UOBKayHian

Strategy | Singapore

Tuesday, 15 September 2026

Strategy

Next Up… The Next 50 Index

Highlights

- The iEdge Singapore Next 50 Index tracks the performance of the next 50 largest companies listed on the SGX Mainboard. We screened the Next 50 component stocks for companies with attractive fundamentals:
- Our top picks for S-REITs are CAREIT (Target: S$1.39), LREIT (Target: S$0.79), NTTDCR (Target: US$1.29) and UIBREIT (Target: S$1.16). Our preferred BUYs include SIE (Target: S$3.75) for the aviation sector and RSTON (Target: S$0.79) and UMSH (Target: S$3.27) for the technology sector. We also like construction play PAN (Target: S$1.88).

What's New

- **Next 50 Index spreads liquidity to a broader spectrum of companies.** The iEdge Singapore Next 50 Index is a benchmark developed by the SGX to track the performance of the next 50 largest companies listed on the SGX Mainboard – those that fall just outside the top 30 by market capitalisation. The index emphasises tradability, liquidity, and replicability, making it suitable for investment products and benchmarking.
- **Screening for the attractive gems with growth potential.** We screened the Next 50 component stocks for companies with attractive fundamentals. Our preferred candidates for outperformance and accumulation are:
- **Centurion Accommodation REIT (CAREIT SP/BUY/Target: S$1.39)**
- **Capacity expansion supports rental income growth.** New blocks at Westlite Toh Guan and Westlite Mandai added 5,460 beds, expanding worker accommodation capacity by 25.7%, with further income contributions expected as occupancy ramps up. Westlite Ubi will add another 540 beds when its new block becomes operational, expected in 4Q27.
- **Growing sponsor pipeline provides acquisition opportunities.** Sponsor Centurion Corporation's planned developments at Kranji Close and Lok Yang Way will add 12,000 beds, targeted for completion in 3Q28, creating potential acquisition opportunities once occupancy stabilised. CAREIT's aggregate leverage of 29.9% and S$380m debt headroom, based on a 40% gearing threshold, provide capacity to pursue acquisitions.
- Regulatory capacity loss resulted in a shortage of PBWA beds. We forecast DPU to increase from 7.2 S cents in 2026 to 8.2 S cents in 2027, implying a DPU yield of 6.4% for 2026F and 7.3% for 2027F. Maintain BUY with target price of S$1.39 based on DDM (COE: 8.15%, terminal growth: 2.8%).

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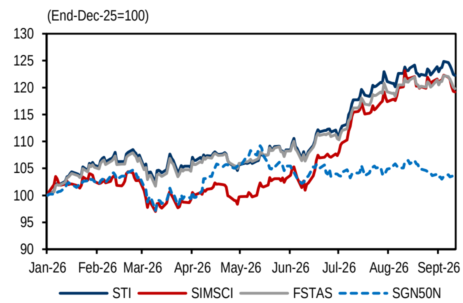
Key Recommendations

Company	Ticker	Rec	Share Price (S$)	Target Price (S$)
Cent Accom REIT	CAREIT SP	BUY	1.12	1.39
Lendlease REIT	LREIT SP	BUY	0.545	0.79
NTT DC REIT USD	NTTDCR SP	BUY	0.925	1.29
UIBREIT	UIBREIT SP	BUY	0.795	1.16
SIA Engineering	SIE SP	BUY	3.10	3.75
UMS	UMSH SP	BUY	2.51	3.27
Riverstone	RSTON SP	BUY	0.81	1.21
Pan United	PAN SP	BUY	1.71	1.88

Source: Bloomberg, UOB Kay Hian

Singapore Indices



Source: Bloomberg

Peer Comparison

Company	Ticker	Rec	Price 12 Sep 26 (S$)	Target Price (S$)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap (S$m)	Price/ NAV (x)	Net Cash / (Debt) (S$m)	Total Debt To Assets (%)
Cent Accom REIT	CAREIT SP	BUY	1.12	1.39	24.1	12/25	24.7	17.9	15.7	6.4	7.2	1,935	1.28	-639	29.9
Lendlease REIT	LREIT SP	BUY	0.545	0.79	45.0	6/26	25.1	18.1	20.1	6.8	3.7	1,813	0.78	-1,637	38.9
NTT DC REIT USD	NTTDCR SP	BUY	0.925	1.29	39.5	3/26	483.0	n.a.	n.a.	8.5	(0.3)	1,215	0.80	-597	29.2
UIBREIT	UIBREIT SP	BUY	0.795	1.16	45.9	3/26	n.a.	14.2	12.9	8.9	6.6	1,087	0.93	-753	37.9
SIA Engineering	SIE SP	BUY	3.10	3.75	21.0	3/26	20.5	20.6	17.6	3.7	9.5	3,472	1.99	559	0.2
UMS Holdings	UMSH SP	BUY	2.51	3.27	30.3	12/25	42.9	31.0	26.4	2.0	16.2	2,229	5.00	39	0.0
Riverstone	RSTON SP	BUY	0.81	1.21	49.4	12/25	18.9	17.7	16.8	6.8	14.8	1,201	2.63	183	0.0
Pan United	PAN SP	BUY	1.71	1.88	9.9	12/25	23.6	18.5	15.8	2.9	21.0	1,196	4.04	65	3.6

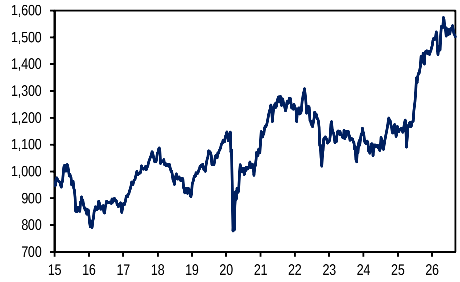
Source: Bloomberg, UOB Kay Hian

- **Lendlease Global Commercial REIT (LREIT SP/BUY/Target: S$0.79)**
- **Strong Singapore retail performance supports rental growth.** LREIT achieved 11.7% rental reversion in FY26 (313@Somerset: Mid-single-digit, Jem: High single-digit and PLQ Mall: High teens). It registered healthy retail committed occupancy of 98.5% and same-store tenant sales growth of 4.0% yoy, excluding PLQ Mall. PLQ Mall's tenant mix improvements and the new music hall beside 313@Somerset are both targeted for completion by Dec 26, providing further rental growth catalysts for 2027.
- **Successfully deleveraged.** Aggregate leverage fell 3.7ppt yoy to 38.9% as of Jun 26, following the Jem office divestment, while average borrowing costs declined 14bp qoq to 2.75%. Reduced reliance on perpetual securities at S$240m in Jun 26, compared with S$320m previously, and lower borrowing costs helped improve interest coverage ratio from 1.6x to 2.1x.
- We forecast a FY27F DPU yield of 6.8%, above 5.1% for CICT and 6.1% for FCT. We maintain BUY with target price of S$0.79 based on DDM (COE: 6.75%, terminal growth: 2.2%).

- **NTT DC REIT (NTTDCR SP/BUY/Target: US$1.29)**
- **Strong leasing momentum supports earnings growth.** Portfolio occupancy by IT load improved 0.8ppt qoq to 95.9% as of Jun 26, driven by expansion leases secured at CA1, CA3 and SG1. Portfolio occupancy would have increased 3.3ppt to 99.2% if we include committed leases that have yet to commence. Majority of these new leases are expected to contribute to revenue starting 3QFY27. Organic income growth is supported by positive rental reversion of 13.4% in 1QFY27 and annual rental escalations averaging 3.1% for 84.7% of leases.
- **Sizeable debt headroom supports potential acquisitions.** Aggregate leverage stood at 31.0% as of Jun 26, which provides US$261m of debt headroom before reaching 40% gearing. NTTDCR has no debt maturities until FY29. Potential acquisitions include 24MW Frankfurt data centre anchored by two US hyperscalers with long WALE of 10 years, which will increase exposure to Tier 1 markets.
- Distributable income exceeded IPO forecast by 10.6% in 1QFY27, supported by lower operating and financing costs. We project FY27 DPU of 7.9 US cents, which provides a DPU yield of 8.5%. We maintain BUY with a target price of US$1.29 based on DDM (COE: 8.7%, terminal growth: 2.5%).

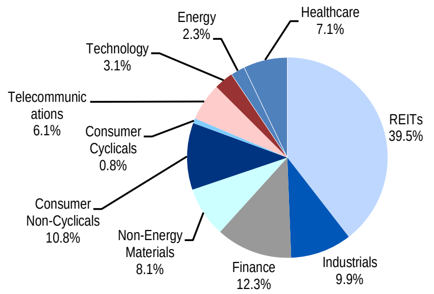
- **UI Boustead REIT (UIBREIT SP/BUY/Target: S$1.16)**
- **Japan portfolio saw a strong turnaround.** Committed occupancy rose from 76.7% to 100.0% as of Jun 26, supported by new leases from logistics, e-commerce and insurance tenants. A global e-commerce player took up 125,000sf and Nippon Express expanded by 100,000sf at UIB Konan Phase 2. UIBREIT also secured a new lease with a major Japanese insurance corporation at Toyo MK Fuso Building. Both UIB Konan Phase 2 in Greater Osaka and Toyo MK Fuso Building in Tokyo reached full occupancy. The long WALE of 7.5 years in Japan provides income visibility.
- **Development projects provide future earnings growth.** UIBREIT's automotive, aerospace & avionics tenants include AUMOVIO, Rolls-Royce Solutions, Safran Helicopter Engines Asia, Safran Electronics & Defence Services Asia and a leading aircraft manufacturer. This segment would expand 3ppt to 22% of gross rental income after the development of a build-to-suit integrated aerospace facility at Seletar Aerospace Park is completed; this is expected to start contributing in 1QFY29. The aerospace facility offers an expected 8.6% yield on cost and a 22.5-year triple-net lease to a global aerospace corporation, with built-in rental escalations of 2-3%.
- We forecast FY28 DPU yield of 8.9%, above peers at 6.4% for CLAR and 7.0% for AAREIT. We maintain BUY with target price of S$1.16 based on DDM (COE: 7.25%, terminal growth: 1.2%).

iEDGE Singapore Next 50 Index



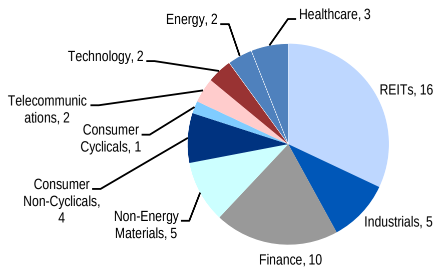
Source: Bloomberg

iEDGE Next 50 Index – Sector Weights



Source: Bloomberg

iEDGE Next 50 Index – Number of Components



Source: Bloomberg

- **SIA Engineering (SIE SP/BUY/Target: S$3.75)**
- **Healthy underlying growth despite expansion costs.** Excluding expansion-related gestation costs at its engine JV, we estimated SIE's 1QFY27 earnings to have grown 10% yoy. EBIT rose 159% yoy to S$13.2m, while Singapore line maintenance volume increased 2.9% yoy.
- **New partnerships and capacity expansion.** The new engine MRO JV with Safran positions SIE to capture rising maintenance demand for LEAP engines and next generation of narrowbody aircraft. Its Malaysian facility's second hangar increases capacity to six concurrent aircraft checks when operations commence in 2HFY27. A non-binding MOU with Air India also opens a potential route into India's growing aircraft maintenance market.
- SIE held S$628m in cash at end-1QFY27, equivalent to about 18% of its market capitalisation. We forecast dividend yields of 3.7% for FY27F, assuming a 75% payout ratio. We maintain BUY with target price of S$3.75 based on 21.2x FY28F PE (historical mean).

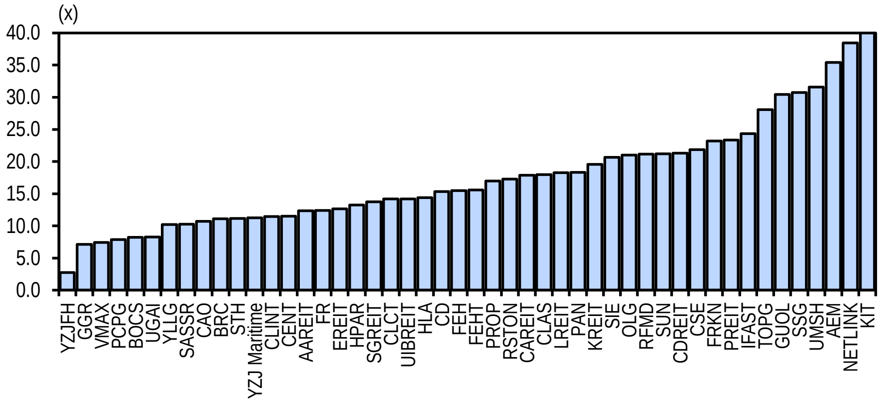
- **Riverstone (RSTON SP/BUY/Target: S$1.21)**
- **AI-related cleanroom demand supports growth and margins.** Riverstone benefits from stronger cleanroom glove demand linked to data centres and memory storage applications. Its shift towards higher-value cleanroom and customised healthcare products, alongside production line upgrades, should support its improved product mix, ASPs and margins.
- **Strong earnings beat prompted substantial upgrades.** 2Q26 net profit rose 45% yoy to RM65.8m, 40% above our expectations. Gross margin expanded 9.2ppt yoy to 36.0%. Thus, we raised its 2026-28 earnings forecasts by 20%, 15% and 10%, respectively.
- Riverstone has cash of RM576m as of Jun 26 and generated RM102m in operating cash flow. It provides a dividend yield of 6.8% for 2026F. We maintain BUY with target price of S$1.21 based on 24x 2027F PE.

- **UMS Holdings (UMSH SP/BUY/Target: S$3.27)**
- **Strong earnings momentum exceeding expectations.** UMS reported 1H26 net profit of S$33m, up 66% yoy, with 2Q26 profit surging 89% yoy to S$19m. Following the earnings beat and stronger customer guidance, we raised its 2026-28 earnings forecasts by 23%, 14% and 14%, respectively.
- **AI-driven equipment demand and new customer programmes.** Both major customers expect robust demand growth in 2026 and 2027. UMS' current performance has yet to capture the full contribution from new manufacturing services undergoing customer qualification. Production expansion for its new major customer is already supporting growth, with 2Q26 semiconductor component sales increasing 37% yoy.
- AI is driving unprecedented growth in demand for compute capacity and semiconductors. Net profit is forecast to grow from S$72m in 2026 to S$97m in 2028, with net margin expanding 2.1ppt yoy to 24.1%. Maintain BUY with target price of S$3.27 based on 30x 2028F PE.

- **Pan United (PAN SP/BUY/Target: S$1.88)**
- **Market leadership provides visible revenue growth.** Pan United's estimated 40% share of Singapore's ready-mix concrete market positions it to benefit from sustained infrastructure and housing investment. Its S$430m of Changi Terminal 5 supply contracts span five years, with contributions expected to become more meaningful from late-26. It also supplies projects across public housing, healthcare and MRT expansions.
- **Strong earnings growth reflects higher volumes and better efficiency.** 1H26 revenue rose 37% yoy to S$549.6m, while net profit increased 49% yoy to S$31.3m, exceeding our expectation. We raised 2026-28 earnings forecasts by 12%, 15% and 15%, respectively due to strong demand for ready-mix concrete and improved operational efficiencies.

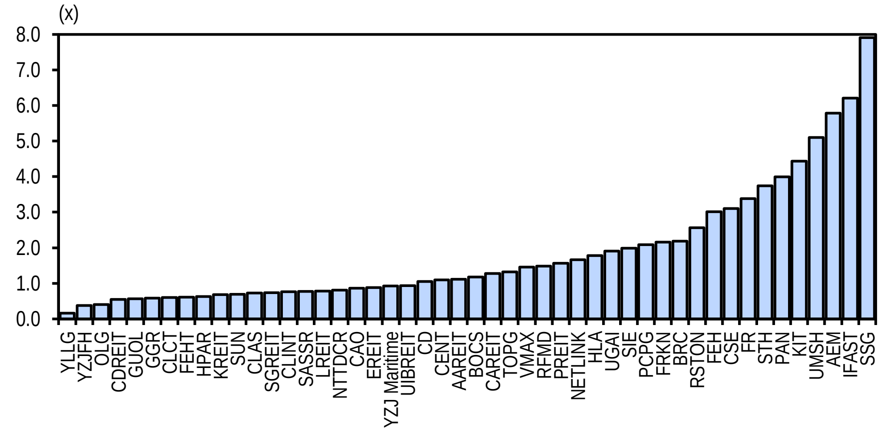
- Pan United increased its interim dividend by 50% to 1.5 S cents per share for 1H26, supported by S$65.2m in net cash. It is expected to achieve ROE of 21% for 2026F. The stock provides a 2.9% dividend yield for 2026F. We maintain BUY with target price of S$1.88 based on 17x 2027 PE, which represents a 30% premium to regional peers.

Ranking By PE (Forward) – Next 50 Component Stocks



Source: Bloomberg, UOB Kay Hian

Ranking By P/B (Current) – Next 50 Component Stocks



Source: Bloomberg, UOB Kay Hian

Peer Comparison – iEdge Singapore Next 50 Index

Company	Ticker	Rec	-------- Price --------		+/-	Last	---------------- PE ----------------			Yield	ROE	Market	Price/	Net Cash	Total Debt
			12 Sep 26	Target	TP %	Year End	2025	2026F	2027F	2026F	2026F	Cap	NAV	/ (Debt)	to Assets
			(S$)	(S$)	(%)		(x)	(x)	(x)	(%)	(%)	(S$m)	(x)	(S$m)	(%)
AVIATION															
SIA Engineering	SIE SP	BUY	3.10	3.75	21.0	3/26	20.5	20.6	17.6	3.7	9.5	3,472	1.99	559	0.2
China Aviation	CAO SP	BUY	1.40	1.88	34.3	12/25	8.3	10.6	8.5	5.1	8.1	1,204	0.85	757	0.0
CONSTRUCTION															
Hong Leong Asia	HLA SP	BUY	2.89	4.70	62.6	12/25	19.2	14.0	13.4	2.5	14.4	2,307	1.73	1,081	9.7
Pan United	PAN SP	BUY	1.71	1.88	9.9	12/25	23.6	18.5	15.8	2.9	21.0	1,196	4.04	65	3.6
BRC Asia	BRC SP	BUY	4.20	5.30	26.2	9/25	12.2	11.1	10.4	5.2	19.5	1,152	2.19	52	15.3
CONSUMER															
Sheng Siong	SSG SP	BUY	3.25	3.71	14.2	12/25	32.7	31.0	29.5	2.3	25.8	4,886	7.99	402	0.0
Olam Group	OLG SP	NR	1.03	n.a.	n.a.	12/25	9.4	21.0	11.0	8.7	n.a.	3,884	0.41	-7,874	37.8
Food Empire	FEH SP	BUY	2.12	3.49	64.6	12/25	29.5	15.0	13.6	4.7	19.2	1,395	2.93	66	3.6
FINANCIAL SERVICES															
iFAST	IFAST SP	BUY	8.89	12.18	37.0	12/25	26.9	23.9	20.3	1.1	25.7	2,725	6.10	119	8.1
ValueMax	VMAX SP	NR	0.995	n.a.	n.a.	12/25	8.9	7.5	6.8	4.6	19.2	943	1.46	-1,028	59.4
YZJ Fin Hldg	YZJFH SP	NR	0.20	n.a.	n.a.	12/25	n.a.	n.a.	n.a.	n.a.	n.a.	695	0.38	575	0.0
CSE Global	CSE SP	BUY	1.20	1.79	49.2	12/25	22.8	21.0	19.1	2.4	14.3	875	2.98	-171	28.6
HEALTHCARE															
Haw Par	HPAR SP	NR	13.51	n.a.	n.a.	12/25	11.3	13.2	12.1	3.3	4.8	2,991	0.63	616	1.1
Raffles Medical	RFMD SP	HOLD	0.84	0.94	11.9	12/25	22.0	21.1	20.1	3.6	5.4	1,541	1.48	262	0.0
INDUSTRIAL															
Kep Infra Trust	KIT SP	NR	0.515	n.a.	n.a.	12/25	33.7	39.6	51.5	7.8	3.4	3,134	4.40	-2,811	53.2
YZJ Maritime	8YZ SP	NR	0.565	n.a.	n.a.	12/25	11.6	11.1	8.7	2.0	6.2	1,971	0.92	308	0.0
LAND TRANSPORT															
ComfortDelGro	CD SP	HOLD	1.28	1.41	10.2	12/25	12.0	15.5	15.4	5.7	6.9	2,772	1.06	-872	26.5
PLANTATION															
FirstRes	FR SP	BUY	4.63	4.57	(1.3)	12/25	15.5	13.3	14.5	4.5	26.7	7,168	3.62	-852	32.1
Golden Agri-Res	GGR SP	NR	0.33	n.a.	n.a.	12/25	7.8	8.1	7.6	3.0	7.5	4,185	0.59	-3,861	29.6
PROPERTY DEVELOPERS															
GuocoLand	GUOL SP	NR	2.24	n.a.	n.a.	6/26	26.6	30.4	12.8	3.6	2.2	2,493	0.57	-3,691	39.1
PropNex	PROP SP	BUY	1.78	2.55	43.3	12/25	18.7	17.0	16.8	5.6	64.7	1,317	10.64	130	0.0
Centurian	CENT SP	BUY	1.51	2.10	39.1	12/25	11.1	11.4	9.9	2.6	8.8	1,270	1.08	-774	29.6
Yanlord	YLLG SP	NR	0.505	n.a.	n.a.	12/25	20.0	2.4	2.3	n.a.	n.a.	975	0.16	-2,603	21.2
Boustead	BOCS SP	NR	1.75	n.a.	n.a.	3/26	3.8	8.1	6.3	3.1	n.a.	883	1.17	295	4.3
REITs															
Keppel REIT	KREIT SP	BUY	0.845	1.05	24.3	12/25	28.3	19.4	19.1	6.4	3.6	4,208	0.68	-4,685	40.0
Suntec REIT	SUN SP	BUY	1.39	1.64	18.0	12/25	19.1	21.0	20.2	5.7	3.1	4,117	0.68	-4,065	43.0
NetLink NBN Trust	NETLINK SP	HOLD	0.96	1.01	5.2	3/26	44.9	38.3	36.6	5.6	4.4	3,741	1.66	-740	25.7
CapLand Ascott	CLAS SP	BUY	0.83	1.03	24.1	12/25	28.0	17.8	17.4	7.4	3.7	3,201	0.72	-2,693	37.7
PLife REIT	PREIT SP	BUY	4.01	4.88	21.7	12/25	24.9	23.3	22.8	4.5	6.6	2,617	1.56	-838	33.7
Cent Accom REIT	CAREIT SP	BUY	1.12	1.39	24.1	12/25	24.7	17.9	15.7	6.4	7.2	1,935	1.28	-639	29.9
Lendlease REIT	LREIT SP	BUY	0.545	0.79	45.0	6/26	25.1	18.1	20.1	6.8	3.7	1,813	0.78	-1,637	38.9
ESR REIT	EREIT SP	NR	2.20	n.a.	n.a.	12/25	11.0	12.6	11.4	10.0	5.9	1,781	0.88	-1,774	35.9
CapLand India Trust	CLINT SP	NR	0.945	n.a.	n.a.	12/25	55.3	11.5	10.7	8.6	5.1	1,407	0.77	-1,362	36.1
Starhill Global REIT	SGREIT SP	NR	0.52	n.a.	n.a.	6/26	14.7	13.6	11.8	7.1	5.4	1,208	0.73	-913	35.6
NTT DC REIT USD	NTTDCR SP	BUY	0.925	1.29	39.5	3/26	483.0	n.a.	n.a.	8.5	(0.3)	1,215	0.80	-597	29.2
AIMS APAC REIT	AAREIT SP	NR	1.43	n.a.	n.a.	3/26	10.3	12.4	11.9	7.0	9.0	1,178	1.12	-515	23.0
Far East HTrust	FEHT SP	BUY	0.54	0.79	46.3	12/25	18.3	15.7	15.3	6.9	3.9	1,112	0.62	-763	32.8
CapLand China Trust	CLCT SP	NR	0.625	n.a.	n.a.	12/25	20.4	14.2	13.9	7.7	4.2	1,098	0.60	-1,509	37.6
UIBREIT	UIBREIT SP	BUY	0.795	1.16	45.9	3/26	n.a.	14.2	12.9	8.9	6.6	1,087	0.93	-753	37.9
CDL Htrust	CDREIT SP	BUY	0.75	1.11	48.0	12/25	122.1	21.3	21.6	7.4	2.4	962	0.55	-1,081	35.3
Sasseur REIT	SASSR SP	NR	0.635	n.a.	n.a.	12/25	11.1	n.a.	n.a.	n.a.	0.0	803	0.77	-79	12.9
TECHNOLOGY															
AEM	AEM SP	BUY	9.18	12.99	41.5	12/25	170.0	33.4	29.3	0.7	16.7	2,933	5.46	57	3.7
UMS Holdings	UMSH SP	BUY	2.51	3.27	30.3	12/25	42.9	31.0	26.4	2.0	16.2	2,229	5.00	39	0.0
Top Glove	TOPG SP	NR	0.255	n.a.	n.a.	8/25	63.8	29.2	29.2	4.7	4.9	2,045	1.37	-171	12.7
Riverstone	RSTON SP	BUY	0.81	1.21	49.4	12/25	18.9	17.7	16.8	6.8	14.8	1,201	2.63	183	0.0
PC Partner	PCPG SP	NR	3.08	n.a.	n.a.	12/25	14.5	7.3	7.1	5.2	30.5	1,195	2.07	257	20.8
Frencken	FRKN SP	BUY	2.38	3.30	38.7	12/25	26.0	22.5	20.9	1.3	9.1	1,127	2.10	69	6.9
TELECOMS															
StarHub	STH SP	HOLD	1.10	1.26	14.5	12/25	24.4	11.2	10.3	7.1	28.8	1,899	3.78	-847	44.4

Note: NR – Not Rated

Source: Bloomberg, UOB Kay Hian