UOBKayHian

Country Daily | Singapore

Thursday, 10 September 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52,380.7	(0.8)	(0.7)	(3.1)	9.0
S&P 500	7,636.4	(0.5)	0.1	(1.6)	11.6
FTSE 100	10,670.1	(1.3)	(0.8)	(2.1)	7.4
AS30	9,102.9	(0.1)	(0.6)	(3.4)	0.9
CSI 300	4,572.6	0.3	0.5	(2.8)	(1.2)
FSSTI	5,729.6	(0.7)	(0.3)	0.5	23.3
HSCEI	8,369.1	(0.3)	(1.0)	(2.9)	(6.1)
HSI	25,275.0	(0.2)	(0.1)	(1.5)	(1.4)
JCI	6,678.2	(0.1)	1.2	4.9	(22.8)
KLCI	1,714.3	(0.0)	0.3	(1.2)	2.0
KOSPI	7,051.6	1.4	7.4	11.9	67.3
Nikkei 225	65,142.8	(0.2)	1.3	(2.7)	29.4
SET	1,617.9	(0.2)	2.7	(0.4)	28.4
TWSE	47,183.4	0.2	2.2	5.0	62.9
BDI	3,584.0	0.3	7.6	16.0	90.9
CPO (RM/mt)	4,681.5	0.5	0.2	3.8	19.0
Brent Crude (US$/bbl)	101.2	3.4	5.8	21.1	66.3

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing by Julia Pan on Greater China Internet Sector	Malaysia	09 Sep	11 Sep
17th Asian Gems Conference 2026 (Virtual)	Singapore	22 Sep	23 Sep
Post-results NDR with Sunny Optical (2382 HK)	Taipei	22 Sep	23 Sep
NDR with Food Empire Holdings Ltd (FEH SP)	Malaysia	08 Oct	08 Oct

Corporate and Macro Calendar

Economic Indicator/Event	Date
6-Month T-Bill Auction	10 Sep
MAS 12-Week Bill Auction	15 Sep
MAS 36-Week Bill Auction	15 Sep
MAS 4-Week Bill Auction	15 Sep

Top Stories

Sector Update | REITs

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- The risk-free rate for our DDM is now based on each country's 10-year government bond yield weighted by the REIT's geographical disposition. Target prices for CICT, FCT, LREIT are relatively unchanged due to their outsized exposure to the home base in Singapore at 93%, 100% and 91% respectively. CLAS' target price is significantly reduced by 27.5% due to its exposure to Australia, UK and the US, while FLT's target price is cut by 27.8% due to exposure to Australia and the UK. Maintain OVERWEIGHT.

Company Update | Centurion Accommodation REIT (CAREIT SP/**BUY**/S$1.13/Target: S$1.39)

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- 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 commenced construction of a new block with 540 beds at Westlite Ubi after obtaining provisional planning permission in Feb 26. Regulatory capacity loss has resulted in a shortage of PBWA beds. CAREIT provides DPU yield of 7.3% in 2027. Maintain BUY. Target price: S$1.39.

Market Spotlight

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- US stocks were lower on Wednesday, with all three major indexes declining as the industrials, consumer discretionary and utilities sectors fell. There were more decliners than advancers on both the NYSE and the Nasdaq.
- The FSSTI fell 37.82pt to 5,729.63, on the back of weakness in DBS, SATS and OCBC Bank, with mid-cap indices falling while small-cap indices rose with a broad market decline on S$1.87b turnover.

Technical Analysis

Hongkong Land (HKL SP)

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- Trading Buy Range: US$8.51-8.52

Food Empire (FEH SP)

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- Trading Sell Range: S$2.20-2.21

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

New Normal Of Higher Bond Yields… Elsewhere

Highlights

- The risk-free rate for our DDM is now based on each country's 10-year government bond yield weighted by the REIT's geographical disposition. Target prices for CICT, FCT, LREIT are relatively unchanged due to their outsized exposure to home base in Singapore at 93%, 100% and 91% respectively. Target price for CLAS was cut severely by 27.5% due to exposures to Australia (10.5%), the UK (11.5%) and the US (18.4%), while FLT was cut by 27.8% due to exposures to Australia (46.8%) and the UK (9.8%).
- Maintain OVERWEIGHT. BUY CICT (Target: S$3.06), MPACT (Target: S$1.71), NTTDCR (Target: US$1.29) and UIBREIT (Target: S$1.16).

Analysis

- **US and Japan weathering fiscal strain.** The US faces persistent budget deficits amounting to 6% of GDP, rising entitlement spending and annual interest costs exceeding US$1t, while government debt is projected to reach 142% of GDP by 2031. Japan has an even heavier debt burden at 233% of GDP in 2026, compounded by rising debt-servicing costs, an ageing population and a shrinking workforce. Expansionary spending and permanent tax cuts could further weaken Japan's finances. Both the US and Japan face deteriorating fiscal sustainability. While not yet in a full-blown fiscal crisis, US treasury and Japan JGB yields are now structurally higher.
- **Conversely, Singapore is recognised for its fiscal austerity and conservatism.** The stable government bond yields in Singapore stand in stark contrast to rising yields in many developed countries, such as the US, the UK, France, Japan and even Germany. Singapore has attracted safe-haven liquidity inflows, especially during periods of crises and uncertainties, reflecting the government's fiscal conservatism and the country's financial and systemic resilience. Singapore's government has persistently generated budget surplus. Recurring net investment return contributions, which averaged S$25.1b over the past five years during 2021-25, accounted for about one-fifth of the government's annual operating expenditure. Singapore's safe-haven status has become even more internationally recognised in recent years.
- **Singapore is an oasis of calm.** Singapore 10-year government bond yield has risen by a smaller 24bp ytd to 2.36%, much more resilient compared to a larger increase of 63bp ytd to 4.80% for US 10-year treasury bonds and 82bp to 2.88% for Japan 10-year JGB.

Analyst(s)

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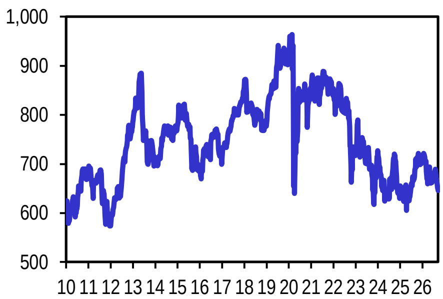
OVERWEIGHT (Maintained)

Sector Picks

Company	Ticker	Rec	Share Price (S$)	Target Price (S$)
CICT	CICT SP	BUY	2.32	3.06
MPACT	MPACT SP	BUY	1.23	1.71
NTTDCR (USD)	NTTDCR SP	BUY	0.945	1.29
UIBREIT	UIBREIT SP	BUY	0.80	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 9 Sep 26	Target Price	Mkt Cap (US$m)	Yield (%) Hist	Yield (%) Curr	Yield (%) Fwd 1Y	Yield (%) Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
CapLand Int Comm Trust	CICT SP	C38U	BUY	S$	2.32	3.06	14,594	5.0	5.0	5.4	5.6	57.8	37.4	1.08
Mapletree Pan Asia	MPACT SP	N2IU	BUY	S$	1.23	1.71	5,143	6.5	6.5	6.6	6.6	63.8	37.7	0.71
NTT DC REIT USD	NTTDCR SP	NTDU	BUY	US$	0.945	1.29	977	8.2	8.4	8.6	8.8	45.5	31.0	0.83
UIBREIT	UIBREIT SP	UIBU	BUY	S$	0.80	1.16	865	n.a.	8.8	8.6	9.0	65.9	36.4	0.94

Source: Bloomberg, UOB Kay Hian

Geographical Breakdown Of AUM

(%)	Singapore	ASEAN	Hong Kong	Mainland China	South Korea	Australia	Japan	UK	Europe	North America	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
CDREIT	62.0	0.0	0.0	0.0	0.0	8.0	2.5	16.7	6.4	0.0	4.4	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
DCREIT	0.0	0.0	0.0	0.0	0.0	0.0	12.0	0.0	33.0	55.0	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

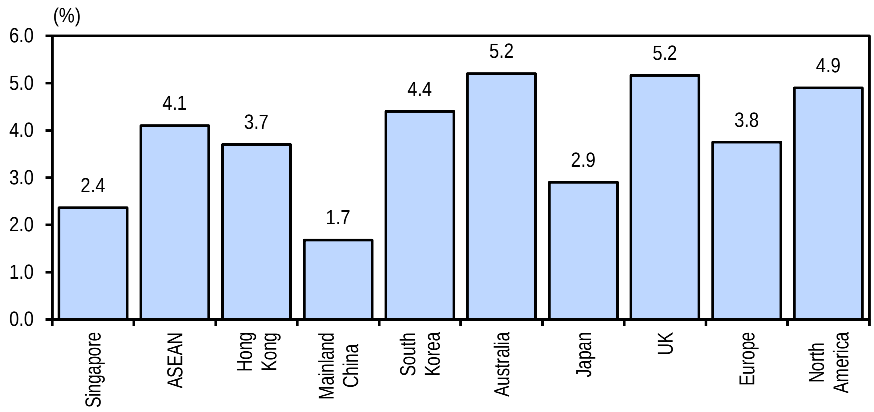
Source: Respectively S-REIT, UOB Kay Hian

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
PREIT	4.08	5.45	4.88	-10.5	19.6	6.0	6.1	2.5	2.6	2.8	2.5
CLAS	0.845	1.42	1.03	-27.5	21.9	6.75	8.15	2.5	3.9	2.5	2.2
CAREIT	1.13	1.55	1.39	-10.3	23.0	7.25	8.15	2.5	3.4	2.5	2.8
FEHT	0.545	0.85	0.79	-7.1	45.0	7.0	6.9	2.5	2.4	2.5	2.0
CLAR	2.35	3.78	3.25	-14.0	38.3	6.5	7.2	2.5	3.2	2.2	2.2
KDCREIT	2.18	2.99	2.77	-7.4	27.1	6.5	6.8	2.5	2.8	2.8	2.8
MINT	1.93	2.07	1.74	-15.9	-9.8	7.25	8.35	2.5	3.6	1.5	1.5
MLT	1.14	1.29	1.15	-10.9	0.9	6.75	7.35	2.5	3.1	1.5	1.5
NTTDCR USD	0.945	1.31	1.29	-1.5	36.5	8.6	8.7	4.1	4.2	2.5	2.5
UIBREIT	0.8	1.16	1.16	0.0	45.0	7.45	7.45	2.5	2.5	1.2	1.2
KREIT	0.855	1.13	1.05	-7.1	22.8	6.25	6.65	2.5	2.9	1.8	1.8
FCT	2.11	2.99	2.93	-2.0	38.9	6.5	6.4	2.5	2.4	2.2	2.0
LREIT	0.555	0.79	0.79	0.0	42.3	6.75	6.75	2.5	2.5	2.2	2.2
CICT	2.32	3.06	3.06	0.0	31.9	6.25	6.25	2.5	2.5	2.2	2.2
FLT	0.91	1.33	0.96	-27.8	5.5	6.75	8.4	2.5	4.4	2.5	2.5
MPACT	1.23	1.75	1.71	-2.3	39.0	6.5	6.6	2.5	2.6	2.0	2.0
SUN	1.42	1.75	1.64	-6.3	15.5	6.25	6.75	2.5	3.0	1.8	2.0

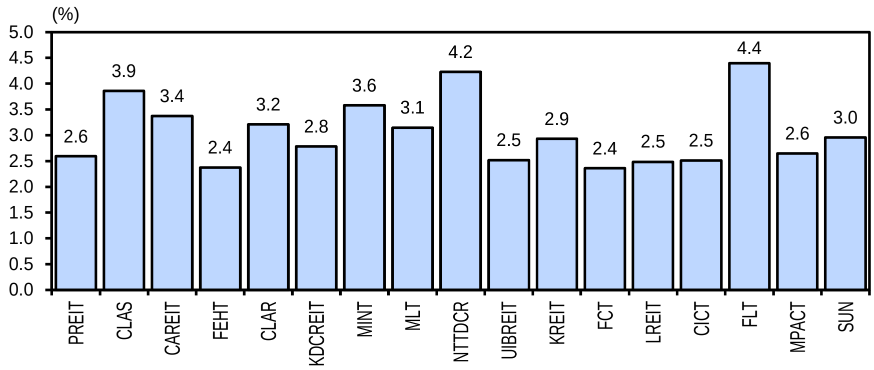
Source: UOB Kay Hian

10-year Government Bond Yields



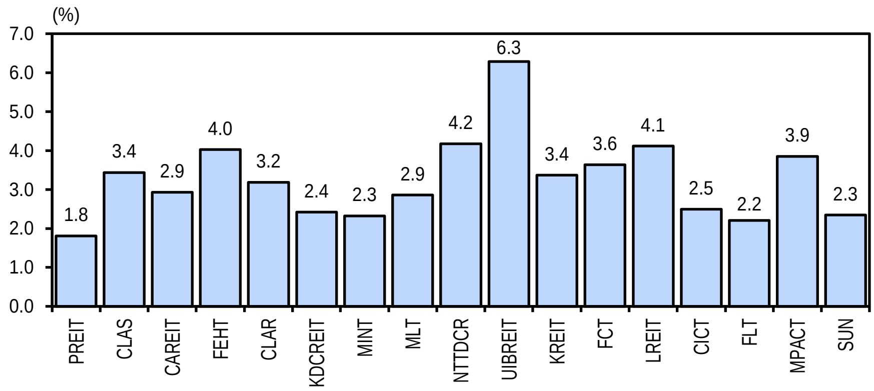
Source: Bloomberg, UOB Kay Hian

Risk-free Rate Weighted By Geographical Disposition



Source: UOB Kay Hian

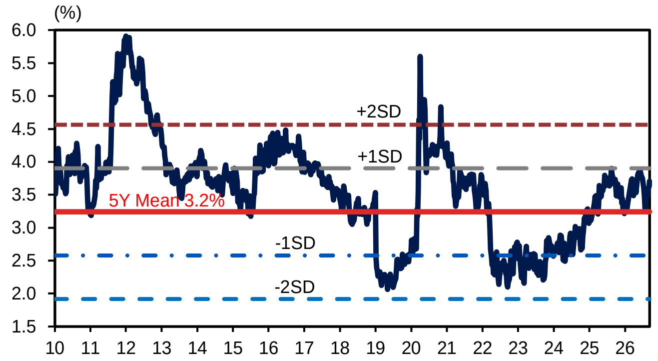
Yield Spread Above Reformulated Risk-free Rate



Source: UOB Kay Hian

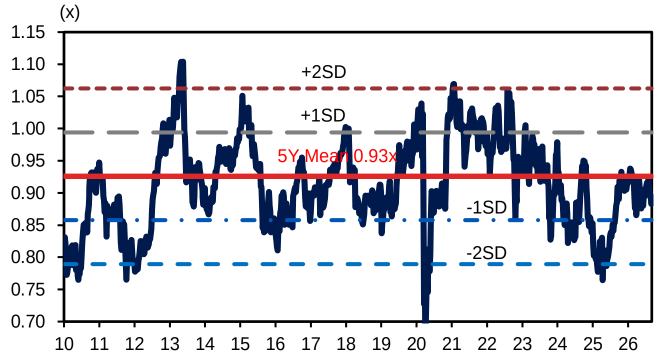
- **Refinement of methodology for valuing S-REITs.** The risk-free rate for our Dividend Discount Model (DDM) is now based on each country's 10-year government bond yield weighted by the REIT's geographical disposition. 10-year government bond yields are relatively lower at 2.4% in Singapore, 1.7% in China and 2.9% in Japan. Conversely, they are quite elevated at 5.2% in Australia and the UK and 4.9% in the US. Thus, S-REITs with sizeable exposure to Singapore, China and Japan would be less affected, while S-REITs with large exposure to Australia, the UK and the US would be the most affected.
- **The winners.** Target prices for CICT, FCT, LREIT are relatively unchanged due to their outsized exposure to home base in Singapore at 93%, 100% and 91% respectively. Target prices for UIBREIT and MPACT are also less affected. UIBREIT's overseas exposure is centred in Japan (29%). MPACT has exposure to Hong Kong (22%), China (9%) and Japan (6%). These S-REITs benefits from resiliency and low interest rates in Singapore.
- **The losers.** Target prices for CLAS and FLT were reduced most severely by 27.5% and 27.8% respectively. CLAS has sizeable exposure to Australia (10.5%), the UK (11.5%) and the US (18.4%). FLT has large exposure to Australia (46.8%) and the UK (9.8%). Target prices for MINT and MLT were reduced by 15.9% and 10.9% respectively. MINT has a large portfolio of data centres in the US (46.5%). MLT has logistics properties in Australia (7.7%), Malaysia (8.7%) and South Korea (7.4%).
- **Maintain OVERWEIGHT.** An influx of safe-haven liquidity and low domestic interest rates have led to a record volume of transaction for commercial properties, encompassing office and retail properties. 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. Thus, S-REITs are likely to be more defensive and resilient. BUY CICT (Target: S$3.06), MPACT (Target: S$1.71), NTTDCR (Target: US$1.29) and UIBREIT (Target: S$1.16).

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 9 Sep 26	Target Price	Mkt Cap (US$m)	------------ Yield (%) ------------ Hist	Curr	Fwd 1Y	Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
HEALTHCARE														
First REIT	FIRT SP	AW9U	NR	S$	0.21	n.a.	353	10.3	9.3	8.6	n.a.	96.3	45.7	0.91
PLife REIT	PREIT SP	C2PU	BUY	S$	4.08	4.88	2,106	3.7	4.4	4.5	4.5	53.4	33.7	1.59
HOSPITALITY														
CapLand Ascott	CLAS SP	HMN	BUY	S$	0.845	1.03	2,577	7.2	7.3	7.5	7.5	71.4	37.7	0.74
CDL HTrust	CDREIT SP	J85	BUY	S$	0.75	1.11	761	6.4	7.4	7.3	7.4	66.4	35.3	0.55
Cent Accom REIT	CAREIT SP	8C8U	BUY	S$	1.13	1.39	1,544	5.7	6.3	7.3	7.3	43.8	29.9	1.29
Far East HTrust	FEHT SP	Q5T	BUY	S$	0.545	0.79	888	6.8	6.4	6.8	7.0	42.6	32.8	0.62
INDUSTRIAL														
AIMS APAC REIT	AAREIT SP	O5RU	NR	S$	1.44	n.a.	938	6.8	6.9	7.6	8.0	54.5	24.9	1.13
CapLand Ascendas	CLAR SP	A17U	BUY	S$	2.35	3.25	9,283	6.4	6.4	7.0	7.3	72.8	39.7	1.03
Daiwa Hse Log Trust	DHLT SP	DHLU	NR	S$	0.40	n.a.	222	10.8	n.a.	n.a.	n.a.	78.9	40.1	0.64
Digi Core REIT USD	DCREIT SP	DCRU	BUY	US$	0.495	0.93	632	7.3	7.0	8.3	8.3	67.9	39.2	0.63
ESR-REIT	EREIT SP	9A4U	NR	S$	2.21	n.a.	1,415	9.9	10.0	9.8	10.0	99.2	41.4	0.88
Keppel DC REIT	KDCREIT SP	AJBU	BUY	S$	2.18	2.77	4,220	4.8	5.2	5.3	5.4	54.3	34.0	1.26
Mapletree Ind Trust	MINT SP	ME8U	SELL	S$	1.93	1.74	4,359	6.6	5.9	6.1	6.4	66.3	37.5	1.19
Mapletree Log Trust	MLT SP	M44U	HOLD	S$	1.14	1.15	4,633	6.4	6.0	6.1	6.1	85.2	40.5	0.91
NTT DC REIT USD	NTTDCR SP	NTDU	BUY	US$	0.945	1.29	977	8.2	8.4	8.6	8.8	45.5	31.0	0.83
UIBREIT	UIBREIT SP	UIBU	BUY	S$	0.80	1.16	865	n.a.	8.8	8.6	9.0	65.9	36.4	0.94
OFFICE														
Keppel REIT	KREIT SP	K71U	BUY	S$	0.855	1.05	3,367	6.1	6.3	6.3	6.1	78.2	40.0	0.69
RETAIL														
Frasers Centrepoint	FCT SP	J69U	BUY	S$	2.11	2.93	3,403	5.7	6.0	6.2	6.4	58.3	40.4	0.94
Lendlease REIT	LREIT SP	JYEU	BUY	S$	0.555	0.79	1,368	6.7	6.6	6.7	6.7	73.0	38.9	0.79
Starhill Global	SGREIT SP	P40U	NR	S$	0.525	n.a.	964	7.0	7.1	7.2	7.5	61.6	35.8	0.74
DIVERSIFIED														
CapLand China Trust	CLCT SP	AU8U	NR	S$	0.625	n.a.	868	7.7	7.6	7.7	8.0	94.8	40.4	0.60
CapLand Int Comm Trust	CICT SP	C38U	BUY	S$	2.32	3.06	14,594	5.0	5.0	5.4	5.6	57.8	37.4	1.08
Frasers L&C Trust	FLT SP	BUOU	BUY	S$	0.91	0.96	2,741	6.5	6.6	6.5	6.5	58.7	35.4	0.81
Mapletree Pan Asia	MPACT SP	N2IU	BUY	S$	1.23	1.71	5,143	6.5	6.5	6.6	6.6	63.8	37.7	0.71
OUE REIT	OUEREIT SP	TS0U	NR	S$	0.355	n.a.	1,554	6.3	6.8	7.0	7.2	79.1	41.5	0.64
Suntec REIT	SUN SP	T82U	BUY	S$	1.42	1.64	3,326	5.0	5.3	5.6	5.5	70.8	43.0	0.70
INTERNATIONAL (US / EUROPE)														
Stoneweg EU Trust EUR	SERT SP	SEB	NR	€	1.54	n.a.	995	8.7	8.6	8.8	9.4	93.2	43.6	0.76
Elite UK REIT GBP	ELITE SP	MXNU	BUY	£	0.31	0.39	278	9.8	9.7	9.6	10.0	58.1	34.8	0.71
IREIT Global	IREIT SP	UD1U	NR	S$	0.215	n.a.	229	7.5	6.8	6.8	6.8	94.9	45.5	0.46
KORE REIT USD	KORE SP	CMOU	BUY	US$	0.174	0.25	182	1.4	4.9	8.7	13.1	82.9	43.3	0.25
Prime US REIT USD	PRIME SP	OXMU	BUY	US$	0.143	0.21	206	4.3	11.5	12.9	12.5	87.5	44.9	0.27
Utd Hampshire REIT USD	UHU SP	ODBU	BUY	US$	0.485	0.69	295	9.1	9.5	10.2	10.4	73.8	40.4	0.67

Source: Bloomberg, UOB Kay Hian

Centurion Accommodation REIT (CAREIT SP)

Capacity Growth Largely Completed; Expanded Pipeline In Progress

Analyst(s)

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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

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

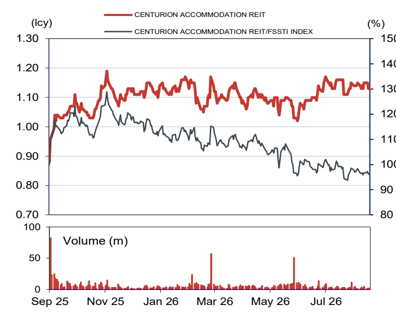
Major Shareholders (%)

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

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%).

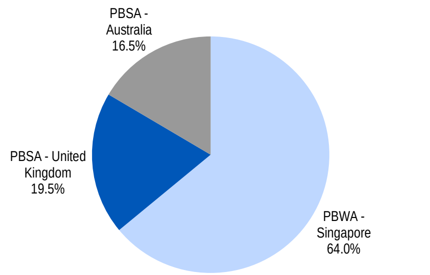
Earnings Revision/Risk

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

Share Price Catalyst

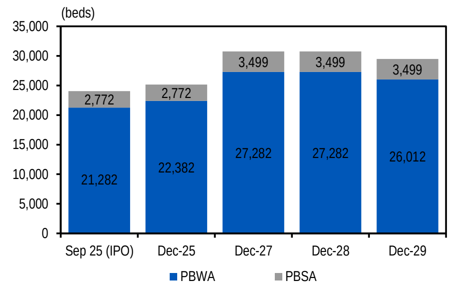
- Contributions from three new blocks of PBWA at Westlite Toh Guan, Westlite Mandai and Westlite Ubi, and potential acquisitions from sponsor pipeline.

Portfolio Valuation By Asset Type



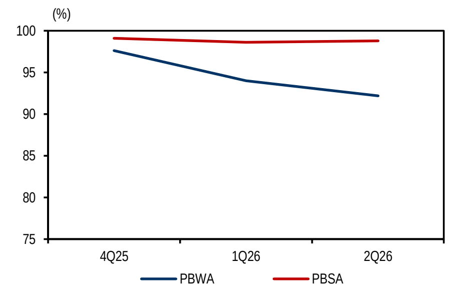
Source: CAREIT

Portfolio Capacity Growth



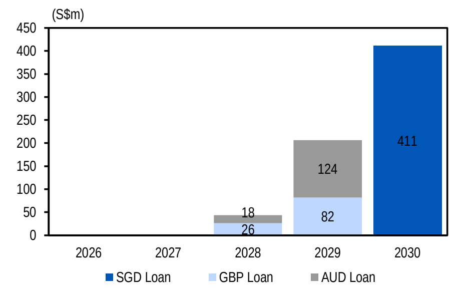
Source: CAREIT

Portfolio Occupancy



Source: CAREIT

Debt Maturity Profile



Source: CAREIT

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

Market News

US stocks were lower on Wednesday, as the industrials, consumer discretionary and utilities sectors led shares lower. At the close of the NYSE, the Dow Jones fell 0.77% while the S&P 500 index was down 0.48%, and the NASDAQ Composite index slid 0.64%. Falling stocks outnumbered advancing ones on the NYSE by 2,069 to 690 and 83 ended unchanged; on the Nasdaq Stock Exchange, 3,657 declined and 1,263 advanced, while 166 ended unchanged.

During the last trading session, the FSSTI fell 37.82pt to 5,729.63. Among the top active stocks were Singtel (+0.4%), DBS (-0.8%), OCBC Bank (-1.1%), Riverstone (+0.6%) and SATS (-1.5%). The FTSE ST Mid Cap Index fell 0.3%, while the FTSE ST Small Cap Index gained 0.2%. The broader market had 235 gainers and 297 losers with a total trading value of S$1.87b.

Technical Analysis

Analyst(s)

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Hongkong Land (HKL SP)

Trading buy range:	US$8.51-8.52
Last price:	US$8.54
Target price:	US$9.13
Protective stop:	US$8.26

Price indicates a potential bull flag continuation pattern following a sharp upward impulse leg. It is currently testing its overhead resistance zone. The RSI remains positioned above its neutral 50-midline. The path-of-least-resistance dynamics favour an upside breakout, where a decisive penetration above the overhead high will unlock higher targets.

The potential upside target is US$9.13. Stop-loss could be placed at US$8.26.

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

Food Empire (FEH SP)

Trading sell range:	S$2.20-2.21
Last price:	S$2.20
Target price:	S$1.92
Protective stop:	S$2.29

Price remains trading below its support-turned-resistance zone, maintaining an intact downside framework. The RSI remains positioned below its neutral 50-midline to signal continuous seller control. As long as counter-trend rallies remain capped beneath this resistance barrier, path-of-least-resistance dynamics favour a further downside drift towards lower support targets.

The potential downside target is S$1.92. Stop-loss could be placed at S$2.29.

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$3.49.