

Media Coverage

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OCBC's Lim raises her fair value for Boustead Singapore to \$2.45

Ada Lim of OCBC Group Research has raised her fair value for Boustead Singapore after it received the nod from SGX to list its REIT spin off, the UI Boustead REIT.

According to Boustead Singapore on Feb 10, it is expecting total proceeds of \$258.7 million from the IPO.

The company will fund its subscription in UIBREIT's IPO units with \$202.8 million from the divestment consideration, with the remainder being earmarked for related costs and working capital.

In a separate but related announcement, Metro Holdings says it has divested its 26% interest in the Boustead Industrial Fund (BIF), whose portfolio will be divested to UIBREIT.

Lim observes that Centurion Corp's share price corrected after the preliminary prospectus for the Centurion Accommodation REIT was lodged last September.

However, Centurion Corp continues to trade at levels above that in Jan 2025, which was around the time when the company first announced that it was once again exploring a REIT listing.

"History doesn't repeat itself, but it often rhymes," says Lim, suggesting that Boustead's spin off may see something similar.

"We think Boustead Singapore's value unlocking story is particularly attractive to investors at a time when they are looking for small/mid-cap companies with quality fundamentals that will benefit from the \$5 billion Equity Market Development Programme (EQDP)," she adds.

She acknowledges that Boustead Singapore's valuations are now "elevated" relative to its historical average. There are also risks of a potential correction post-listing of the REIT.

Nonetheless, Lim sees further room for share price performance in the medium term.

"We also caution that a high level of anticipation has been baked into Boustead Singapore's current share price; consequently, a key downside risk is if the IPO fails to materialise – though the chances of this are slim, in our view," says Lim.

With Boustead Singapore trading at above \$2.02, which was Lim's last fair value, she has reviewed her assumptions and raised her fair value to \$2.45.

Besides rolling forward her FY2027 ending March 2027 forecasts, Lim has also reduced her discount to net asset value (NAV) from the company's real estate division from 25% to 15%, and halve her small/mid-cap discount to 2.5%.

Boustead Singapore shares changed hands at \$2.16, down 0.92%, as at 4.10 pm. It is up 111.76% in the past year.