



Centurion Corporation Limited

1Q 2018 Financial Results

June 2018



DISCLAIMER

This presentation should be read in conjunction with the Company's 1Q 2018 Unaudited Financial Statement Announcement for the year ended 31 March 2018.

This presentation and the accompanying presentation materials (if any) ("Presentation") are made for informational purposes, without regard to the objectives, financial situation nor needs of any specific persons.

This Presentation does not constitute, or form any part of any offer for sale of or subscription of, or solicitation of any offer to buy or subscribe for, any securities nor shall it, or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

This Presentation was prepared exclusively for the parties presently being invited for the purposes of discussion. Neither the Presentation nor any of its content may be distributed, reproduced or used without the prior written consent of Centurion Corporation Limited ("Company"). The Company does not make any representation or warranty, express or implied, as to the accuracy of the information contained herein, and expressly disclaim any and all liability based, in whole or in part, on such information, errors therein or omissions therefrom.

This Presentation includes forward-looking statements provided with respect to the anticipated future performance of the Company. Such forward-looking statements reflect various assumptions of the management concerning the future performance of the Company. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variation may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the forward-looking statements based thereon.

CONTENTS

Key Highlights

Business Review

Financial Review

Stability and Growth

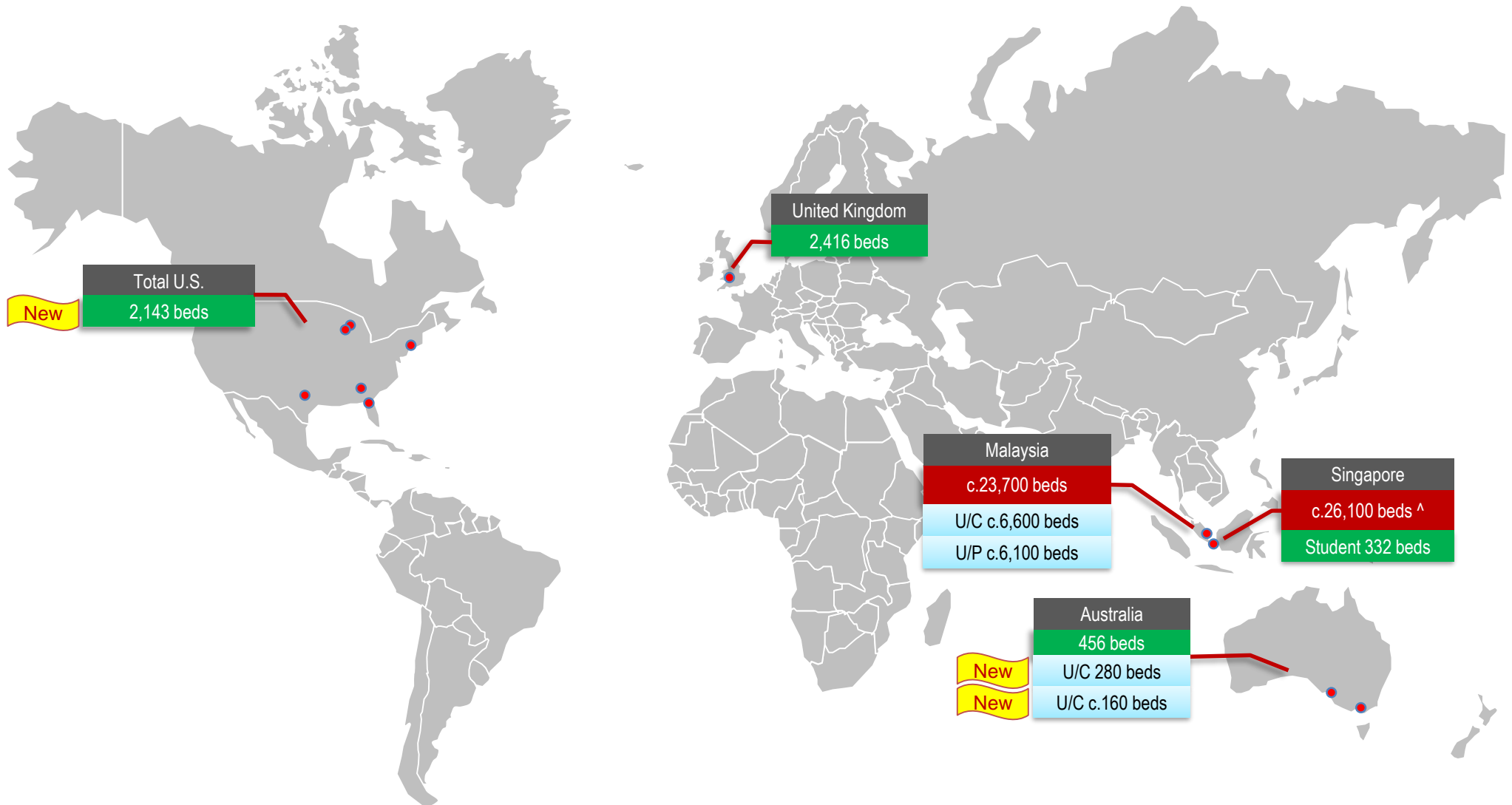
A Stable, Growing Business

An established business with strong fundamentals operating in a growing market

- The largest purpose built workers accommodation provider in Singapore and Malaysia * with 10 assets
 - Supported by consistently high occupancy rates and stabilising bed rates
- A thriving student accommodation business in major global education hubs
 - 16 assets in Singapore, Australia, UK and US with high occupancy rates on the back of strong and stable demand
 - Establishing investment management platform to manage US student accommodation assets for third party investors
- Operating a high quality portfolio in key locations through two established and professional brands
 - **Westlite** – dedicated to workers accommodation
 - **Dwell** – dedicated to student accommodation
- Proven and reliable ability to generate quality earnings and steady cashflow from assets
- A stable and experienced leadership team with an average of 20+ years in the industry

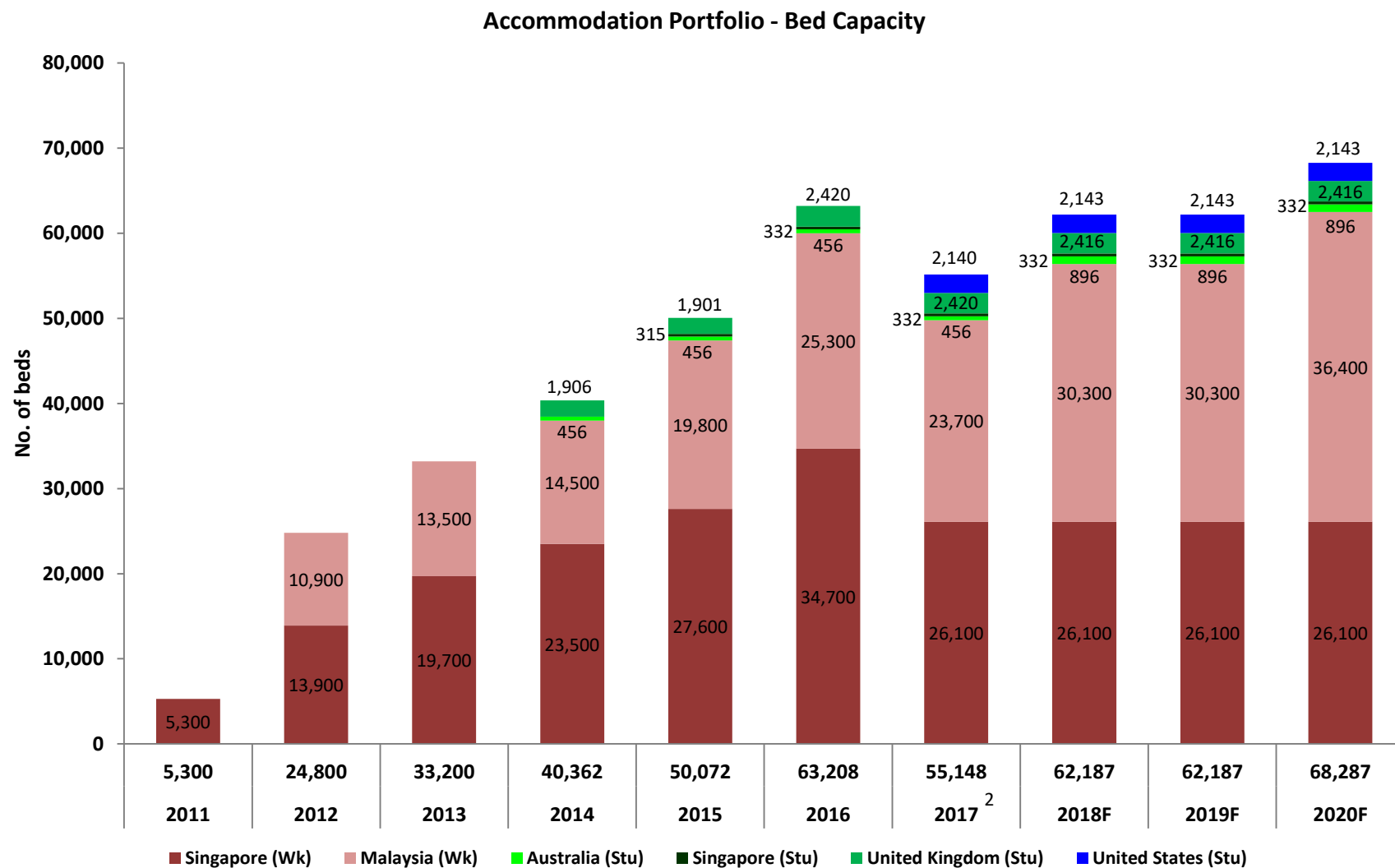


Diversified Geographical Presence



[^] excludes Westlite Tuas (c.8,600 beds) which land lease has expired in Jan 2018.

Accommodation Growth Profile¹

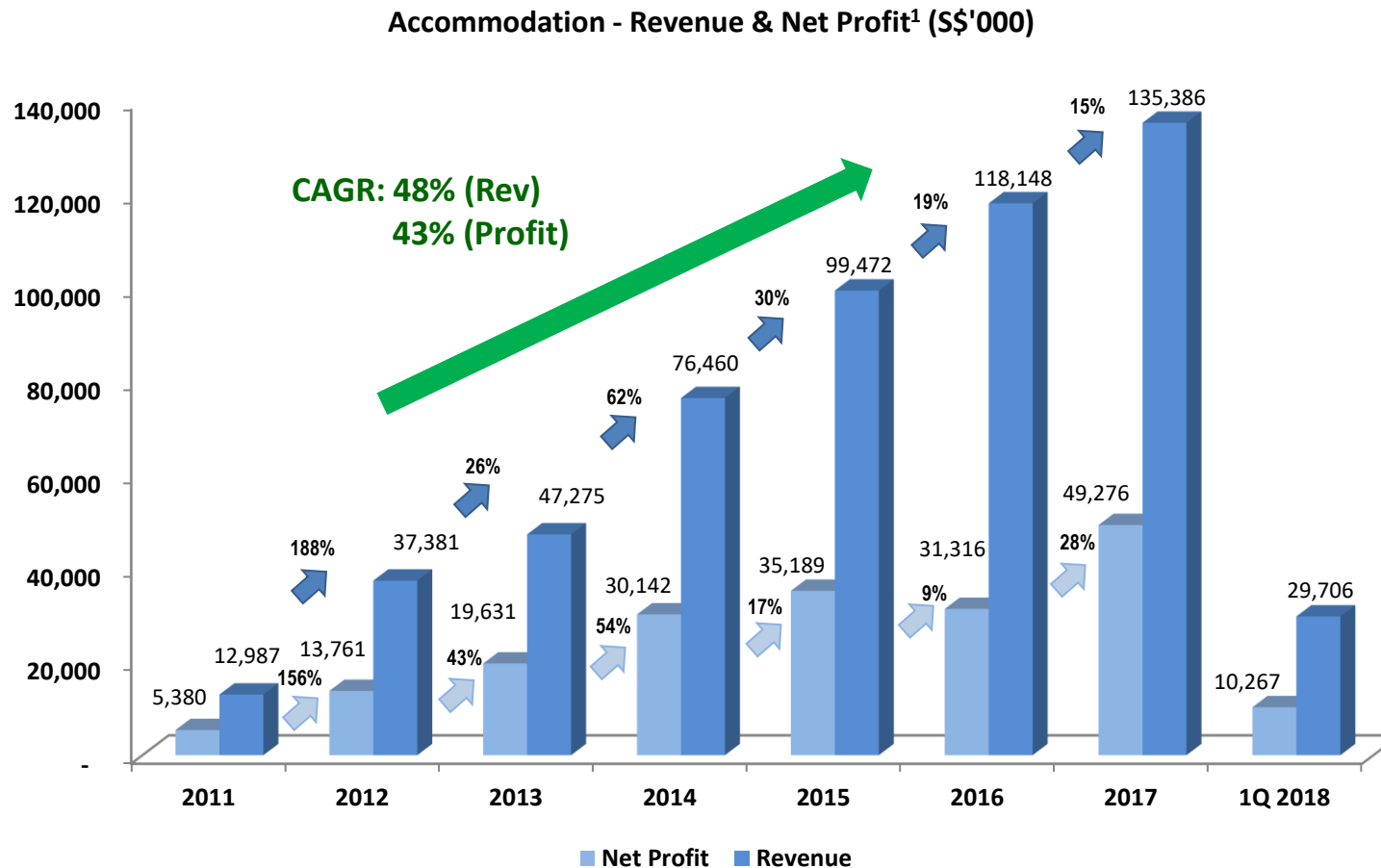


Note:

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

2. Excludes Westlite Tuas, which land lease has expired as of January 2018.

Strong Financial Growth of Accommodation Business



Note:
1. From core business operations

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

1Q 2018 Key Performance Highlights

- 1Q 2018 revenue decreases 17% to S\$30.1 million mainly due to the expected expiry of the lease on Westlite Tuas in Singapore which ceased operations in December 2017.
- Net profit from core business operations reduced 22% to S\$10.5 million

1Q 2018 Key Business Highlights

- Official opening of ASPRI-Westlite Dormitory Papan by Mr. Tharman Shanmugaratnam, Deputy Prime Minister of Singapore and Coordinating Minister for Economic and Social Policies
- The land lease of Westlite Tuas has expired as of January 2018





Business Review





Purpose Built Workers Accommodation



Workers Accommodation – SG

- **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%*



Westlite Toh Guan



Westlite Mandai



Westlite Woodlands



ASPRI-Westlite Papan

Workers Accommodation – Msia

- 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%*
- Only RBA^{^^} compliant option available



Westlite Johor Tech Park



Westlite Pasir Gudang



Westlite Senai



Westlite Senai II



Westlite Tebrau



Westlite Tampoi

[^] Excluding Westlite Tuas

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

* For 1Q 2018

Workers Accommodation

Singapore

- Highly regulated worker accommodation industry
- Demand outstrips supply for PBWA



- Total supply of c.219,400 beds as at Dec 2017
- No new supply in the pipeline
- PBWA Demand: -34,600 (-5%) | PBWA Supply: -25,500 beds (-11%) (Dec 2017 vs Dec 2016)

* Population of foreign workers with work permit (excluding Foreign Domestic Workers) at 718,400, source: MOM

Workers Accommodation

Malaysia

Increasing regulatory demands for proper PBWA



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

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

Last year, Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi said the government would make it compulsory for employers to provide at least a minimum standard accommodation for their foreign workers. He warned that employers who failed to comply with the ruling would not be able to hire new foreign workers.

At present, there is the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) for estate workers. However, it does apply to the construction sector.

According to Labour Department director-general Datuk Mohd Jeffrey Joakim, this resulted in contractors being unaware of the negative impacts of unstructured and unsupervised foreign workers' accommodation like social problems, spreading of diseases and pollution.

To tackle this, amendments to Act 446 was being looked into to include expansion of its enforcement to all sectors.



<< Source: New Strait Times, 1 May 2017, "Ministry drafting laws to protect foreign construction workers"

Increased demands anticipated for manufacturing and construction industries with Belt & Road Initiative

>> Source: The Sun Daily, 7 Feb 2018, "Malaysia can expect more Chinese investments"



China investments transforming Malaysia

<< Source: The Star Online, 10 Sep 2017, "China investments transforming Malaysia"

NATION

Sunday, 10 Sep 2017



Although the influx of Chinese investments is only a recent phenomenon, these funds are bringing speedy changes to local industries and the economic landscape.

MALAYSIA'S economy is being transformed by huge and high-tech investments from China, with revolutionary changes seen in several sectors – particularly in manufacturing and construction.

In manufacturing, Malaysia has become the world's third largest solar cell manufacturer – after mainland China and Taiwan. It has also become a glass exporter – instead of importer – after China firms poured in billions into the sector last year.

In construction, a Chinese contractor is using proven technology to build a tower in the Tun Razak Exchange at a faster rate of one floor every three days. This is among those contracts worth billions of US dollars clinched by Chinese builders in Malaysia.

By Ho Wah Foon and Yimie Yong

A brand synonymous with quality accommodation for foreign workers

- Westlite has been professionally managing workers accommodation for MNCs and corporates since 2011
- **Addresses:**
 - ✓ Regulatory (Government) concerns over security, hygiene, community integration
 - ✓ Compliance to corporate requirements for workers accommodation (e.g. RBA)
 - ✓ Physical and mental health of workers, improving work productivity
- **Westlite characteristics:**
 - ✓ Self contained permanent structure in a secure environment
 - ✓ Freehold or long term leases of between 23 – 99 years
 - ✓ Spacious apartment style living spaces with en-suite or shared bathrooms and cooking facilities
 - ✓ Comprehensive amenities including supermarket, food court, sick bay, gym, indoor and outdoor community facilities
- **Westlite rents typically commands a premium over its competitors**



Our Comprehensive Amenities and Facilities



Superior Building Design



Well Ventilated Bedrooms



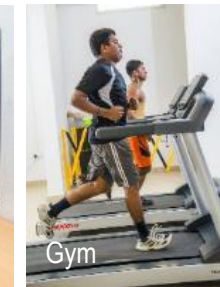
Recreation Areas



Well Stocked Supermarket



Free Wi-Fi Access & Internet Room



Gym



ATM



Spacious Kitchen



Street Soccer



Sepak Takraw



Face Recognition Turnstile System



24 hrs Security & Surveillance



Training/ Multi-purpose Rooms



Basketball & Volleyball Courts



Cricket Courts

Our Holistic Approach



To ensure that our residents are well looked after, we have established a comprehensive range of community programs for them



Workers Accommodation

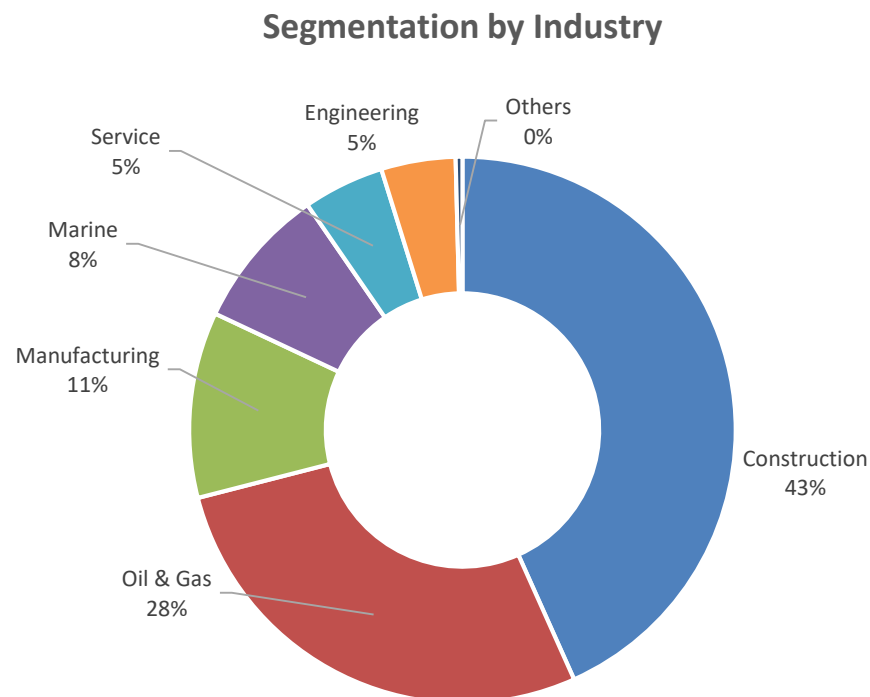
Diversified, stable customer base

- more than 890 customers in Singapore and Malaysia
- serves companies from diverse industries
- ability to cater to multiple industries insulate the Group
- less affected by economic fluctuations or government policies affecting any one industry

S/N.	Industry Percentage	(%)
1	Construction	43.3
2	Oil & Gas	27.7
3	Manufacturing	11.0
4	Marine	8.4
5	Service	4.8
6	Engineering	4.4
7	Others	0.4
	Total	100

[^] Breakdown of workers revenue by industry for Singapore and Malaysia only

* For 1Q 2018





Purpose Built Student Accommodation



Student Accommodation Overview

Globally in demand but under-supplied

- **Supply remains low in mature markets** such as Australia, UK and US, with national provision rates (beds to full time higher education students) at
 - 6% in Australia, 24% in the UK ¹ and 12% in US
- **High demand for quality PBSA**
 - In Australia
 - 1.3 million student population, of which c.340,000 are international higher education students ²
 - undersupply of c.270,000 beds in Australia for international students ³
 - In the UK
 - total full time student numbers stable at c.2.3 million ⁴, including c.436,900 full time international students ⁵
 - cap on student numbers in UK removed in 2015/16
 - In the US
 - c.26.7 million collegiate-age student population ⁴
 - between 2000 and 2015, undergraduate enrolment increased by 30% and is projected to increase 13.5% by 2026 ⁶
- A **resilient and in demand asset class for institutional investors**. Global investment into student accommodation reached US\$16.2bn in 2016 (Bloomberg)
 - PBSA has less intensive operating costs and longer term stays compared to hospitality assets
 - sector offers investors yields ranging between 4-7% annually with less volatility



Exciting growth prospects in the higher education segment

- Centurion operates 16 student accommodation assets in established education hubs
 - 10 assets are fully owned
 - 6 assets (US) are under management services (28.74% owned)
- The launch of the **dwell** brand has allowed Centurion to take a more holistic approach to growing its management capabilities in the student accommodation business
- Operates 5,347 beds across four countries in 2017:
 - Singapore – 332 beds
 - Australia – 456 beds in Melbourne
 - UK – 2,416 beds in Manchester, Liverpool, Bristol and Newcastle
 - US – 2,143 beds across 6 assets in Alabama, Connecticut, Florida, Wisconsin and Texas
- Centurion has consistently achieved average c.95% occupancy rates across its portfolio over the past 3 years
- Managed beds has grown from 456 in Feb 2014 to 5,348 in 2017
 - a further 440 beds in Adelaide and Melbourne expecting completion by 2018
 - expected to increase to more than 6,000 beds over the next 2 years



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.91%*



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
- 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

Student Accommodation



- 8 operating assets with a total capacity of **2,416** 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



- 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





Financial Review



Financial Overview

Group Net Profit¹ decreased by 22% to S\$10.5m in 1Q 2018

S\$'000	1Q 2018	1Q 2017	Change
Revenue	30,102	36,101	-17%
Net Profit ¹	10,489	13,452	-22%
Net Profit (Equity holders) ²	9,129	12,442	-27%
Net Profit Margin ¹	35%	37%	-2pp

- Reduction in revenue – mainly due to Westlite Tuas in Singapore had ceased operations in December 2017 due to the expiry of its land lease.
- 1Q 2018 net profit decrease was mainly due to decrease in revenue arising from Westlite Tuas in Singapore having ceased operation in December 2017 as well as higher finance cost largely due to the issuance of the Multicurrency Medium Term Notes (“MTN”) Series 3 of S\$85 million in April 2017.

Note:

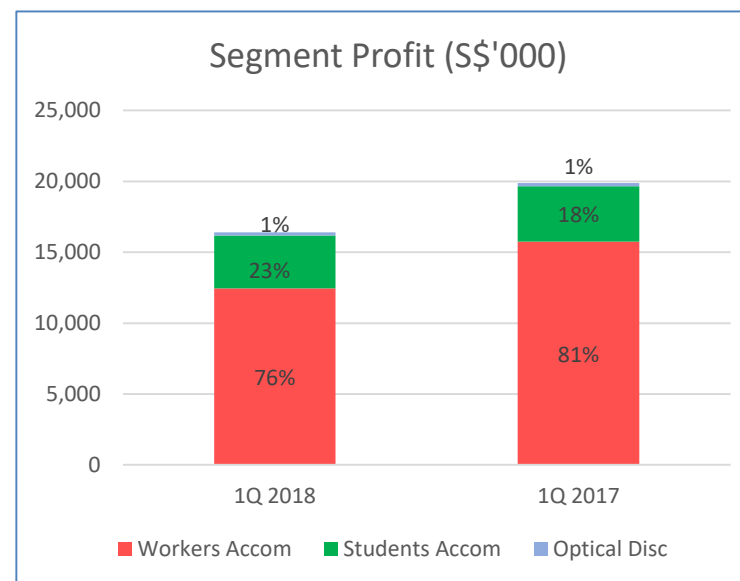
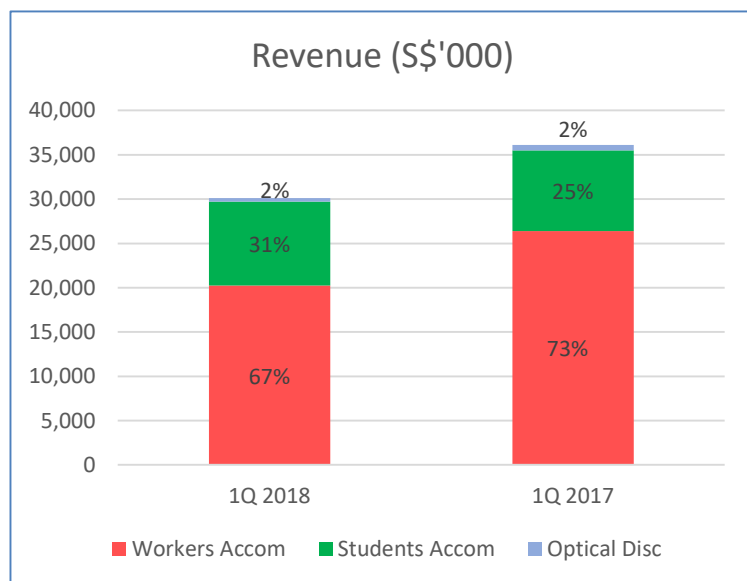
1. Net Profit and Net Profit Margin arising from Profit from core business operations

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 1Q 2018

S\$'000	Accommodation						Optical Disc		
	Workers			Students					
	1Q 2018	1Q 2017	Change	1Q 2018	1Q 2017	Change	1Q 2018	1Q 2017	Change
Revenue	20,245	26,398	-23%	9,461	9,091	4%	396	612	-35%
Segment Profit	12,450	16,147	-23%	3,724	3,521	6%	237	216	10%
Segment Margin	61%	61%	0pp	39%	39%	0pp	60%	35%	25pp



* Segment Profit from core business operations

Balance Sheet Highlights

S\$'000	31 Mar 2018	31 Dec 2017	Change %
Cash & Bank Balances	80,126	75,765	+ 6%
Current Assets	111,561	113,315	- 2%
Non Current Assets	1,085,766	1,075,676	+ 1%
Total Assets	1,197,327	1,188,991	+ 1%
Current Liabilities	158,015	163,608	- 3%
Non Current Liabilities	551,700	549,650	+ 0.4%
Total Liabilities	709,715	713,258	- 0.5%
Net Assets	487,612	475,733	+ 2.5%
Net Gearing Ratio ¹	50%	51%	- 1pp

- Healthy Balance Sheet – S\$80.1 million in cash and bank balances
- Cash and bank balances – mainly from net cash generated by operating activities S\$15.9m of which S\$7.2m and S\$4.4m was used for investing and financing activities respectively.
- Net current liability of S\$46.5m due to the reclassification of MTN of S\$65m 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\$235.1m) available to meet the financing needs of the maturing MTN and its current liabilities.
- Net gearing decreased by 1pp to 50%.
- Average long term bank debt maturity profile of 10 years
- Interest cover is well within interest cover threshold
 - 3.4 times (5.5 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

	Q1 2018	FY 2017
Earnings Per Share	1.09¢ ¹	5.8¢ ¹
NAV per share	56.3¢	55.1¢
Share Price	48.5¢ ³	52.5¢ ²
Dividend	-	2.5¢ ⁴
Market Capitalisation	S\$408m ⁶	S\$441m ⁵

Note:

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



Stability and Growth



Stable, resilient core business

- Diversified business in **2 resilient property asset classes**: Workers and Student Accommodation
- **Geographic diversification** across 5 countries worldwide
 - Singapore, Malaysia, Australia, UK, US
- Occupancy rates average approx 95%, with **stable customer base**
 - PBWA : over 890 customers across multiple sectors including construction, manufacturing, Oil & Gas, Marine, Engineering and Service industries
 - PBSA : balanced mix of student residents from multiple source countries
- **long-term customer contracts** across both business segments, with **low debt delinquency**
 - average 1 year (PBWA) or 1 academic year (PBSA), supported by deposits or pre-payments
- **Financial management for stability**
 - leverage maintained at ratio of 1.5x or lower
 - debt maturity profile averages 10 years

Strategic Focus for Growth

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 accommodation types

- Continue to **selectively** explore opportunities to grow its accommodation business through target 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)

