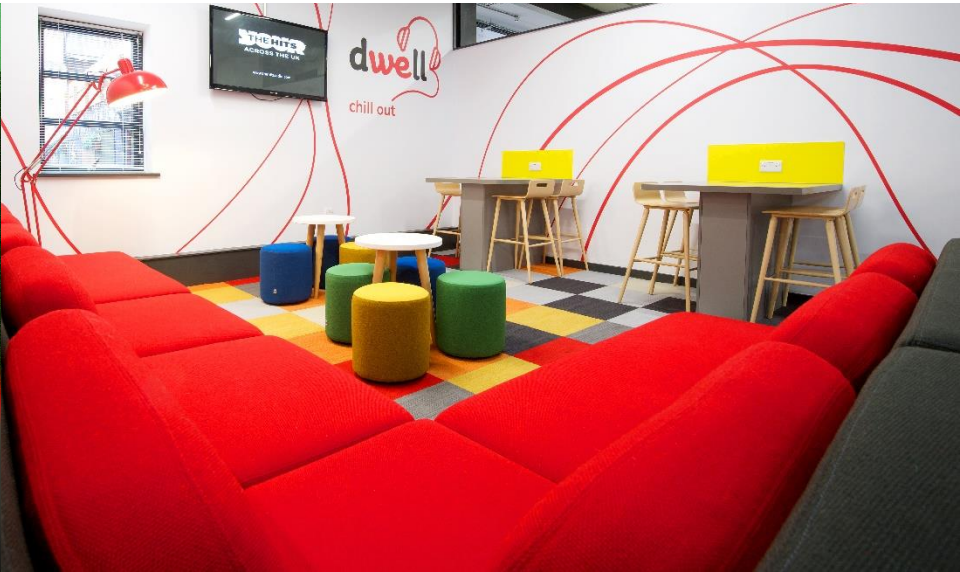
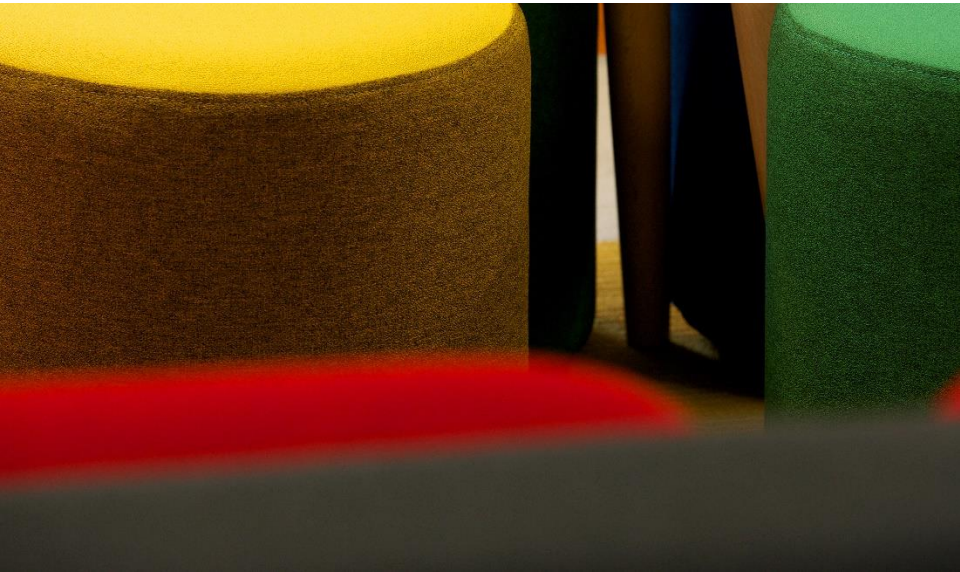




## Centurion Corporation Limited 2Q and 1H 2017 Financial Results

7 August 2017



# Disclaimer

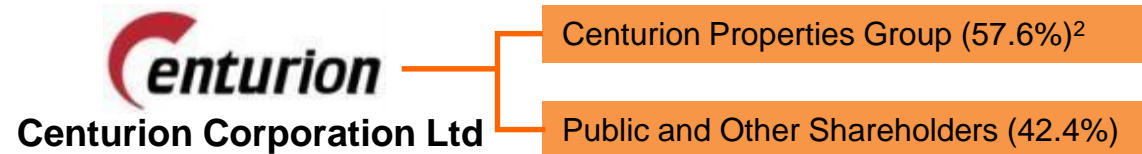
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# Contents

- **Key Highlights**
- **Financial Review**
- **Business Review**
- **Strategic Focus**

# About Centurion Corporation

- Own, develop and manage quality workers and student accommodation assets in Singapore, Malaysia, Australia and UK
- Own and manage **Westlite** and **dwell** brands
- Strong portfolio of **21** operational accommodation assets totalling c.**61,608** beds
- Operational assets:
  - Total workers: c.**58,400** beds
  - Total students: c.**3,208** beds
- Pipeline of c.**13,140** beds (est. 2018)<sup>1</sup>



1. Aggregate of Westlite Bukit Minyak (c.6,600 beds), Westlite Juru (c.6,100 beds), RMIT Village AEP (c.160 beds) and dwell Adelaide (280 beds).  
2. Excluding treasury shares.

# Key Financial Highlights

**REVENUE** (1H 2017:+24%, +S\$13.9 mil | 2Q 2017:+23%, +S\$6.5 mil)

- Revenue growth contribution largely from expanded accommodation business:
  - Westlite Woodlands
  - ASPRI-Westlite Papan
  - Braemar acquisition
- Westlite Woodlands and ASPRI-Westlite Papan achieved healthy average occupancy of over 95% in 2Q 2017
- UK Braemar was acquired in July 2016 and contributed positively to the Group's revenue

**NET PROFIT<sup>1</sup>** (1H 2017:+60%, +S\$10.6 mil | 2Q 2017:+72%, +S\$6.1 mil)

- Higher Net Profit<sup>1</sup> on the back of the revenue growth from the expansion of its 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 43% to S\$26.0 mil for 1H 2017 (increased by 48% to S\$13.1 mil for 2Q 2017)

Note:

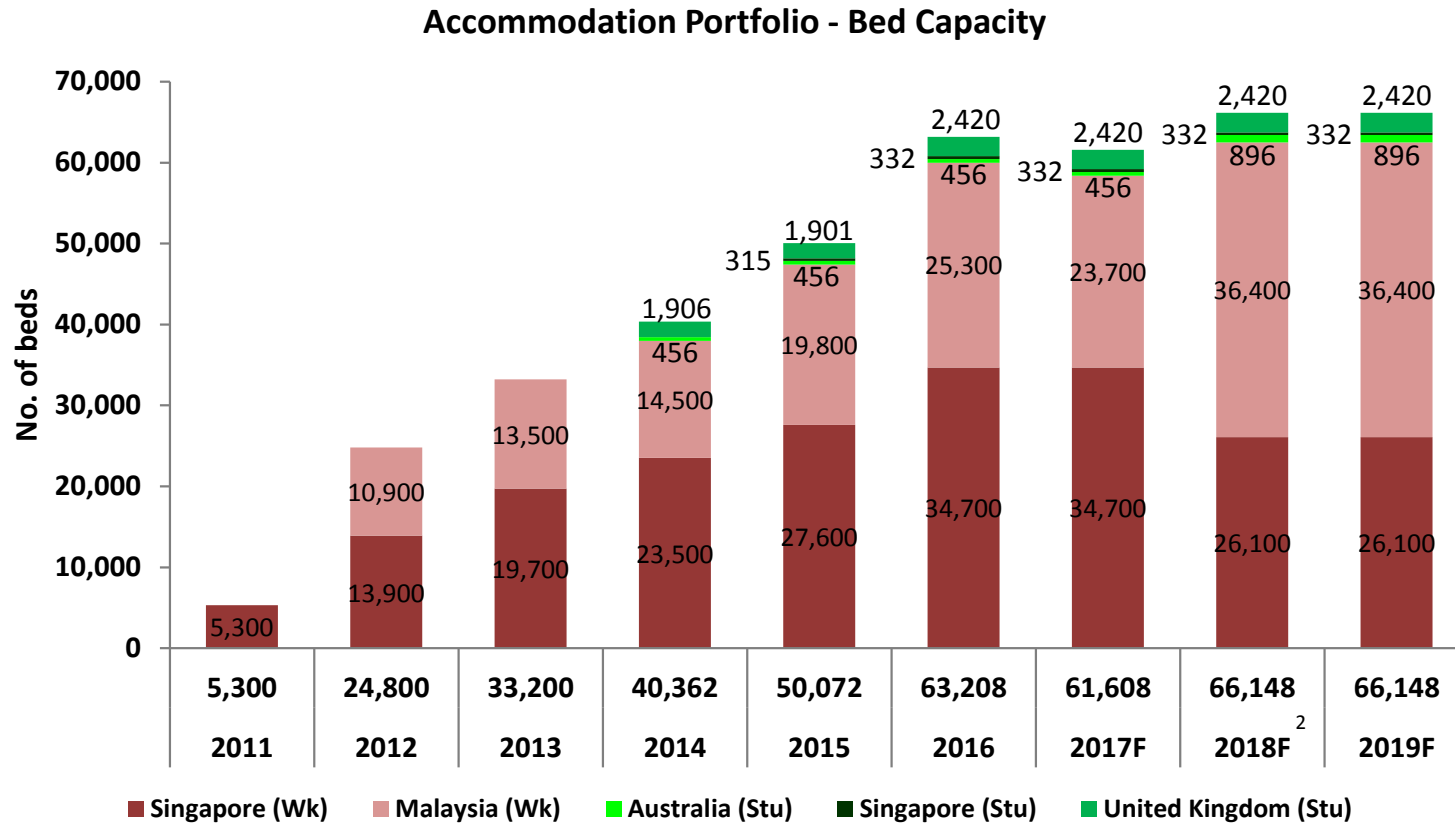
1. Net Profit = Profit from core business operations

# 2Q 2017 Key Business Highlights

- **ASPRI-Westlite Papan** – improved occupancy rates to c.99% as at 30 Jun 2017 (vs c.95% as at 31 Mar 2017)
- **UK Braemar** – four new student assets contributing to earnings
- **dwell Adelaide** – expands presence with a 280-bed new build student accommodation in Adelaide; Centurion's second asset in Australia
- Actively manage **Westlite** and **dwell** brands to further strengthen our market position
- **Recent activities:**
  - 2 May 2017: Westlite Tuas has been granted a short-term lease extension by the BCA for 9 months from 29 Apr 2017. Accordingly, the tenure for the asset will expire on 30 Jan 2018.
  - 19 May 2017: issuance of S\$20 million 5.25% 3 years Medium Term Notes due 2020 – to be consolidated and form a single series with the \$65 million notes due 2020 issued on 12 Apr 2017.
  - 30 May 2017: commenced asset enhancement programme (AEP) at RMIT Village; new wing will add up to 160 beds when completed in 4Q 2018
  - 13 Jun 2017: completion of acquisition of a development site in Adelaide, Australia.
  - 27 Jun 2017: announced proposed dual primary listing on the Main Board of the Stock Exchange of Hong Kong Limited (SEHK).
  - 24 Jul 2017: announced proposed acquisition of 5 student accommodation assets totalling 1,936 beds across four U.S. states. Will be rebranded to **dwell** and co-managed with an established U.S. student housing manager.



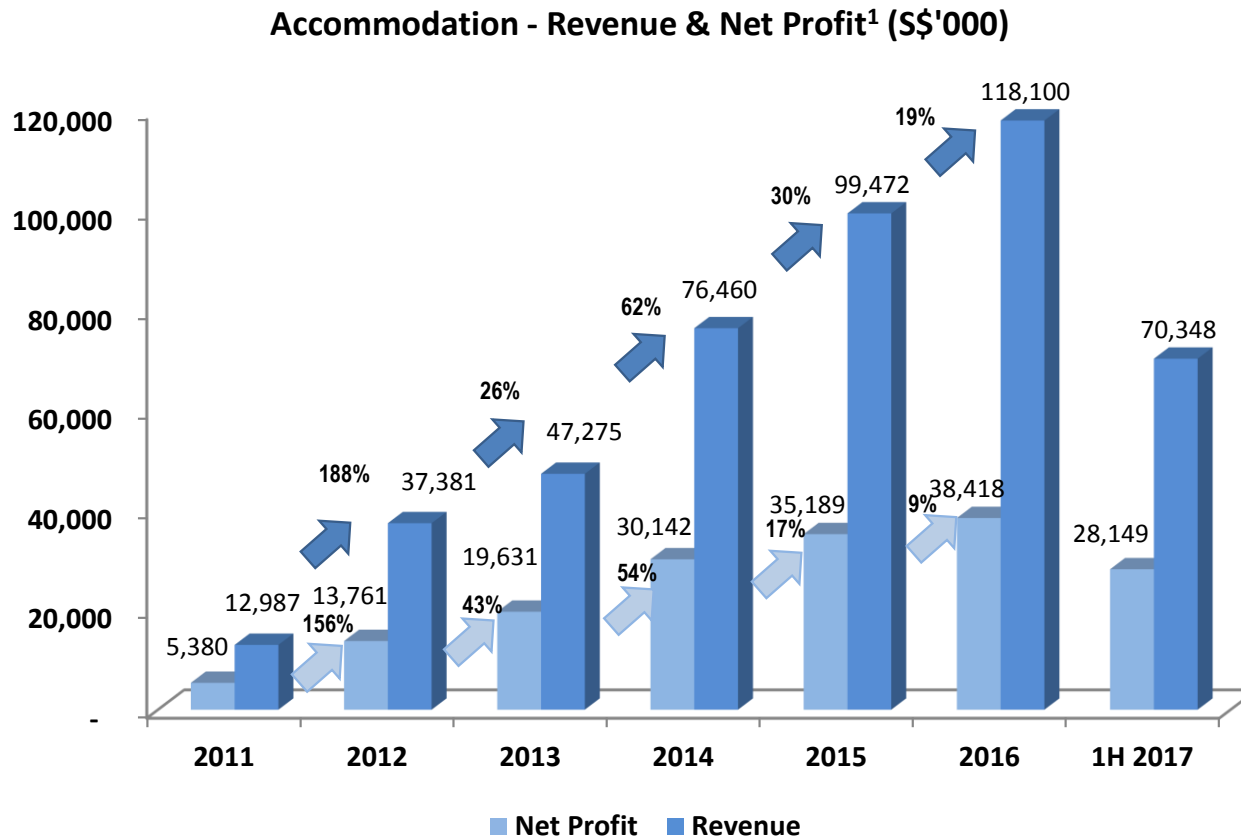
# Accommodation Growth Profile<sup>1</sup>



Note:

1. Based on developments at existing facilities that are already owned by Centurion Corp.
2. Excludes Westlite Tuas of 8,600 beds. The land lease of Westlite Tuas will expire in Jan 2018 if there is no further extension by the authorities.

# Strong Financial Growth of Accommodation Business



Note:  
1. From core business operations



# Financial Review

# Key Financials

Group Net Profit<sup>1</sup> increased by 60% to S\$28.4m in 1H 2017

S\$'000	2Q 2017	2Q 2016	Change	1H 2017	1H 2016	Change
Revenue	35,248	28,700	+23%	71,269	57,371	+ 24%
Net Profit <sup>1</sup>	14,493	8,429	+72%	28,414	17,774	+ 60%
Net Profit (Equity holders) <sup>2</sup>	13,116	8,857	+48%	26,027	18,222	+ 43%
Net Profit Margin <sup>1</sup>	41%	29%	+12pp	40%	31%	+ 9pp

- Growth in revenue – largely contributed by ASPRI-Westlite Papan which obtained TOP in May 2016 and four new UK student accommodation (“UK Braemar”) acquired in July 2016.
- Net profit increase was mainly due to increase in revenue arising from expanded operations
- Lower cost of sales: the increase in cost of sales (inclusion of Braemar assets + ASPRI-Westlite Papan) was offset by reduction in cost of amortization of Westlite Tuas (lease was extended by 9 months from Apr 2017 to Jan 2018)

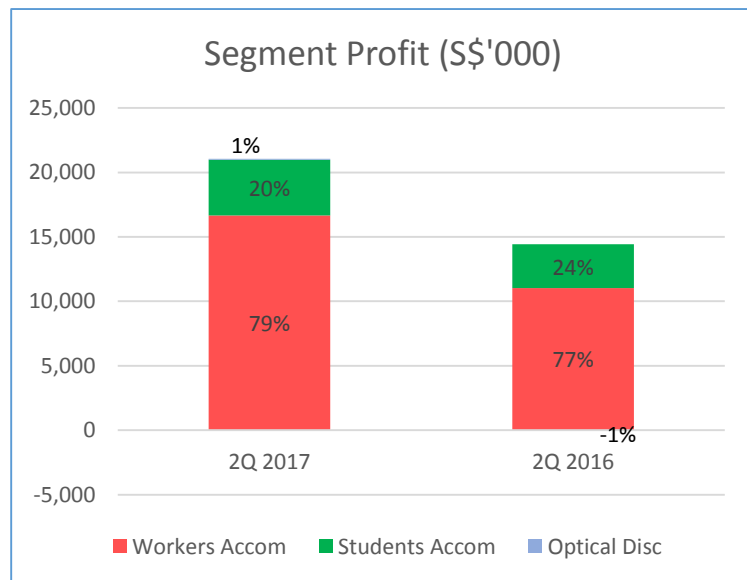
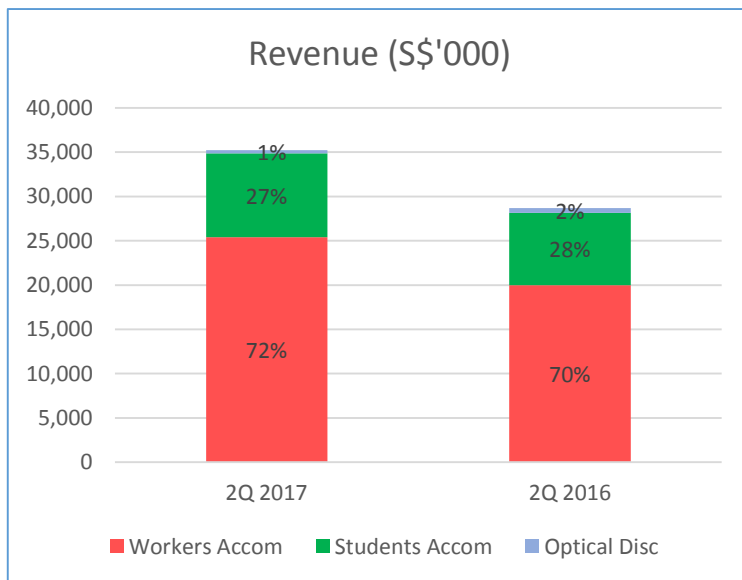
Note:

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 excluded the Group's non-controlling interest of 49% in ASPRI-Westlite Papan.

# Segment Breakdown

## Strong Accommodation Business Results in 2Q 2017

S\$'000	Accommodation						Optical Disc		
	Workers			Students					
	2Q 2017	2Q 2016	Change	2Q 2017	2Q 2016	Change	2Q 2017	2Q 2016	Change
Revenue	25,414	19,972	27%	9,445	8,161	16%	389	567	-31%
Segment Profit*	16,666	11,022	51%	4,304	3,401	27%	85	-46	N/M
Segment Margin	66%	55%	11pp	46%	42%	4pp	22%	-8%	30pp

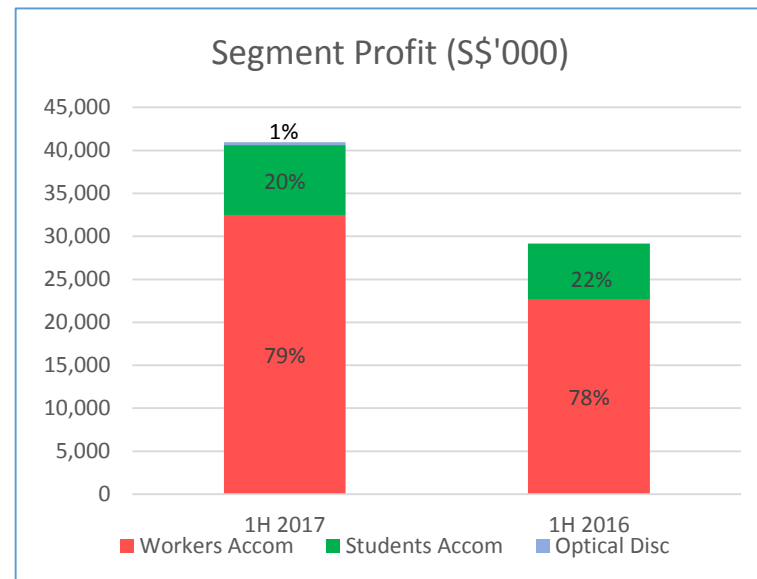
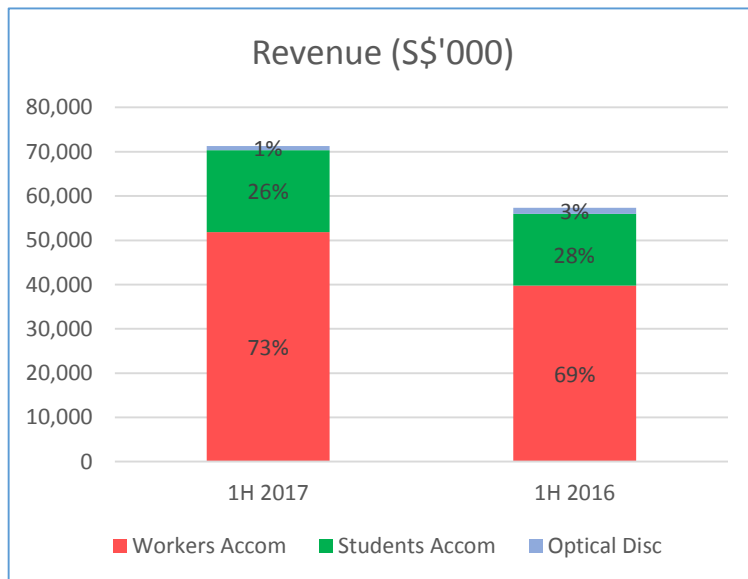


\* Segment Profit from core business operations

# Segment Breakdown

## Strong Accommodation Business Results in 1H 2017

S\$'000	Accommodation						Optical Disc		
	Workers			Students					
	1H 2017	1H 2016	Change	1H 2017	1H 2016	Change	1H 2017	1H 2016	Change
Revenue	51,812	39,744	30%	18,536	16,234	14%	921	1,393	-34%
Segment Profit*	32,405	22,709	43%	8,233	6,429	28%	302	29	941%
Segment Margin	63%	57%	6pp	44%	40%	4pp	33%	2%	31pp



## Balance Sheet Highlights

S\$'000	30 June 2017	31 Dec 2016	Change %
Cash & Bank Balances	84,406	82,545	+ 2%
Current Assets	112,963	103,834	+ 9%
Non Current Assets	1,028,452	1,015,900	+ 1%
Total Assets	1,141,415	1,119,734	+ 2%
Current Liabilities	98,927	97,615	+ 1%
Non Current Liabilities	626,568	622,637	+ 1%
Total Liabilities	725,495	720,252	+ 1%
Net Assets	415,920	399,482	+ 4%
Net Gearing Ratio <sup>1</sup>	54%	55%	- 1pp

- Healthy Balance Sheet – S\$84.4 million in cash and bank balances
- Cash and bank balances – mainly from net cash generated by operating activities S\$33.4m of which S\$15.8m and S\$16.0m was used for investing and financing activities respectively.
- Net gearing decreased by 1pp to 54%.
- Average long term bank debt maturity profile of 11 years
- Interest cover is well within interest cover threshold
  - 4.6 times (6.5 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 2017	FY 2016
Earnings Per Share	3.5¢ <sup>1</sup>	5.2¢ <sup>1</sup>
NAV per share	55.0¢	53.1¢
Share Price	49.0¢ <sup>2</sup>	33.0¢ <sup>3</sup>
Dividend	1.0¢ <sup>5</sup>	2.0¢ <sup>4</sup>
Market Capitalisation	S\$361m <sup>2</sup>	S\$244m <sup>3</sup>

Note:

1. Excluding one-off items.
2. As at 30 June 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 for 1H 2017

# Business Review



# Workers Accommodation



# Workers Accommodation Landscape – Singapore

## Singapore

- Population of foreign workers with work permit (excluding Foreign Domestic Workers) at 753,000<sup>1</sup> as at Dec 2016 (vs 765,600 as at Dec 2015)
- Subdued and modest economic performance (1-3% GDP growth projected in 2017 amid uncertainties and downside risks in the global economy)
- All new supply has entered the market
  - all new c.57,000 beds<sup>2</sup> have entered the market
  - c.28,000 beds<sup>2</sup> have expired in 2016
  - c.25,500 beds<sup>2</sup> expiring in 2017 (some beds may be renewed)
- Demand outstrip supply by c.150,000 – 180,000 beds<sup>2</sup> for PBWA<sup>3</sup>
- Government policies may see shift of foreign workers to PBWA (from 1 Jan 2017)
  - 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. Ministry of Manpower, <http://www.mom.gov.sg/documents-and-publications/foreign-workforce-numbers>
2. Centurion Corp research
3. PBWA denotes Purpose Built Workers Accommodation

## Our Competitive Strengths – Singapore

Portfolio of high quality assets - mainly permanent PBWA

Diversified portfolio catering to multiple industries with broad customer base

Assets are well located with long land tenures

Recognised and well regarded Westlite brand

One of the largest workers accommodation provider in SG

The only SG listed company focused on workers accommodation

Strong management team and proven track record

# Workers Accommodation – Singapore

- 5 operating assets with capacity of c. **34,700** beds
- On a portfolio basis, assets are achieving healthy occupancy rates of c.92%

## 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

- 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.



## 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 – Malaysia

## Malaysia

- Large foreign workers population in Malaysia
  - c.1.78 million<sup>1</sup> foreign workers in Malaysia with valid work permits
  - c.1.7 million<sup>2</sup> illegal foreign workers
  - c.649,000<sup>3</sup> foreign workers in the manufacturing sector
- Slowdown in the manufacturing sector due to the weakening economy
- Challenges in recruiting and retaining foreign workers
  - Weaker ringgit results in lower remittance back to home country
- Employers are diversifying their recruitment source of foreign workers from different countries
- Government taking measures to ensure proper housing for foreign workers
- Government continues to relax its policies on foreign workers to ease workers shortage in many sectors and allow employers to bring in more foreign workers

Note:

1. The Star online, 27 July 2017, <http://www.thestar.com.my/news/nation/2017/07/27/zahid-1point78-million-foreign-workers-in-malaysia>
2. The Edge Markets, 10 Nov 2016, <http://www.theedgemarkets.com/my/article/sept-30-malaysia-had-185-mil-legal-foreign-workers>
3. Borneo Post online, 9 March 2017

# Our Competitive Strengths – Malaysia

- Only purpose built accommodation provider in Malaysia
- Well located assets in close proximity to customers
- Assets in diversified geographical locations in Johor
- Quality permanent PBWAs adhering to EICC standards
- Recognised and well regarded Westlite brand
- Established track record recognized by MNCs
- Customers are mainly MNCs

# Workers Accommodation – Malaysia

- Current capacity of c.**23,700** beds (**6** operating assets); c.**6,600** beds under development (**1** asset); c.**6,100** beds under planning (**1** asset)
- On a portfolio basis, the operational Malaysian assets are achieving occupancy rates of c.82%



## 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 Juru (Under Planning)

- c.6,100 beds
- Land tenure: 99 years (wef 2014)
- Land area: 26,709 sqm
- Expected to be completed in 2018



## Westlite Senai II

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



## 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

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

## Nusajaya, Johor

- Land use conversion in progress
- Land tenure: Freehold
- Land area: 30,174 sqm
- Located in Nusajaya, one of the five flagship zones of Iskandar, Malaysia



## 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



# Student Accommodation



# Student Accommodation Landscape

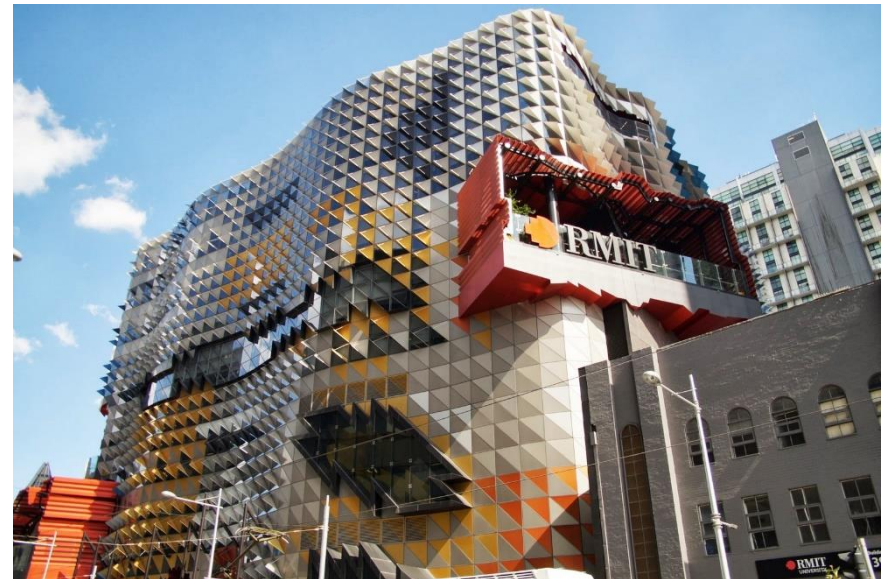
## Australia

- c.493,700 international students<sup>1</sup> in Jan-Jul 2016 (+11% y-o-y)
- c.250,200 full time higher education international students<sup>2</sup>
- Undersupply of c.290,500 beds in Australia and c.86,700 beds in Melbourne<sup>3</sup>
- 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



RMIT University, Melbourne

1. Australian Government Department of Education and Training, [https://internationaleducation.gov.au/research/International-Student-Data/Documents/MONTHLY%20SUMMARIES/2016/07\\_July\\_2016\\_MonthlySummary.pdf](https://internationaleducation.gov.au/research/International-Student-Data/Documents/MONTHLY%20SUMMARIES/2016/07_July_2016_MonthlySummary.pdf)

2. Australian Government Department of Education and Training, [https://internationaleducation.gov.au/research/International-Student-Data/PublishingImages/IST\\_2016/2016Graph\\_Table3.png](https://internationaleducation.gov.au/research/International-Student-Data/PublishingImages/IST_2016/2016Graph_Table3.png)

3. Australian Purpose Built Student Accommodation, Knight Frank Research Apr 2016

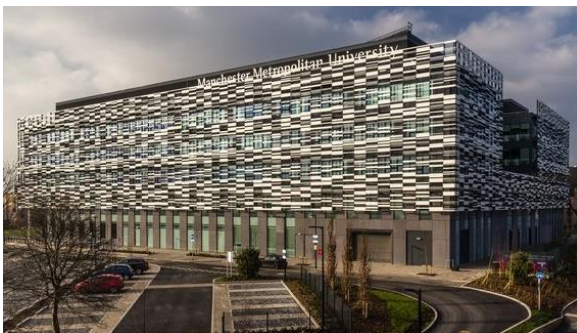
# Student Accommodation Landscape

## United Kingdom

- Total student numbers stable at c.2.3 million<sup>1</sup>
- Demand from c.436,900 full time international students<sup>1</sup> (+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 students<sup>2</sup> for 2016/17

### Total full time higher education students<sup>3</sup> (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 2014/15, <https://www.hesa.ac.uk/data-and-analysis/publications/students-2014-15>

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

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



# Student Accommodation Landscape

## Singapore

- Good captive market of international students from well established institutions such as SMU, LASALLE, NAFA and Kaplan
- Safe and secure environment, regional magnet for students seeking quality education



*LASALLE College of the Arts*



*Singapore Management University*

# Our Competitive Strengths – Students

- Assets in well established educational hubs
- Well located in close proximity to universities and city centers
- Student accommodation assets with long land tenures
- Strong occupancy track records
- Scalable operating platform
- Established marketing platform to target Asian market

# Student Accommodation Portfolio

- **10** operating assets with a total capacity of **3,208** beds (UK, Australia and Singapore)
- **280** beds under development at dwell Adelaide; RMIT Village Asset Enhancement Programme (AEP) in progress, will yield up to c.**160** beds
- On a portfolio basis, the assets are achieving high occupancy rates of c.94%



## 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 (29 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 Portfolio



**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





# US Student Accommodation Portfolio



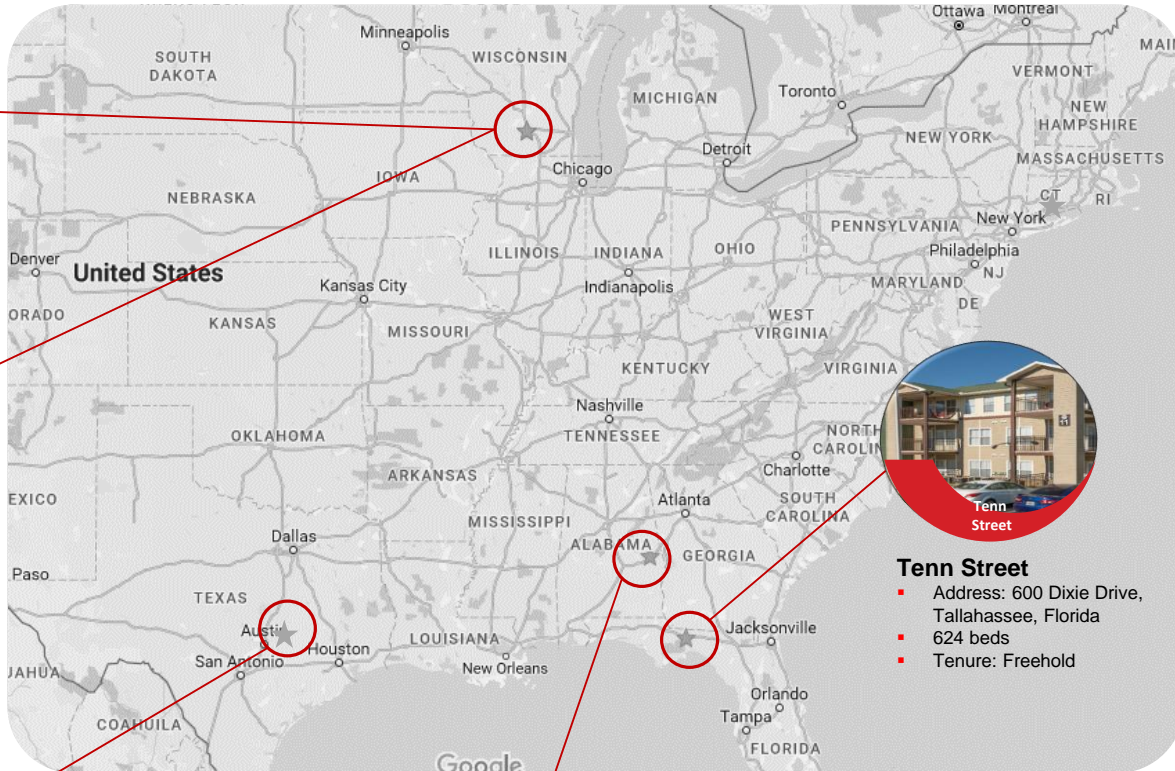
- 5 operating assets with a total capacity of **1,936** beds
- Supporting universities with good national rankings and sizable student populations
- Undergoing due diligence, acquisition is expected to be completed in 4Q 2017



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



Tenn Street

### Tenn Street

- Address: 600 Dixie Drive, Tallahassee, Florida
- 624 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



# Singapore Corporate Awards 2017

- Awarded **Best Chief Financial Officer** (small-cap) - Ms Foo Ai Huey
- Awarded **Best Investor Relations Silver Award** (small-cap)



# Strategic Focus

# Strategic Focus

- **Active management** of existing asset portfolio to deliver revenue and profit growth
- Strengthen **operational capability**
- Build and execute our **student accommodation brand** strategy
- Deliver **development** projects
- Continue to **seek selective opportunities to grow** our accommodation assets via acquisitions, joint ventures and providing management services
- **Enhance project returns** through asset enhancement initiatives
- **Capital management** to enhance shareholder value





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