



Centurion Corporation Limited

4Q and FY 2017 Financial Results

28 February 2018



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FY2017 Key Performance Highlights

- FY 2017 revenue increases **14%** to **S\$137.1** million largely due to the improved performance of Group's accommodation business
- Net profit from core business operations rose **29%** to **S\$49.4** million
- Continuous year-on-year growth since 2011

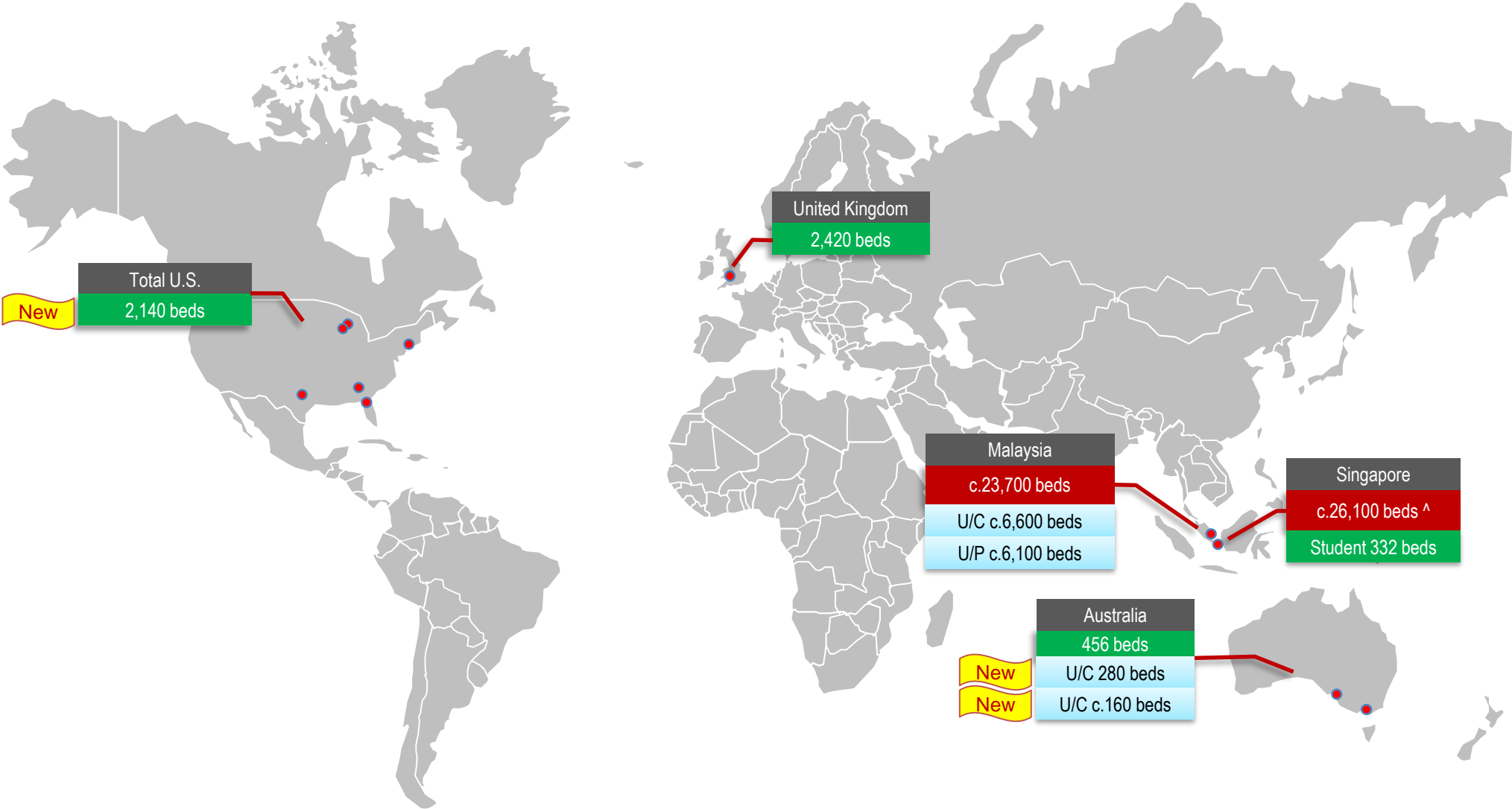


FY2017 Key Business Highlights

- Successful closure of first private investment fund with entry into US
 - Expand into investment management and asset management services
 - Enables continuous and sustainable growth with asset light strategy
- Successful dual primary listing in Hong Kong
 - 36 mil new shares issued (4.3% of enlarged share capital), was well subscribed
 - 18% of total share capital now trading on SEHK
- Launch of Dwell brand enables business performance and growth of PBSA portfolio

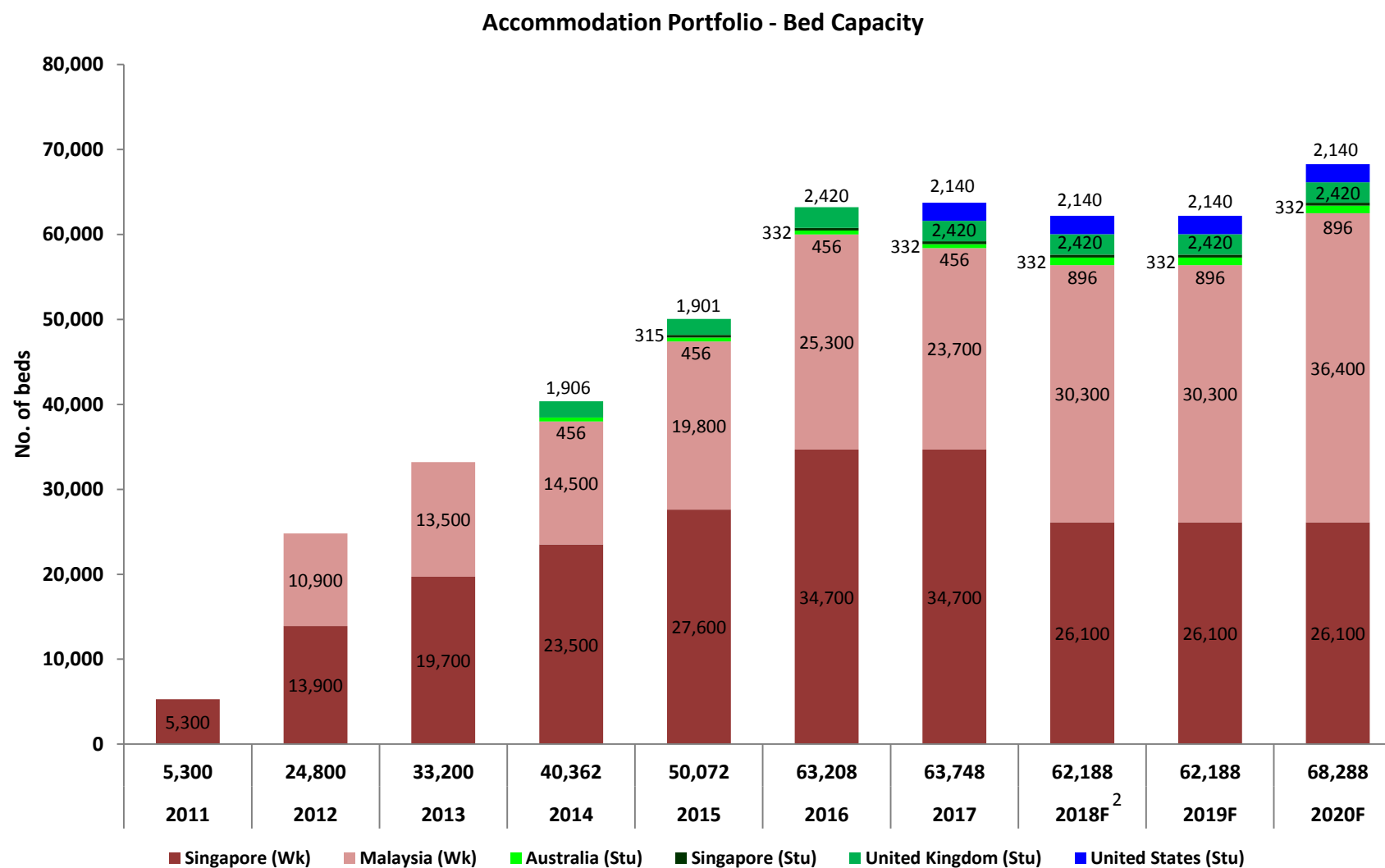


Our Geographical Presence



[^] excludes Westlite Tuas (c.8,600 beds) which has ceased operations as of Dec 2017.

Accommodation Growth Profile¹



Note:

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

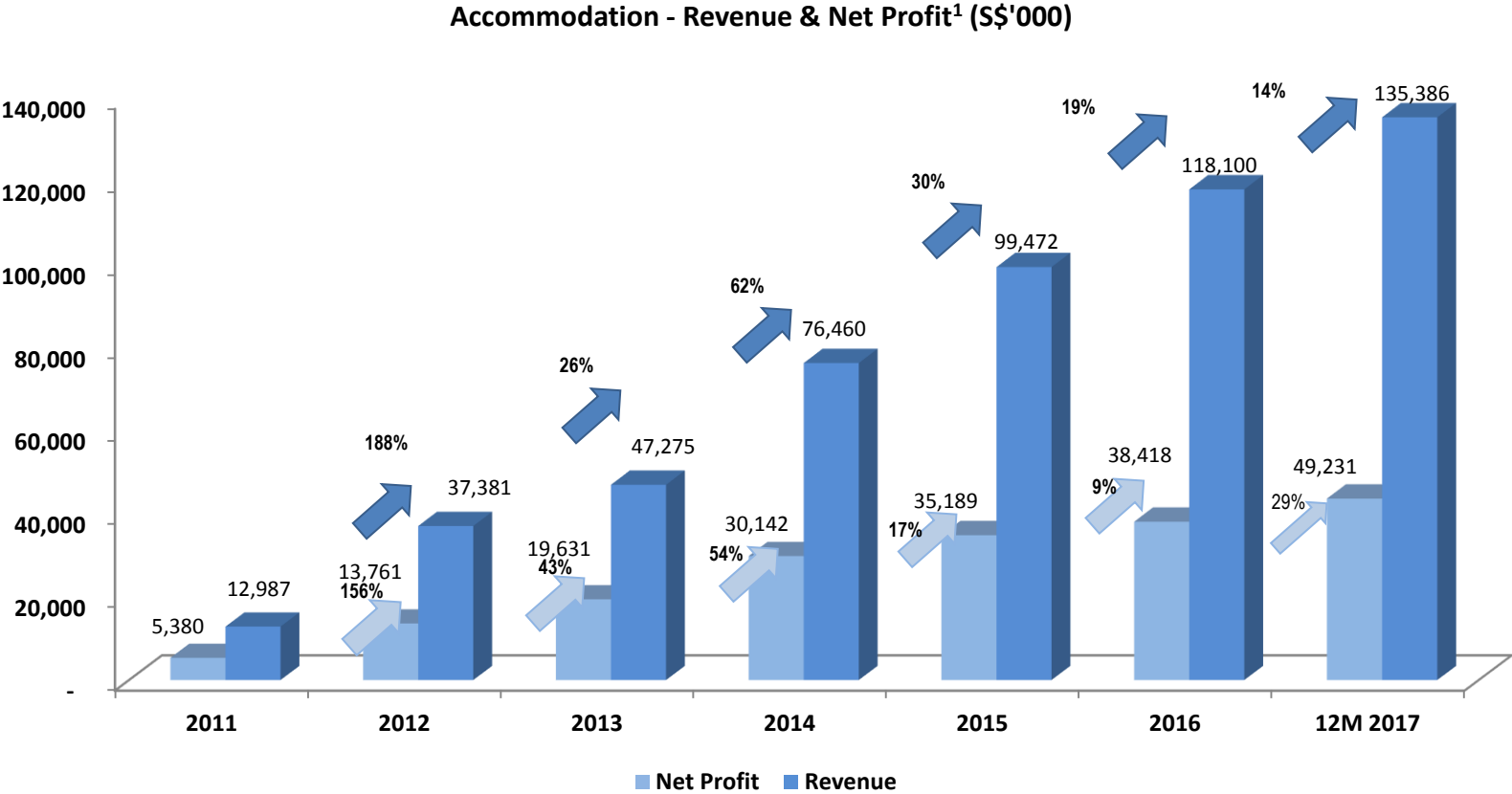
2. Excludes Westlite Tuas which has ceased operations as of Dec 2017.



Financial Review



Strong Financial Growth of Accommodation Business



Note:
1. From core business operations

Key Financial Highlights

REVENUE (FY 2017:+14%, +S\$16.6 mil | 4Q 2017:-4%, -S\$1.4 mil)

- Strong revenue growth contribution largely from the improved performance of the workers accommodation business:
 - ASPRI-Westlite Papan
 - Westlite Woodlands
 - Malaysia Dormitories
- Westlite Woodlands and ASPRI-Westlite Papan achieved an overall strong occupancy in Singapore for FY2017. The six operating workers accommodation assets in Malaysia achieved strong occupancy of over 90% in 4Q 2017.
- The growth was offset by a reduction in sales from Westlite Tuas and Westlite Toh Guan as a result of the lease expiry and reduction in the bed capacity respectively.

NET PROFIT¹ (FY 2017:+29%, +S\$11.1 mil | 4Q 2017:-20%, -S\$2.7 mil)

- Higher Net Profit¹ on the back of the revenue growth from the expansion of accommodation business and reduced amortization costs from Westlite Tuas due to the extension of its lease till 30 January 2018
- Net Profit from core business operations attributable to equity holders increased by 15% to S\$44.3 mil for FY 2017
- Lower Net Profit in 4Q 2017 largely due to Westlite Tuas lease ended and fully vacated by 3 December 2017, as well as higher finance cost.

Note:

1. Net Profit = Profit from core business operations

Financial Overview

Group Net Profit¹ increased by 29% to S\$49.4m in FY 2017

S\$'000	4Q 2017	4Q 2016	Change	FY 2017	FY 2016	Change
Revenue	33,591	35,036	-4%	137,113	120,537	+ 14%
Net Profit ¹	10,725	13,448	-20%	49,447	38,362	+ 29%
Net Profit (Equity holders) ²	9,338	12,810	-27%	44,331	38,586	+ 15%
Net Profit Margin ¹	32%	38%	-6pp	36%	32%	+ 4pp

- Growth in revenue – Improved performance by ASPRI-Westlite Papan and Westlite Woodlands which achieved an overall occupancy of 99% and 96% respectively as well as the six operating workers accommodation assets in Malaysia which reported higher revenue due to stronger occupancy rates of over 90% in FY2017. This was offsetted by reduction in sales from Tuas and Toh Guan.
- FY2017 net profit increase was mainly due to increase in revenue arising from expanded accommodation business operations. 4Q 2017 net profit reduction largely due to reduction in Tuas and Toh Guan sales as well as higher interest cost.

Note:

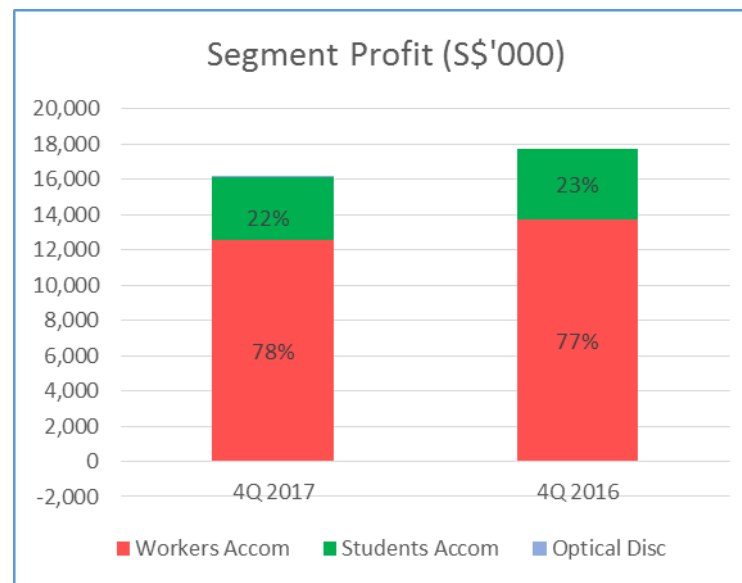
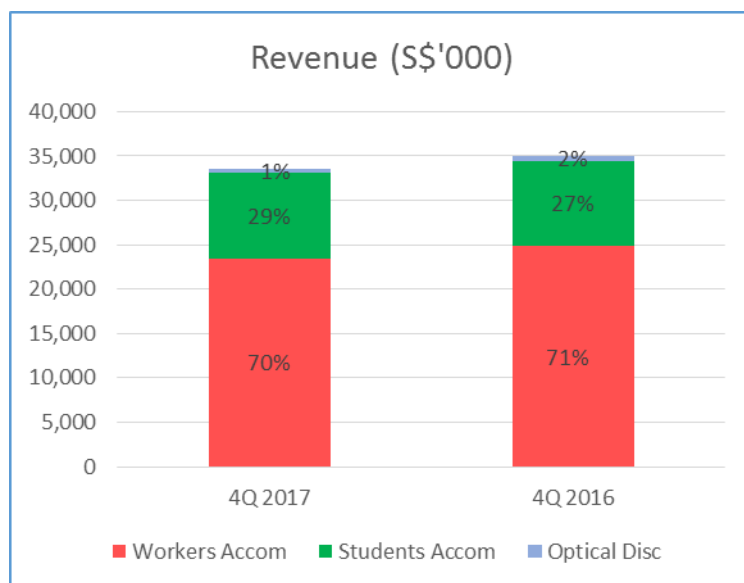
1. Net Profit and Net Profit Margin arising from Profit from core business operations

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 4Q 2017

S\$'000	Accommodation						Optical Disc		
	Workers			Students					
	4Q 2017	4Q 2016	Change	4Q 2017	4Q 2016	Change	4Q 2017	4Q 2016	Change
Revenue	23,479	24,900	-6%	9,604	9,540	1%	508	596	-15%
Segment Profit	12,526	13,736	-9%	3,607	4,017	-10%	4	-19	121%
Segment Margin	53%	55%	-2pp	38%	42%	-4pp	1%	-3%	4pp

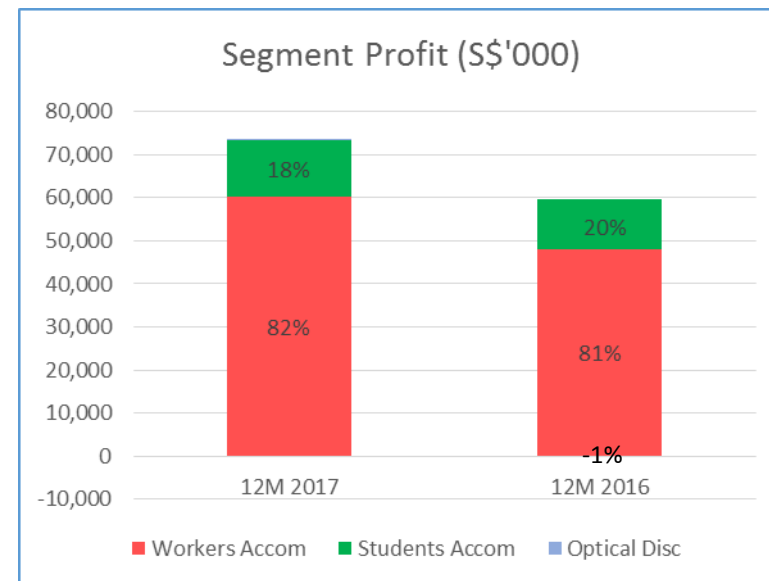
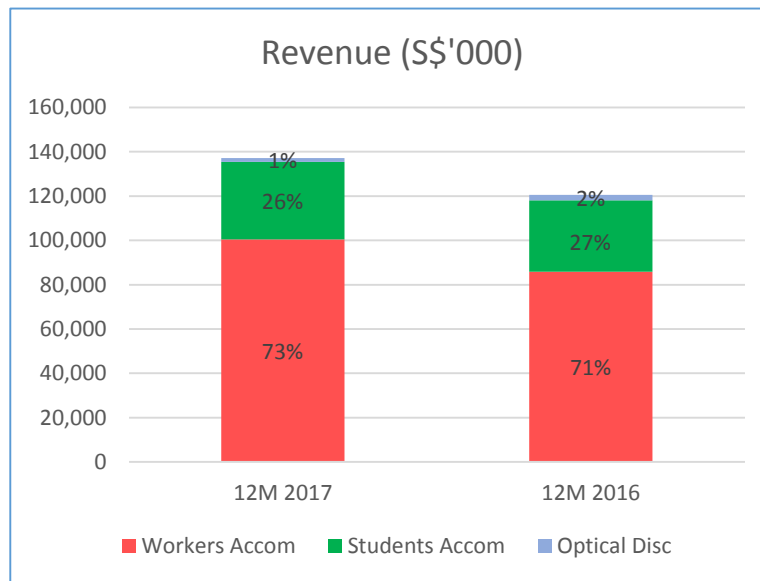


* Segment Profit from core business operations

Segment Breakdown

Strong Accommodation Business Results in FY 2017

S\$'000	Accommodation						Optical Disc		
	Workers			Students					
	FY 2017	FY 2016	Change	FY 2017	FY 2016	Change	FY 2017	FY 2016	Change
Revenue	100,397	85,824	17%	34,989	32,276	8%	1,727	2,437	-29%
Segment Profit	60,330	47,927	26%	12,929	11,716	10%	367	-164	324%
Segment Margin	60%	56%	4pp	37%	36%	1pp	21%	-7%	28pp



* Segment Profit from core business operations

Balance Sheet Highlights

S\$'000	31 Dec 2017	31 Dec 2016	Change %
Cash & Bank Balances	75,765	82,545	- 8%
Current Assets	113,315	103,834	+ 9%
Non Current Assets	1,075,676	1,015,900	+ 6%
Total Assets	1,188,991	1,119,734	+ 6%
Current Liabilities	163,608	97,615	+ 68%
Non Current Liabilities	549,650	622,637	- 12%
Total Liabilities	713,258	720,252	- 1%
Net Assets	475,733	399,482	+ 19%
Net Gearing Ratio ¹	51%	55%	- 4pp

- Healthy Balance Sheet – S\$75.8 million in cash and bank balances
- Cash and bank balances – mainly from net cash generated by operating activities S\$56.9m of which S\$68.5m and S\$4.4m was used for investing and generated from financing activities respectively.
- Net current liability of S\$50.3m due to the reclassification of MTN of S\$65m which is maturing in July 2018, from long term borrowings to current liabilities. Sufficient cash resources and banking facilities (both in aggregate of approximately S\$239.5m) available to meet the financing needs of the maturing MTN and its current liabilities.
- Net gearing decreased by 4pp to 51%.
- Average long term bank debt maturity profile of 10 years
- Interest cover is well within interest cover threshold
 - 3.9 times (6.0 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

	FY 2017	FY 2016
Earnings Per Share	5.8¢ ¹	5.2¢ ¹
NAV per share	55.1¢	53.1¢
Share Price	52.5¢ ²	33.0¢ ³
Dividend	2.5¢ ⁵	2.0¢ ⁴
Market Capitalisation	S\$441m ²	S\$244m ³

Note:

1. Excluding one-off items.
2. As at 29 December 2017.
3. As at 31 December 2016.
4. Comprising an interim dividend of 1.0 cent per share and a final dividend of 1.0 cent per share for FY 2016.
5. Declared an interim dividend of 1.0 cent per share and proposed a total dividend of 1.5 cent per share for FY 2017



Business Review





Purpose Built Workers Accommodation



Workers Accommodation Landscape

- **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.98.4%

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.



Westlite Tuas (Ceased operations as of Dec 2017)

- c.8,600 beds
- Land tenure: 3+3+3 years + 9 mths (wef 2008)
- Expiring Jan 2018
- Land area: 40,349 sqm
- BCA Green Mark Gold Award Winner



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 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.



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

- Positive outlook for Singapore economy
- Construction industry anticipated to uptick¹
- Recovery of oil prices
- Population of foreign workers with work permit (excluding Foreign Domestic Workers) at 732,800² as at Jun 2017 (vs 753,000 as at Dec 2016)
- No new supply expected, current supply reducing
 - c.53,500 beds³ have expired in 2016 and 2017
 - c.19,200 beds³ expiring in 2018
- Demand outstrip supply by c.130,000 – 150,000 beds³ for PBWA⁴
- 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. Straits Times, Jan 2018 <http://www.straitstimes.com/singapore/housing/construction-demand-here-to-increase-this-year-to-up-to-31-billion-bca>
2. Ministry of Manpower, <http://www.mom.gov.sg/documents-and-publications/foreign-workforce-numbers>
3. Centurion Corp research
4. 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.91.4%
- Only EICC^ 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



Westlife 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

^ EICC denotes Electronic Industry Citizenship Coalition, now known as the Responsible Business Alliance (RBA)

Workers Accommodation Landscape

Malaysia

- World Bank sees Malaysia's economy growing 5.2% in 2018
- Manufacturing industry supported by sustained growth in external and internal demand¹
- Large foreign workers population in Malaysia
 - c.1.72 million² foreign workers in Malaysia with valid work permits
 - c.1.7 million³ illegal foreign workers
 - c.649,000⁴ 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 Sun Daily, 11 April 2017, "Govt wants to introduce law on proper housing for foreign workers"



Malaysia begins crackdown on illegal foreign workers

Source: The Strait Times, 3 July 2017, "Malaysia begins crackdown on illegal foreign workers"

Note:

1. Malaysian Reserve, 2 Jan 2018 <https://themalaysianreserve.com/2018/01/02/moderate-healthy-growth-expected-malaysia-2018/>
2. New Straits Times, 24 September 2017
3. The Edge Markets, 10 November 2016, <http://www.theedgemarkets.com/my/article/sept-30-malaysia-had-185-mil-legal-foreign-workers>
4. Borneo Post online, 9 March 2017



Purpose Built Student Accommodation



Student Accommodation



- **16** operating assets with a total capacity of **5,348** 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 occupancy rates of c.92.2%



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 (39 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
- Expected to be completed in 2018



dwell Selegie

- 332 beds
- Land tenure: 3+3+2 years (wef 2015)
- Land area: 4,408 sqm
- Centurion's first student hostel in Singapore

Student Accommodation Landscape

Australia

- Total of c.1.3 mil higher education students¹ (local & international)
- c.340,000 international higher education students²
- c.72,000 PBSA beds in key eight Australian capital cities³
- Undersupply of c.270,000 beds in Australia and headroom of 93% in Melbourne³
- Strong demand for high-quality, purpose built student accommodation

Student Bedspace Headroom Comparisons

	Total FT HE Students	FT HE Students living in PBSA	Headroom - % unable to access PBSA	Potential Pipeline
Melbourne	230,910	17,273	92.5%	7,302
Sydney	216,335	17,430	91.9%	4,475
Brisbane	106,571	7,399	93.1%	9,293
Perth	81,273	4,773	94.1%	245
Adelaide	63,108	4,688	92.6%	1,615

Source: Knight Frank Research

Source: Australian Purpose Built Student Accommodation, Knight Frank Research Apr 2016



RMIT University, Melbourne

1. Australian Universities <http://www.australianuniversities.com.au/directory/student-numbers/>

2. Australian Government Department of Education and Training, <https://internationaleducation.gov.au/research/International-Student-Data/Documents/MONTHLY%20SUMMARIES/2017/Sep%202017%20MonthlyInfographic.pdf>

3. Savills Research Sep 2017, http://publications.savills.com.au/studentaccommreport/?_ga=2.240558275.1500451666.1506486400-1696499348.1506486400

Student Accommodation



- 8 operating assets with a total capacity of **2,420** beds



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 Cathedral Campus
 • 384 beds
 • Land tenure: 250 yrs wef 2007
 • Land area: 16,400 sqm



dwell Garth Heads
 • 185 beds
 • Land tenure: 125 yrs wef 1995
 • Land area: 2,000 sqm



dwell Hotwells House
 • 157 beds
 • Land tenure: 125 yrs wef 2009
 • Land area: 2,400 sqm



Student Accommodation Landscape

United Kingdom

- Total student numbers stable at c.2.3 million¹
- Demand from c.436,900 full time international students¹ (+0.3% y-o-y)
- Strong demand for high-quality, purpose built student accommodation
- Cap on student numbers in UK removed in 2015/16
- Increase of 7,000 acceptances y-o-y to 522,000 students² for 2016/17

Total full time higher education students ³ (number of students)			
Manchester	61,540	Newcastle	43,000
Liverpool	43,285	Bristol	40,000



Manchester Metropolitan University



The University of Manchester

1. Higher Education Statistics Agency United Kingdom <https://internationaleducation.gov.au/research/International-Student-Data/Documents/MONTHLY%20SUMMARIES/2017/Jul%202017%20MonthlyInfographic.pdf>

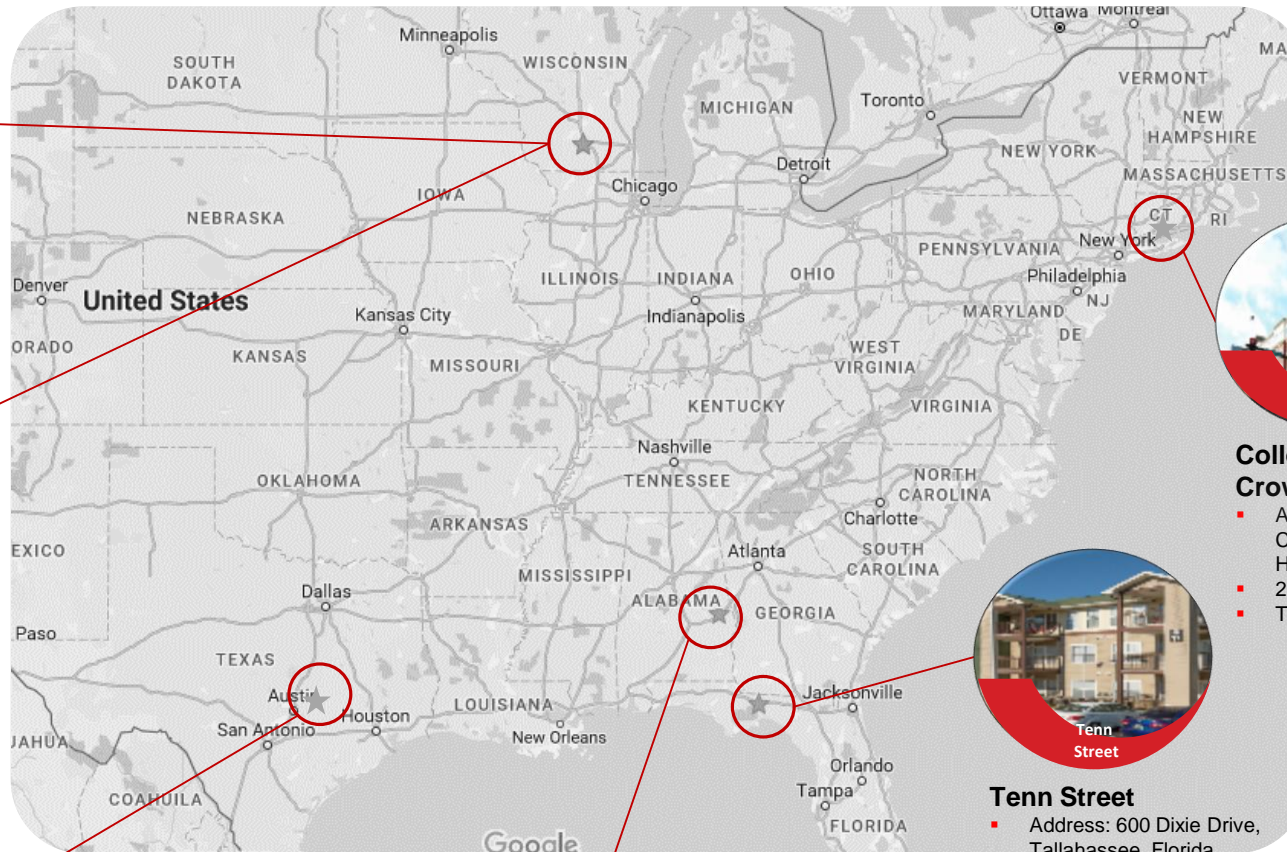
2. Universities and Colleges Admissions Services (UCAS) Report, Sep 2016

3. Market Report on Student Accommodation, Knight Frank, 2016

Student Accommodation



- 6 operating assets with a total capacity of **2,140** beds
- Supporting universities with good national rankings and sizable student populations
- Acquisition completed in Nov 2017



Towers on State

Towers on State

- Address: 502 N Frances Street, Madison, Wisconsin
- 231 beds
- Tenure: Freehold



Statesider

Statesider

- Address: 505 N Frances Street Madison, Wisconsin
- 226 beds
- Tenure: Freehold



Stadium View

Stadium View

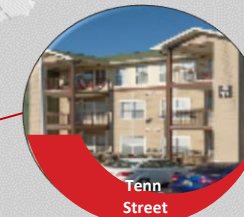
- Address: 400 Marion Pugh Dr, College Station, Texas
- 216 beds
- Tenure: Freehold



Logan Square

Logan Square

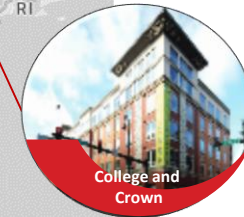
- Address: 733 W Glenn Avenue, Auburn, Alabama
- 639 beds
- Tenure: Freehold



Tenn Street

Tenn Street

- Address: 600 Dixie Drive, Tallahassee, Florida
- 624 beds
- Tenure: Freehold



College and Crown

College and Crown

- Address: 200 College Street, New Haven, Connecticut
- 204 beds
- Tenure: Freehold

Student Accommodation Landscape

United States

- Total collegiate-age student population stable at c.26.7 million¹
- US attracts 19% of all globally mobile students
- Approximately 2.4 mil PBSA in the US catering to 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. Euromonitor report

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



Strategic Focus



Strategic Focus

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

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

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