



Centurion Corporation Limited

2Q and 1H 2018 Financial Results

7 August 2018



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Key Performance Highlights

- **1H 2018** revenue declined **15%** to **S\$60.5** million mainly due to the expiry of the lease on Westlite Tuas in Singapore which ceased operations in December 2017, partly offset by better performance in workers accommodation in Malaysia and ASPRI-Westlite Papan.
 - Net profit from core business operations was a reduction of **24%** to **S\$21.6** million for **1H 2018**.
 - **Excluding revenues from Tuas**, 1H 2018 revenue and net profit from core business operations was an improvement of **2%** or **S\$1.4** million and a slight decline of **S\$0.4** million respectively.
-

Key Business Highlights

- Acquired a premium-built 127-bed freehold asset at 121 Princess Street¹ in central Manchester, United Kingdom (UK) for £18.7 million² to deepen our presence in UK and expand our student accommodation offering.
 - ❖ Asset is within walking distance from the Oxford Road knowledge corridor, where University of Manchester and Manchester Metropolitan University are located.
 - ❖ **Strengthen our UK portfolio in the third fastest growing city, Manchester.**

Note:

1. Acquisition of Princess Street was completed on 16 Jul 2018, bringing total UK portfolio capacity to 9 assets and 2,543 beds.
2. Excludes related taxes, capital expenditure and acquisition costs



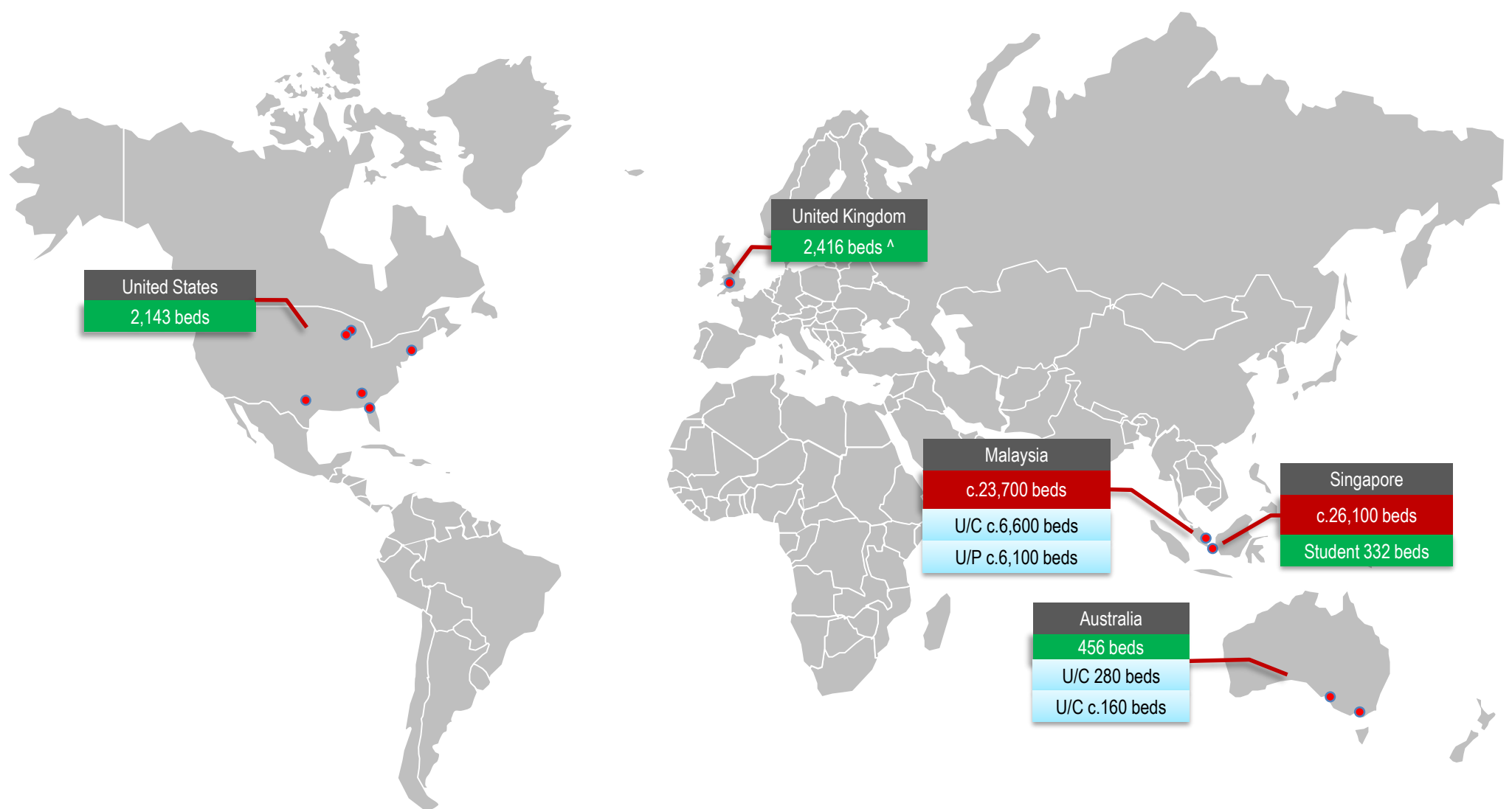
Latest Corporate Development

SINGAPORE CORPORATE AWARDS 2018

- Centurion's Third Consecutive year of award winnings at SCAs
- Best Managed Board Award
 - Gold Winner (Mid-cap Category)
- Best Investor Relations Award
 - Gold Winner (Mid-cap Category)

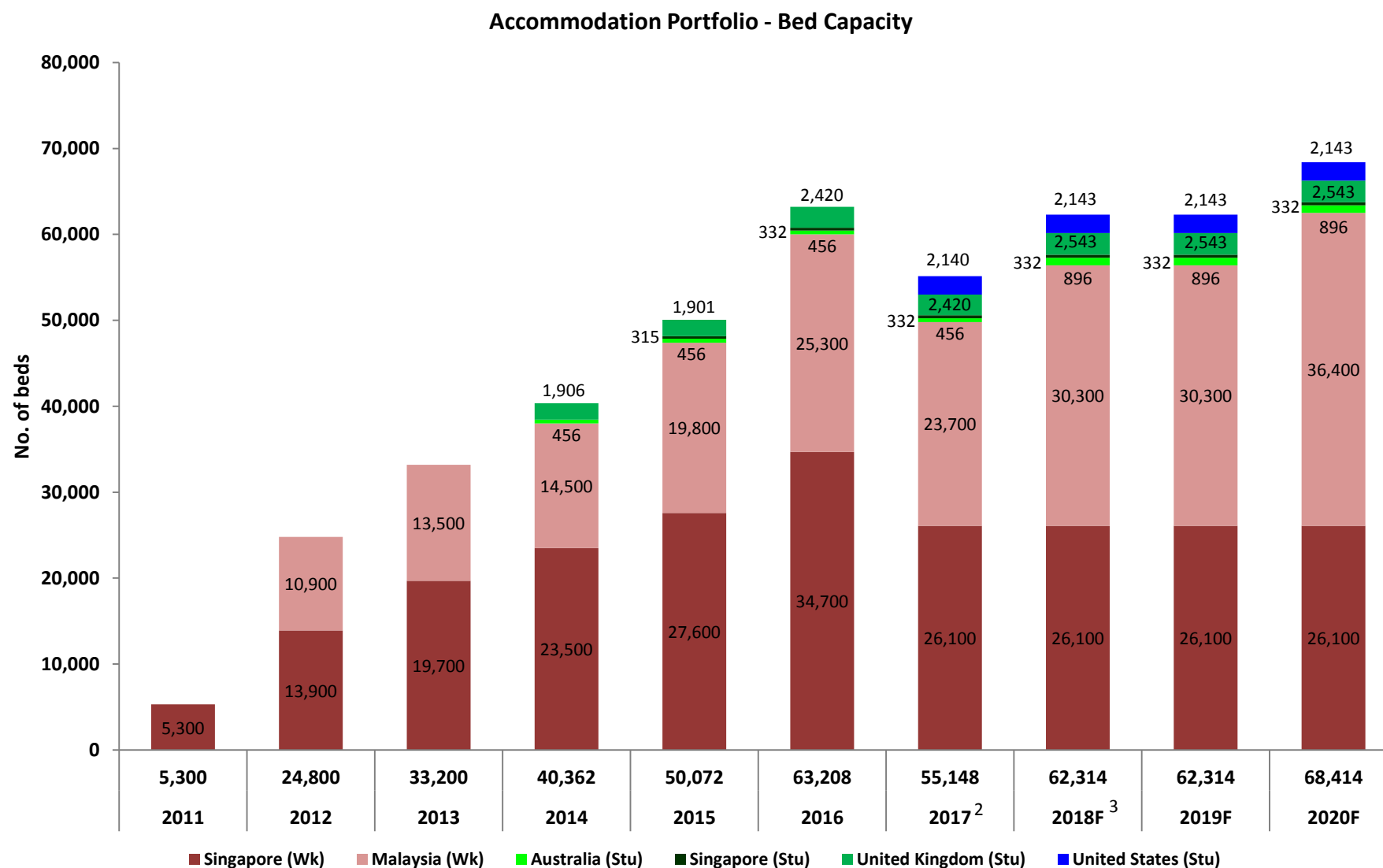


Our Geographical Presence



Note:
1. Acquisition of 127-bed Princess Street was completed on 16 Jul 2018, bringing total UK portfolio capacity to 2,543 beds.

Accommodation Growth Profile¹



Note:

1. Based on developments at existing facilities that are already owned by Centurion Corp.

2. Excludes Westlite Tuas as land lease had expired as of January 2018.

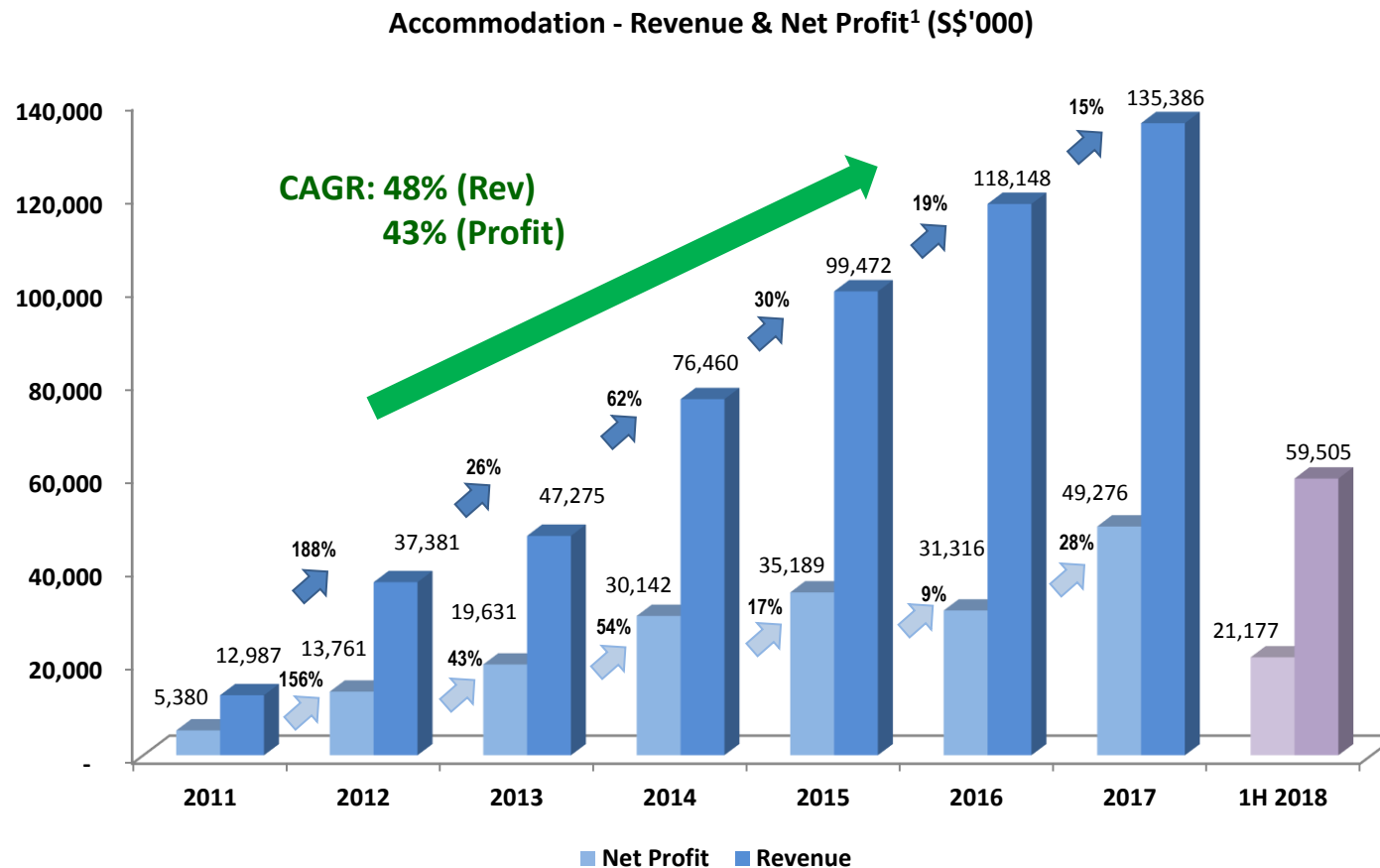
3. Includes 127-bed dwell Princess Street following completion of acquisition on 16 Jul 2018 that brings total UK portfolio capacity to 2,543 beds.



Financial Review



Strong Financial Growth of Accommodation Business



Note:

1. From core business operations

Key Financial Highlights

REVENUE (1H 2018:-15%,-S\$10.8 mil | 2Q 2018:-14%, -S\$4.9 mil)

- Lower revenue mainly due to Westlite Tuas in Singapore having ceased operations in December 2017 as a result of the expiry of its land lease, partly offset by better performance in workers accommodation in Malaysia and ASPRI-Westlite Papan.

NET PROFIT¹ (1H 2018:-24%, -S\$7.0 mil | 2Q 2018:-26%, -S\$4.0 mil)

- Lower Net Profit¹ in 2Q 2018 largely due to loss of revenue from Westlite Tuas which ceased operations in December 2017 because of the expiry of its land lease, as well as higher finance cost due to the issuance of Multicurrency Medium Term Notes (“MTN”) Series 3 of S\$85 million in April 2017.

Excluding revenue contribution from Westlite Tuas

- **Revenue** (1H 2018:+2%,+S\$1.4 mil | 2Q 2018:+2%, +S\$0.6 mil) on organic growth at our workers and student accommodation assets which grew by **2% and 3% for 1H 2018** and by **2% and 1% for 2Q 2018** respectively.
- **Net Profit¹** (1H2018:-2%, -S\$0.4 mil | 2Q 2018: -3%, -S\$0.3 mil) largely due to higher administration expenses incurred in anticipation of the expansion of business operations.

Note:

1. Net Profit = Profit from core business operations

Financial Overview

Group Net Profit¹ decreased by 24% to S\$21.6m in 1H 2018

S\$'000	2Q 2018	2Q 2017	Change	1H 2018	1H 2017	Change
Revenue	30,374	35,248	- 14%	60,476	71,269	- 15%
Net Profit ¹	11,063	15,050	- 26%	21,552	28,502	- 24%
Net Profit (Equity holders) ²	9,767	13,673	- 29%	18,896	26,115	- 28%
Net Profit Margin ¹	36%	43%	- 7pp	36%	40%	- 4pp

- Reduction in revenue – mainly due to the cessation of operations at Westlite Tuas in Singapore in December 2017 arising from the expiry of its land lease.
- Net profit declined mainly due to the decrease in revenue, higher finance cost largely due to the issuance of the Multicurrency Medium Term Notes (“MTN”) Series 3 of S\$85 million in April 2017 and higher administrative expenses in line with the Group’s expanding business operations.

Note:

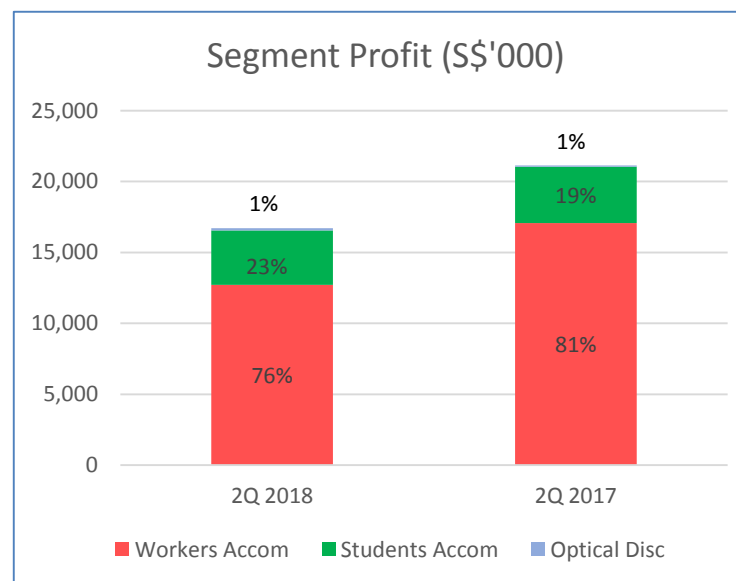
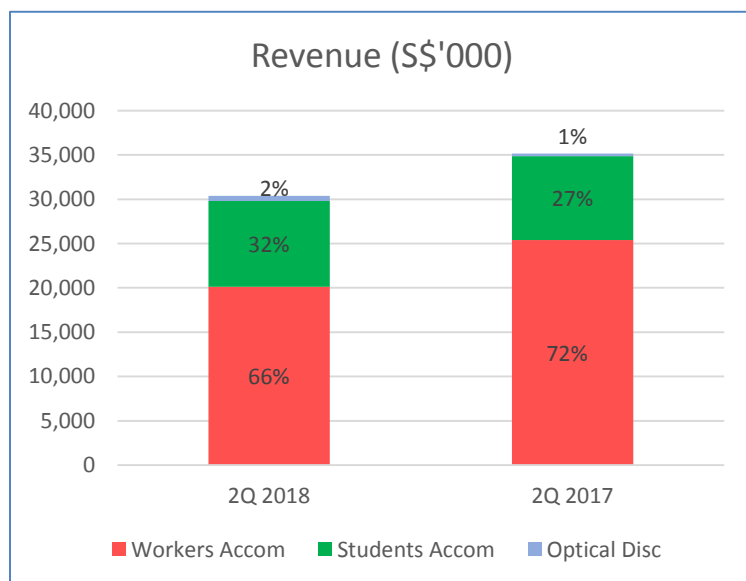
1. Net Profit and Net Profit Margin arising from Profit from core business operations

2. Net Profit (Equity holders) = Profit from core business operations attributable to equity holders, which excludes the 49% interest in ASPRI-Westlite and 40% of USA portfolio not controlled by the Group.

Segment Breakdown

Strong Accommodation Business Results in 2Q 2018

S\$'000	Accommodation						Optical Disc		
	Workers			Students					
	2Q 2018	2Q 2017	Change	2Q 2018	2Q 2017	Change	2Q 2018	2Q 2017	Change
Revenue	20,106	25,414	-21%	9,693	9,445	3%	575	309	86%
Segment Profit	12,708	17,064	-26%	3,848	3,993	-4%	158	86	84%
Segment Margin	63%	67%	-4pp	40%	42%	-2pp	27%	28%	-1pp

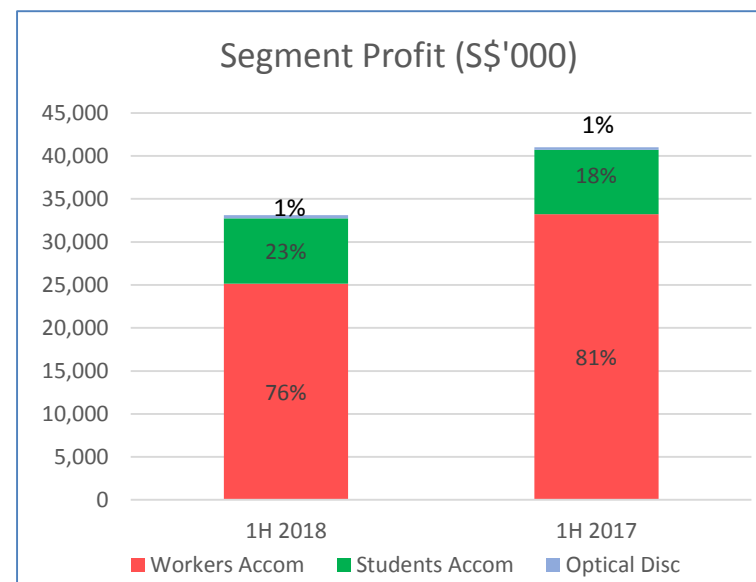
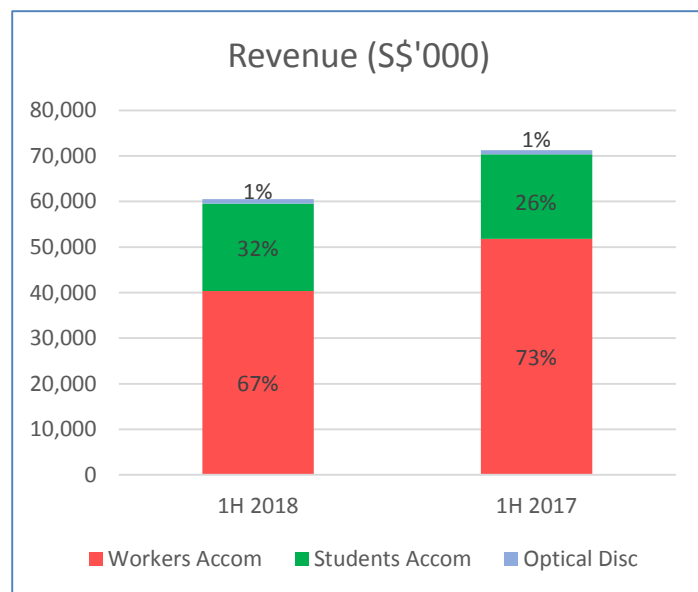


* Segment Profit from core business operations

Segment Breakdown

Strong Accommodation Business Results in 1H 2018

S\$'000	Accommodation						Optical Disc		
	Workers			Students					
	1H 2018	1H 2017	Change	1H 2018	1H 2017	Change	1H 2018	1H 2017	Change
Revenue	40,351	51,812	-22%	19,154	18,536	3%	971	921	5%
Segment Profit	25,158	33,211	-24%	7,572	7,514	1%	395	302	31%
Segment Margin	62%	64%	-2pp	40%	41%	-1pp	41%	33%	8pp



Balance Sheet Highlights

S\$'000	30 Jun 2018	31 Dec 2017	Change %
Cash & Bank Balances	56,960	75,765	- 25%
Current Assets	85,017	113,315	- 25%
Non Current Assets	1,099,927	1,075,676	+ 2%
Total Assets	1,184,944	1,188,991	- 0.3%
Current Liabilities	156,344	163,608	- 4%
Non Current Liabilities	544,786	549,650	- 0.9%
Total Liabilities	701,130	713,258	- 2%
Net Assets	483,814	475,733	+ 2%
Net Gearing Ratio ¹	52%	51%	+ 1pp

- Healthy Balance Sheet – S\$57.0 million in cash and bank balances
- Cash and bank balances – mainly from net cash generated by operating activities S\$27.2m. S\$20.8m and S\$25.1m was used for investing and financing activities respectively.
- Net current liability of S\$71.3m due to the reclassification of MTN of S\$64.8m which is maturing in July 2018, from long term borrowings to short term borrowings. Sufficient cash resources and banking facilities (both in aggregate of approximately S\$225.1m) to meet the financing needs of the maturing MTN and its current liabilities.
- Net gearing increased by 1pp to 52%.
- Average long term bank debt maturity profile of 10 years
- Interest cover is well within interest cover threshold
 - 3.4 times (5.3 times excluding MTN interest and bank facility fees)

Note:

1. The net gearing ratio is computed as borrowings less cash and bank balances divided by total capital. Total capital is calculated as borrowings plus net assets of the Group.

Key Ratios

	1H 2018	FY 2017
Earnings Per Share	2.25¢ ¹	5.8¢ ¹
NAV per share	55.7¢	55.1¢
Share Price	43.5¢ ³	52.5¢ ²
Dividend	1.0¢	2.5¢ ⁴
Market Capitalisation	S\$366m ⁶	S\$441m ⁵

Interim Dividend of **1.0 Singapore cent** per ordinary share was declared for 1H 2018
(Equivalent to **5.73 Hong Kong cents** per ordinary share)

Dividend payout ratio @ 44%

Payment date: 4 Sep 2018

Record Time & Date: 5pm on 23 Aug 2018

Note:

1. Excluding one-off items.
2. As at 29 December 2017.
3. As at 29 June 2018.
4. Paid an interim dividend of 1.0 cent per share and a total final and special dividend of 1.5 cent per share for FY 2017
5. As at 31 December 2017.
6. As at 30 June 2018



Business Review





Purpose Built Workers Accommodation



Workers Accommodation

- **4** operating assets with capacity of c.**26,100** beds
 - Assets in good locations, meeting regulatory requirements for facilities and amenities
- On a portfolio basis, assets are achieving healthy average occupancy rates of c.97% for 1H 2018

Westlite Mandai (45% owned)

- c.6,300 beds
- Land tenure: Freehold
- Land area: 11,265 sqm
- One of the largest freehold purpose-built workers accommodation in Singapore and caters to workers from all industries



Westlite Woodlands

- c.4,100 beds
- Land tenure: 30 years (wef 2013)
- Land area: 9,542 sqm
- Caters to the workers from the marine, process and manufacturing industries.
- TOP received in Jul 2015



ASPRI-Westlite Papan (51% owned)

- 7,900 beds
- Land tenure: 23 years (wef 2015)
- Land area: 14,817 sqm
- First-of-its-kind workers accommodation in Singapore that incorporates a training centre.
- TOP received in May 2016



Westlite Toh Guan

- c.7,800 beds
- Land tenure: 60 years (wef 1997)
- Land area: 11,685 sqm
- Conveniently located in the Jurong locality to cater to workers from all industries.



Workers Accommodation Landscape

Singapore

- Singapore economy is expected to remain on a steady expansion path with GDP growth likely to be between 2.5% and 3.5% for 2018¹
- Contraction in the construction industry is expected to continue easing²
- Population of foreign workers with work permit (excluding Foreign Domestic Workers) at 718,400³ as at Dec 2017 (vs 753,000 as at Dec 2016)
- No new supply expected, current supply reducing
 - c.53,500 beds⁴ have expired in 2016 and 2017
 - c.19,200 beds⁴ expiring in 2018
- Demand outstrip supply by c.120,000 – 150,000 beds⁴ for PBWA⁵
- Government policies encourage shift of foreign workers to PBWA
 - non-Malaysians from the manufacturing sector will not be allowed to rent entire HDB flats – only individual rooms
 - new regulations for FCDs – operators to provide free Wi-Fi, personal lockers, a way to provide feedback on their accommodations and at least one sick bay or contingency plans to contain infectious diseases

Note:

1. Channel News Asia, 4 July 2018 <https://www.channelnewsasia.com/news/business/singapore-needs-to-watch-out-for-spillover-effects-from-trade-10498088>

2. Channel News Asia, 13 July 2018 <https://www.channelnewsasia.com/news/business/property-cooling-measures-singapore-construction-sector-economy-10527106>

3. Ministry of Manpower, <http://www.mom.gov.sg/documents-and-publications/foreign-workforce-numbers>

4. Centurion Corp research

5. PBWA denotes Purpose Built Workers Accommodation

Workers Accommodation

- Current capacity of c.**23,700** beds (**6** operating assets); c.**6,600** beds under development (**1** asset)
- On a portfolio basis, the operational Malaysian assets are achieving average occupancy rates of c.93% for 1H 2018
- Only RBA^ compliant option available



Westlite Juru (pending acquisition of land)

- c.6,100 beds
- Land tenure: 99 years (wef 2014)
- Land area: 26,709 sqm
- Expected to be completed in 2020



Westlite Bukit Minyak (Under Development)

- c.6,600 beds
- Land tenure: Freehold
- Land area: 17,900 sqm
- Centurion's first Malaysian workers accommodation outside Johor
- Expected to be completed in 2018



Westlite Johor Tech Park

- c.5,800 beds
- Land tenure: 99 years (wef 2013)
- Land area: 14,314 sqm
- One of the largest purpose-built workers dormitory in Johor.



Westlite Senai II

- c.5,900 beds
- Land tenure: Freehold
- Land area: 19,071 sqm
- Construction was completed in Jan 2016



Westlite Senai

- c.2,600 beds
- Land tenure: Freehold
- Land area: 20,310 sqm
- Located in industrial parks where multinational electronics manufacturers are based



Westlite Tampoi

- c.5,300 beds
- Land tenure: Freehold
- Land area: 28,328 sqm
- Located in one of the established industrial zones in Iskandar Malaysia in close proximity to several major multinational electronics manufacturers



Westlite Pasir Gudang

- c.2,000 beds
- Land tenure: 99 years (wef 1986)
- Land area: 8,391 sqm
- Located near the industrial zone within Pasir Gudang



Westlite Tebrau

- c.2,100 beds
- Land tenure: 60 years (wef 2000)
- Land area: 5,718 sqm
- One of Johor's first purpose-built workers accommodation

^ Responsible Business Alliance (RBA) fka Electronic Industry Citizenship Coalition (EICC)

Workers Accommodation Landscape

Malaysia

- Large foreign workers population in Malaysia
 - c.1.72 million¹ foreign workers in Malaysia with valid work permits
 - c.1.7 million² illegal foreign workers
 - c.649,000³ foreign workers in the manufacturing sector
- Government policies encourage proper housing for foreign workers
- Government supports hiring foreign workers to ease labour shortage



< Source: The Kathmandu Post, 2 Jun 2018, "Malaysia sets Aug 30 as deadline for illegal migrant workers to return home"

< Source: The Sun Daily, 11 April 2017, "Govt wants to introduce law on proper housing for foreign workers"

Stop people from renting out PPR housing units, say residents



Jagdeep, together with the Minister for Housing and Local Government Zuraida Kamaruddin and others, should stop repeating negativity and xenophobia against migrant workers.



< Source: Malaysiakini, 14 Jun 2018, "Xenophobia an unacceptable basis for Penang migrant workers' housing"

On Housing and Local Government Minister Zuraida Kamaruddin's announcement that PPR owners would be given three months to evict foreign tenants at their units, Friends of Kota Damansara chairman Jeffrey Phang said the employers need to step in to make proper living arrangements for the migrants they hire.

< Source: The Star Online, 7 Jun 2018, "Stop people from renting out PPR housing units, say residents"

Note:

1. New Straits Times, 24 September 2017

2. The Edge Markets, 10 November 2016, <http://www.theedgemarkets.com/my/article/sept-30-malaysia-had-185-mil-legal-foreign-workers>

3. Borneo Post online, 9 March 2017



Purpose Built Student Accommodation



Student Accommodation



- **16** operating assets with a total capacity of **5,347** beds (UK, US, Australia and Singapore)
- **280** beds under development at dwell Adelaide; development of new block of **160** beds at RMIT Village
- On a portfolio basis, the assets are achieving high average occupancy rates of **c.92%** for 1H 2018



dwell Adelaide (Under Development)

- 280 beds
- Land tenure: Freehold
- Land area: 598 sqm
- Located close to University of Adelaide and University of South Australia – City East Campus
- Expected to be completed in 2018



RMIT Village (AEP in progress)

- 456 beds (59 beds closed for AEP)
- Land tenure: Freehold
- Land area: 6,200 sqm
- Centurion's first student accommodation asset
- Located close to Melbourne's Central Business District and in close proximity to RMIT University and the University of Melbourne
- **Asset Enhancement Programme** in progress; add up to c.160 beds
- AEP expected to be completed in 2018



dwell Selegie

- 332 beds
- Land tenure: 3+3+2 years (wef 2015)
- Land area: 4,408 sqm
- Short walk to Singapore Management University (SMU), LASALLE College of the Arts, School of the Arts Singapore (SOTA) and Kaplan city campuses

Note: Acquisition of 127-bed Princess Street was completed on 16 Jul 2018, bringing total student portfolio capacity to 5,474 beds.

Student Accommodation Landscape

Australia

- International student enrolment in Australian higher education sector grew 15% y-o-y to c.350,470 students¹
- c.93,890 PBSA beds in Australia as at end 2017²
- Undersupply of c.256,580 beds in Australia
- Strong demand for high-quality, purpose built student accommodation



University of Melbourne, Melbourne



RMIT University, Melbourne

1. Australian Government Department of Education and Training, <https://internationaleducation.gov.au/research/International-StudentData/Documents/MONTHLY%20SUMMARIES/2017/Dec%202017%20MonthlyInfographic.pdf>
2. Knight Frank Research & Consulting Student Housing Insight 2018, <https://content.knightfrank.com/research/1040/documents/en/australian-student-accommodation-insight-2018-5122.pdf>

Student Accommodation



- **8** operating assets with a total capacity of **2,416** beds
- UK portfolio of assets achieved high average occupancy rate of c. 93% for 1H 2018



dwell MSV

- 1,017 beds
- Land tenure: Freehold
- Land area: 4,500 sqm



dwell MSV South

- 355 beds
- Land tenure: Freehold
- Land area: 6,300 sqm



dwell The Grafton

- 145 beds
- Land tenure: Freehold
- Land area: 880 sqm



dwell Beechwood House

- 37 beds
- Land tenure: 125 yrs wef 2009
- Land area: 1,700 sqm



dwell Weston Court

- 140 beds
- Land tenure: 125 yrs wef 2008
- Land area: 3,700 sqm



dwell Garth Heads

- 181 beds
- Land tenure: 125 yrs wef 1995
- Land area: 2,000 sqm

New Acquisition
- completion on 16 Jul 2018



dwell Princess Street

- 127 beds
- Land tenure: Freehold
- Land area: 740 sqm



dwell Cathedral Campus

- 384 beds (47 beds closed for AEP)
- Land tenure: 250 yrs wef 2007
- Land area: 16,400 sqm



dwell Hotwells House

- 157 beds
- Land tenure: 125 yrs wef 2009
- Land area: 2,400 sqm

Note: Acquisition of 127-bed Princess Street was completed on 16 Jul 2018, bringing total UK portfolio capacity to 2,543 beds.

Student Accommodation



- Acquisition of premium accommodation asset located at 121 Princess Street
- Within Manchester city centre
- High-quality housing primarily for students with a total capacity of **127** beds
- Purchase consideration of £18.7 million (\$33.9 million)
- Completion of acquisition on 16 July 2018



dwell Princess Street
• 127 beds
• Land tenure: Freehold
• Land area: 740 sqm

Manchester

Student Accommodation Landscape

United Kingdom

- Total HE student numbers stable at c.2.3 million¹ (+2% y-o-y)
- Demand from c.442,000 international students¹ (+1.0% y-o-y)
- Strong demand for high-quality, purpose built student accommodation with commercial PBSA (at UK level) representing approx. 30% of full time first-year undergraduate housing choice from 22% five years ago²
- Cap on student numbers in UK removed in 2015/16
- Increase of 70,000 acceptances y-o-y for 2017/18²

Total full time higher education students³ (number of students)

Manchester	64,500	Newcastle	43,000
Liverpool	43,285	Bristol	40,700



Manchester Metropolitan University



The University of Manchester

1. Higher Education Statistics Agency United Kingdom <https://www.hesa.ac.uk/news/11-01-2018/sfr247-higher-education-student-statistics/location>
2. UK Student Property Report 1Q 2018, Knight Frank <https://content.knightfrank.com/research/169/documents/en/uk-student-property-report-q1-2018-5401.pdf>
3. Market Report on Student Accommodation, Knight Frank

Student Accommodation



- 6 operating assets with a total capacity of **2,143** beds
- Supporting universities with good national rankings and sizable student populations
- Acquisition completed in Nov 2017, achieving healthy average occupancy of c.90% for 1H 2018



[^] Centurion owns 28.7% of the Centurion US Student Housing Fund and is the portfolio manager as well as provider of property management services.

Student Accommodation Landscape

United States

- Total collegiate-age student population stable at c.26.7 million¹
- US attracts 19% of all globally mobile students
- PBSA in the US catering to an estimated 12% of all tertiary education students
- Strong demand for high-quality, purpose built student accommodation

Total tertiary education students²

(approximate number of students)

Wisconsin	Alabama	Connecticut	Florida	Texas
University of Wisconsin - Madison	Auburn University	Yale University	Florida State University	Texas A&M University
43,400	27,300	12,300	40,800	60,400

1. Savills Spotlight World Student Housing 2017/18, <http://pdf.savills.asia/selected-international-research/201710-world-student-housing-en.pdf>

2. Savills Spotlight World Student Housing 2016/17, <http://pdf.euro.savills.co.uk/global-research/spotlight-world-student-housing-2016-2017.pdf>



Growth Strategy



Growth Strategy

Portfolio growth

- **Three developments/AEP** to complete this year, adding over 7,000 beds in 2018
- **Enhance project returns** through asset enhancement initiatives

Investment management platform

- Scalable growth through joint ventures and **asset light strategies**, including establishing and providing investment, asset and property management services
 - Seeking investors in Singapore and Hong Kong in preparation for the establishment of a **second student housing private fund** following successful closure of Centurion US Student Housing Fund in November 2017

Growth via new accommodation types

- Continue to **selectively** explore opportunities to grow its accommodation business through targeted and strategic expansion in **existing** and **new** markets
- Explore new accommodation asset types



Q&A

For any enquiries, please contact:
Mr. David Oh, Investor Relations Manager
Tel: +65 6745 3288 Email: david.oh@centurioncorp.com.sg
Centurion Corporation Limited (www.centurioncorp.com.sg)

