

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

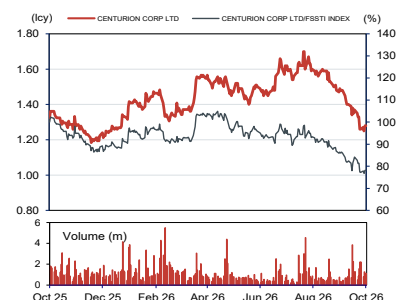
Major Shareholders (%)

Centurion Properties	50.64
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Balance Sheet Metrics

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

Price Chart



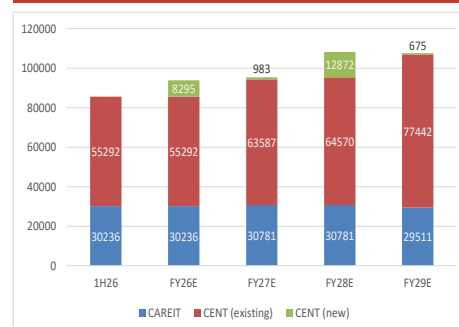
Source: Bloomberg

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 Park in 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



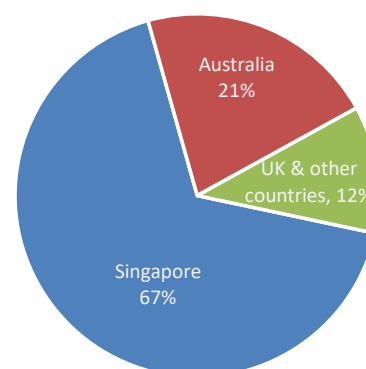
Source: UOB Kay Hian

New Acquisitions YTD 2026

Annnc 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 joint ventures 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 (\$m)	Value/share (\$)
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 assoc)	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

	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 (\$cts/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

Company	Ticker	Rec	Price @ 21-Oct-26 (lcy)	Target Price (lcy)	Market Cap (US\$m)	2025 (x)	2026F (x)	2027F (x)	RNAV (lcy)	P/RNAV (x)	2025 (x)	2026F (x)	2025 Yield (%)	2026F Yield (%)	2025 ROE (%)	2026F ROE (%)	Net Gearing (%)
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 (\$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

Cash Flow

Year to 31 Dec (\$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

Balance Sheet

Year to 31 Dec (\$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

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

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