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Company – Update | Singapore

Thursday, 10 September 2026

Centurion Accommodation REIT (CAREIT SP)

Capacity Growth Largely Completed; Expanded Pipeline In Progress

Highlights

- Westlite Toh Guan and Westlite Mandai added 1,764 and 3,696 beds respectively, after construction was completed in Oct 25 and Jan 26. In total, the two new blocks expanded PBWA bed capacity by 25.7%. CAREIT has also commenced construction of a new block with 540 beds at Westlite Ubi after obtaining provisional planning permission in Feb 26.
- Sponsor Centurion Corporation has secured two 30-year leasehold sites at Kranji Close and Lok Yang Way with planned capacities of 7,000 and 5,000 beds in Aug 26. The sponsor has also acquired a 65% stake in a site at Kim Chuan Lane for development of PBWA, subject to regulatory approvals.
- Regulatory capacity loss has resulted in shortage of PBWA beds. CAREIT provides a DPU yield of 7.3% in 2027F. Maintain BUY. Target price: S$1.39.

Analysis

- **Successfully completed expansion at Toh Guan and Mandai.** Centurion Accommodation REIT (CAREIT) has expanded its worker dormitory capacity through new accommodation blocks at Westlite Toh Guan and Westlite Mandai, adding 1,764 and 3,696 beds respectively, after construction was completed in Oct 25 and Jan 26. It also secured approval to retain 664 existing beds at Toh Guan until 31 Dec 28 and 1,980 existing beds at Mandai until 31 Dec 30, bringing the properties' total capacities to 9,094 and 9,986 beds respectively. These retained beds are additional capacities that would otherwise have been removed under the planned dormitory standards transition. The two new blocks expanded bed capacity by 25.7%.
- **Building a new block at Westlite Ubi.** CAREIT is developing a new six-storey accommodation block at Westlite Ubi, while altering the existing eight-storey block, to add 540 beds. This will increase the dormitory's capacity by about 33% from 1,650 to 2,190 beds. Construction has commenced following provisional planning permission and payment of land premium of S$13.9m in Feb 26. The new block is expected to be operational in 4Q27.
- **Sponsor expanding potential acquisition pipeline.** Sponsor Centurion Corporation is expanding its development pipeline after securing sites for new worker dormitories in Singapore. In Aug 26, it secured two 30-year leasehold sites at Kranji Close and Lok Yang Way for S$343m and S$222m, respectively, with planned capacities of 7,000 and 5,000 beds. Both developments are targeted to be operational in 3Q28, adding a combined 12,000 beds. The sponsor has also acquired a 65% stake in a site at Kim Chuan Lane for potential development of a worker dormitory, subject to regulatory approvals. These projects provide future acquisition opportunities after these assets are completed and stabilised.

Key Financials

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	51	223	255	262
EBITDA	26	138	158	165
Operating profit	26	138	158	165
Net profit (rep./act.)	10	89	125	130
Net profit (adj.)	21	108	125	130
EPU (S$ cent)	1.2	6.3	7.2	7.4
DPU (S$ cent)	1.7	7.2	8.2	8.2
PE (x)	24.9	18.0	15.8	15.3
P/B (x)	1.3	1.3	1.3	1.4
DPU yld (%)	5.7	6.3	7.3	7.3
Net margin (%)	19.1	39.8	48.9	49.7
Net debt/(cash) to equity (%)	19.6	43.4	45.4	46.7
Interest cover (x)	6.6	5.5	5.9	5.9
ROE (%)	n.a.	5.9	8.4	8.8
Consensus DPU (S$ cent)	-	7.0	7.9	8.0
UOBKH/Consensus (x)	-	1.02	1.04	1.02

Source: Centurion Accommodation REIT, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$1.13
Target Price	S$1.39
Upside	23.0%
Previous TP	S$1.55

Stock Data

Sector	Real Estate
Bloomberg ticker	CAREIT SP
Shares issued (m)	1,728.0
Market cap (S$m)	1,952.6
Market cap (US$m)	1,544.2
3-mth avg daily t'over (US$m)	4.1

Price Performance (%)

52-week high/low				S$1.20/S$0.95
1mth	3mth	6mth	1yr	YTD
(2.6)	3.7	6.6	n.a.	1.8

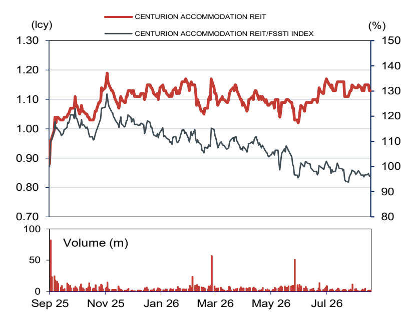
Major Shareholders (%)

Centurion Capital Investment Ltd	38.3
FIL Ltd	8.4

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.87
FY26 Net Debt/Share (S$)	0.38

Price Chart



Source: Bloomberg

Company Description

CAREIT invests in a portfolio of income-producing Living Sector assets, which are used primarily for purpose-built worker accommodation (PBWA), purpose-built student accommodation (PBSA) or other accommodation purposes located globally, excluding Malaysia.

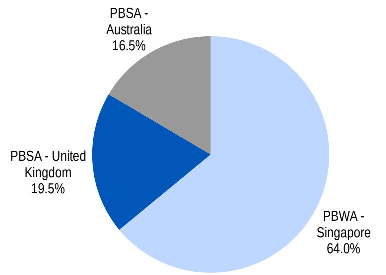
- **Pockets of weakness in Nottingham and Adelaide.** CAREIT has reported healthy PBSA financial occupancy of 99.1% in the UK and 98.0% in Australia in 1H26. We assessed that competition is currently manageable. Nevertheless, CAREIT could encounter pockets of weakness. Dwell Archer House at Nottingham in the UK faces competition from new supply. Dwell East End Adelaide could be affected by the merger of University of Adelaide and University of South Australia to form Adelaide University. Students have reported transition difficulties, including delays to study plans. We expect Adelaide University to eventually resolve these teething integration issues. Nevertheless, we have conservatively factored in a 5% decline in PBSA room rates in 2H26 as CAREIT prioritises maintaining occupancy.
- **1H26 results beat IPO forecast.** CAREIT reported gross revenue of S$108.9m and NPI of S$78.4m for 1H26, exceeding its IPO forecasts by 5.1% and 4.3%, respectively. Performance was supported by higher PBWA rental rates, appreciation of the Australian dollar against the Singapore dollar (+7% yoy) and S$1.1m in additional revenue from expanded capacity at Westlite Toh Guan and Westlite Mandai. Finance costs were 18.8% below forecast at S$12.1m, helping lift DPU to 3.499 S cents – 9.6% above forecast.
- **Demonstrating sequential momentum in 2Q26.** We observed sequential momentum with revenue increasing 7.6% qoq in 2Q26, while NPI rose 8.9% qoq and distributable income increased 9.8% qoq.
- **PBWA assets typically take six months to ramp up.** CAREIT owns 15 properties across Singapore, the UK and Australia, valued at S$2.2b with 30,236 operational beds. PBWA financial occupancy was 92.2%, below the 93.6% forecast, as new capacity was still being absorbed. Committed occupancy was higher at 94.3% in Jun 26. Committed occupancy improved to 99.0% at Toh Guan and 87.2% at Westlite Mandai by Jul 26. PBSA performed above expectations, with financial occupancy of 98.8% (UK: 99.1%, Australia: 98.0%) against a 96.9% forecast. The acquisition of the 732-bed EPIISOD Macquarie Park property in Sydney was completed in Jan 26, with a vendor master lease providing income visibility through Dec 27.
- **CAREIT had low aggregate leverage at 29.9%** as of Jun 26 and has debt headroom of S$380m based on a 40% gearing threshold. It has no debt maturities until 2028. 71.6% of its borrowings were hedged to fixed rates, while interest coverage ratio stood at 5.91x. Management expects 2H26 revenue to exceed prospectus forecasts, supported by PBWA leasing and S$2.9m of additional revenue from the expanded capacity. Growth initiatives include a 540-bed expansion at Westlite Ubi and refurbishment at Dwell Hotwells House in Bristol, the UK.

1H26 Results

Year to 31 Dec (S$m)	1H26	IPO Forecast	% Variance	Remarks
Gross Revenue	50.7	49.0	+3.4	Higher PBWA rental rates, appreciation of Australian dollar
Net Property Income (NPI)	36.1	34.6	+4.1	and S$1.1m of additional revenue from expanded capacity.
Finance Costs	(3.9)	(4.8)	-17.6	Average financing cost at 3.6% in 1H26.
Distributable Income	30.0	28.1	+6.7	
DPU (S cents)	1.739	1.630	+6.7	

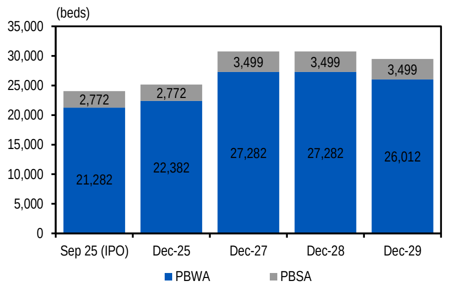
Source: CAREIT, UOB Kay Hian

Portfolio Valuation By Asset Type



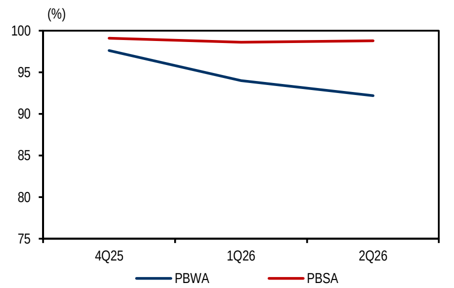
Source: CAREIT

Portfolio Capacity Growth



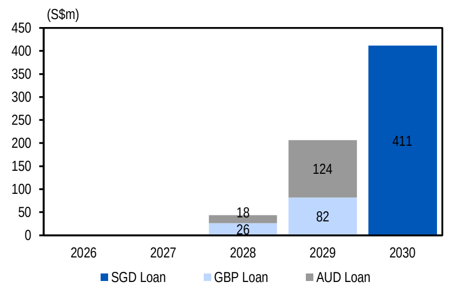
Source: CAREIT

Portfolio Occupancy



Source: CAREIT

Debt Maturity Profile



Source: CAREIT

Valuation/Recommendation

- **Maintain BUY.** Our target price of S$1.39 is based on the dividend discount model (cost of equity: 8.15% (previous: 7.25%), terminal growth: 2.8%).

Earnings Revision/Risk

- We forecast DPU of 7.2 S cents for 2026F and 8.2 S cents for 2027F.

Share Price Catalyst

- Contributions from three new blocks of PBWA at Westlite Toh Guan, Westlite Mandai and Westlite Ubi, and potential acquisitions from sponsor pipeline.

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	50.7	223.4	254.9	261.7
EBITDA	25.9	138.3	158.3	164.7
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	25.9	138.3	158.3	164.7
Total other non-operating income	(11.3)	(19.3)	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(3.9)	(25.0)	(27.0)	(27.9)
Pre-tax profit	10.7	94.0	131.2	136.8
Tax	(1.0)	(5.1)	(6.6)	(6.8)
Minorities	0.0	0.0	0.0	0.0
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	9.7	88.9	124.7	130.0
Net profit (adj.)	20.9	108.2	124.7	130.0

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	1,884.4	2,214.4	2,225.0	2,225.0
Other LT assets	18.5	0.9	0.9	0.9
Cash/ST investment	78.6	53.8	56.8	58.9
Other current assets	18.6	21.5	23.8	24.2
Total assets	2,000.1	2,290.6	2,306.5	2,309.0
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	126.9	83.0	92.8	94.5
LT debt	372.5	705.0	730.0	745.0
Other LT liabilities	4.1	1.5	1.5	1.5
Shareholders' equity	1,496.7	1,501.1	1,482.2	1,468.0
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	2,000.1	2,290.6	2,306.5	2,309.0

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	33.3	71.6	132.2	131.3
Pre-tax profit	9.7	88.9	124.7	130.0
Tax	1.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	104.1	(45.6)	7.5	1.3
Non-cash items	14.8	36.4	19.2	14.5
Other operating cashflows	(96.3)	(8.1)	(19.2)	(14.5)
Investing	(636.6)	(304.9)	(10.6)	0.0
Capex (growth)	(619.4)	(298.9)	(10.6)	0.0
Capex (maintenance)	(0.9)	(6.0)	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	(16.2)	0.0	0.0	0.0
Financing	681.8	208.6	(118.6)	(129.2)
Distribution to unitholders	0.0	(124.0)	(143.6)	(144.2)
Issue of shares	771.1	0.0	0.0	0.0
Proceeds from borrowings	280.0	332.5	25.0	15.0
Loan repayment	(330.3)	0.0	0.0	0.0
Others/interest paid	(38.9)	0.0	0.0	0.0
Net cash inflow (outflow)	78.5	(24.8)	3.0	2.1
Beginning cash & cash equivalent	0.0	78.6	53.8	56.8
Changes due to forex impact	0.1	0.0	0.0	0.0
Ending cash & cash equivalent	78.6	53.8	56.8	58.9

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	51.1	61.9	62.1	62.9
Pre-tax margin	21.1	42.1	51.5	52.3
Net margin	19.1	39.8	48.9	49.7
ROA	n.a.	4.1	5.4	5.6
ROE	n.a.	5.9	8.4	8.8
Growth				
Turnover	n.a.	341.2	14.1	2.7
EBITDA	n.a.	434.8	14.4	4.1
Pre-tax profit	n.a.	778.8	39.6	4.3
Net profit	n.a.	817.3	40.2	4.3
Net profit (adj.)	n.a.	416.6	15.2	4.3
EPU	n.a.	413.9	14.2	3.3
Leverage				
Debt to total capital	19.9	32.0	33.0	33.7
Debt to equity	24.9	47.0	49.2	50.7
Net debt/(cash) to equity	19.6	43.4	45.4	46.7
Interest cover (x)	6.6	5.5	5.9	5.9