22.4
Ho Bee Land	HOBEE SP	NR	1.89	n.a.	981	12.5	11.1	9.9	n.a.	n.a.	0.3	n.a.	0.0	n.a.	2.7	n.a.	60.4
Propnex	PROP SP	BUY	1.69	2.55	978	17.8	16.1	16.0	n.a.	n.a.	10.8	10.1	4.7	5.9	58.8	64.7	(110.3)
UOL	UOL SP	NR	7.9	n.a.	5,236	13.9	13.8	12.5	n.a.	n.a.	0.6	0.6	2.3	2.7	4.1	4.2	20.4
Wing Tai	WINGT SP	NR	1.44	n.a.	862	n.a.	46.2	n.a.	n.a.	n.a.	0.4	0.4	2.1	2.1	(2.1)	0.8	15.4
Average						**20.2**	**19.5**	**14.0**			**1.6**	**1.7**	**3.1**	**5.1**	**9.7**	**11.5**	**25.5**

Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	**296**	**401**	**454**	**490**
EBITDA	170	269	304	317
Deprec. & amort.	4	4	4	4
EBIT	166	265	300	313
Associate contributions	40	0	1	1
Net interest income/(expense)	(35)	(52)	(78)	(90)
Pre-tax profit	**161**	**181**	**223**	**225**
Tax	(20)	(26)	(28)	(28)
Minorities	(27)	(58)	(70)	(70)
Preferred dividends	0	0	0	0
Net profit	**115**	**98**	**125**	**127**
Net profit (adj.)	115	98	125	127

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	6	6	6	6
Other LT assets	2,878	4,013	4,538	4,925
Cash/ST investment	373	65	47	57
Other current assets	34	35	38	40
Total assets	**3,291**	**4,118**	**4,628**	**5,027**
ST debt	23	23	23	23
Other current liabilities	230	200	216	247
LT debt	682	1,482	1,832	2,052
Other LT liabilities	183	154	130	110
Shareholders' equity	1,233	1,262	1,361	1,458
Minority interest	940	997	1,067	1,137
Total liabilities & equity	**3,291**	**4,118**	**4,628**	**5,027**

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	**195**	**145**	**297**	**324**
Pre-tax profit	142	156	195	197
Tax	(23)	(26)	(28)	(28)
Deprec. & amort.	4	4	4	4
Associates	(40)	0	(1)	(1)
Working capital changes	41	(33)	21	35
Non-cash items	71	45	106	118
Other operating cashflows	0	0	0	0
Investing	**(590)**	**(1,141)**	**(533)**	**(394)**
Capex (growth)	(4)	(10)	(10)	(10)
Capex (maintenance)	(698)	(1,123)	(513)	(385)
Investments	111	(8)	(11)	1
Proceeds from sale of assets	0	0	0	0
Others	0	0	0	0
Financing	**725**	**688**	**218**	**80**
Dividend payments	(37)	(34)	(34)	(34)
Issue of shares	0	0	0	0
Proceeds from borrowings	443	850	400	300
Loan repayment	(378)	(79)	(74)	(100)
Others/interest paid	697	(49)	(74)	(86)
Net cash inflow (outflow)	**330**	**(308)**	**(18)**	**9**
Beginning cash & cash equivalent	**87**	**371**	**63**	**45**
Changes due to forex impact	1	0	0	0
Ending cash & cash equivalent	**417**	**63**	**45**	**54**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	57.3	67.2	66.9	64.7
Pre-tax margin	54.5	45.3	49.2	45.9
Net margin	38.8	24.4	27.6	25.9
ROA	4.7	3.4	4.0	3.8
ROE	12.1	10.2	12.4	12.0
Growth				
Turnover	106.9	180.1	217.4	242.6
EBITDA	107.7	229.4	272.0	288.0
Pre-tax profit	137.4	167.2	228.6	231.5
Net profit	117.8	86.0	138.2	140.5
Net profit (adj.)	(59.5)	(14.6)	28.1	1.0
EPS	117.8	86.0	138.2	140.5
Leverage				
Debt to total capital	32.5	66.6	76.4	80.0
Debt to equity	57.2	119.3	136.4	142.4
Net debt/(cash) to equity	27.0	114.2	132.9	138.5
Interest cover	4.8	5.2	3.9	3.5

Market News

US stocks were higher on Wednesday, as information technology, industrials and financials sectors led shares higher. At the close of the NYSE, the Dow Jones rose 0.69% while the S&P 500 index was up 0.59% and the NASDAQ Composite index gained 1.05%. Advancing stocks outnumbered falling ones on the NYSE by 1,356 to 1,338 and 84 ended unchanged; on the Nasdaq Stock Exchange, 2,697 advanced and 2,072 declined, while 210 ended unchanged.

During the last trading session, the FSSTI index rose 33.97pt to 5,437.99. Among the top active stocks were OCBC Bank (+1.2%), DBS (+0.3%), UMS (+1.3%), SATS (-0.3%) and Sheng Siong (-0.7%). The FTSE ST Mid Cap index rose 0.8%, while the FTSE ST Small Cap Index gained 1.1%. The broader market had 334 gainers and 214 losers with a total trading value of S$1.78b.

Technical Analysis

Analyst(s)

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Bumitama Agri (BAL SP)

Trading buy range:	S$1.69-1.70
Last price:	S$1.73
Target price:	S$2.05
Protective stop:	S$1.53

Price was rejected at its prior support, forming a Doji candlestick pattern. The RSI is below its neutral level but could be turning up. If price holds above the lower boundary of this defended support zone, we see continued upward expansion towards the overhead supply.

The potential upside target is S$2.05. Stop-loss could be placed at S$1.53.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S$1.45.



Sembcorp Industries (SCI SP)

Trading buy range:	S$6.01-6.02
Last price:	S$6.04
Target price:	S$6.41
Protective stop:	S$5.84

Price rebounded off its prior support, establishing a clear higher low anchor and advancing to test its overhead resistance. The RSI remains in bullish territory above its neutral 50-midline and continues to slope upward with positive velocity. A decisive breakout above the current overhead resistance will complete the continuation pattern and unlock high-velocity upward expansion towards higher supply.

The potential upside target is S$6.41. Stop-loss could be placed at S$5.84

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S$8.06.

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