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**CENTURION CORPORATION LIMITED**

**勝捷企業有限公司\***

*(Incorporated in the Republic of Singapore with limited liability)*

*(Co Reg No. 198401088W)*

**(SGX Stock Code: OU8)**

**(SEHK Stock Code:6090)**

**UNAUDITED FIRST QUARTER  
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE PERIOD ENDED 31 MARCH 2019**

*\*For identification purpose only*

**Unaudited First Quarter Financial Statements and Dividend Announcement for the  
Period Ended 31 March 2019**

The board (the "Board") of directors (the "Directors") of Centurion Corporation Limited ("Centurion" or the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the period ended 31 March 2019, together with the comparative figures for the period ended 31 March 2018 as follows:

**1) Consolidated Income Statement**

	Group		Change %
	2019 \$ '000	2018 \$ '000	
Revenue	31,285	30,102	4
Cost of sales	(8,947)	(8,547)	5
<b>Gross profit</b>	<b>22,338</b>	<b>21,555</b>	<b>4</b>
Other income and gains	195	185	5
Expenses			
- Distribution expenses	(330)	(276)	20
- Administrative expenses	(5,240)	(4,785)	10
- Finance expenses	(7,416)	(5,597)	32
Share of profit of associated companies and joint venture	1,475	1,699	(13)
<b>Profit before income tax</b>	<b>11,022</b>	<b>12,781</b>	<b>(14)</b>
Income tax expense	(1,929)	(2,292)	(16)
<b>Total profit</b>	<b>9,093</b>	<b>10,489</b>	<b>(13)</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	7,876	9,129	(14)
Non-controlling interests	1,217	1,360	(11)
<b>Total profit</b>	<b>9,093</b>	<b>10,489</b>	<b>(13)</b>

**Note 1**

<b>Total profit</b>	9,093	10,489	(13)
<b>Profit from core business operations</b>	<b>9,093</b>	<b>10,489</b>	<b>(13)</b>

**Note 2**

<b>Profit attributable to equity holders of the Company</b>	7,876	9,129	(14)
<b>Profit from core business operations attributable to equity holders</b>	<b>7,876</b>	<b>9,129</b>	<b>(14)</b>

## 2) Consolidated Statement of Comprehensive Income

	<u>First quarter ended 31 March</u>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
	<u>\$ '000</u>	<u>\$ '000</u>	<u>%</u>
Total profit	9,093	10,489	(13)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation gains arising from consolidation	3,563	2,170	64
Share of other comprehensive gain/(loss) of associated companies and joint venture	27	(610)	N/M
Financial assets at fair value through other comprehensive income ("FVOCI")			
- Fair value gain/(loss)	276	(170)	N/M
- Reclassification	150	-	N/M
Other comprehensive income, net of tax	4,016	1,390	189
Total comprehensive income	13,109	11,879	10
<b><u>Total comprehensive income attributable to:</u></b>			
Equity holders of the Company	11,886	10,519	13
Non-controlling interests	1,223	1,360	(10)
Total comprehensive income	13,109	11,879	10

N/M : Not meaningful

### 3) Balance Sheets

	<u>Group</u>		<u>Company</u>	
	31 Mar 2019 \$ '000	31 Dec 2018 \$ '000	31 Mar 2019 \$ '000	31 Dec 2018 \$ '000
<b>Current assets</b>				
Cash and bank balances	102,644	62,902	67,447	34,081
Trade and other receivables	8,459	11,972	29,636	29,610
Inventories	85	88	-	-
Other assets	4,323	4,120	492	325
Financial assets, at fair value through other comprehensive income	9,577	9,322	9,577	9,322
Assets held for sale	5,644	5,586	-	-
	<b>130,732</b>	<b>93,990</b>	<b>107,152</b>	<b>73,338</b>
<b>Non-current assets</b>				
Trade and other receivables	-	-	358,853	358,853
Other assets	598	598	-	-
Financial assets, at fair value through profit or loss	388	383	-	-
Investments in associated companies	117,478	116,699	1,298	1,298
Investments in joint ventures	4,467	4,604	-	-
Investments in subsidiaries	-	-	16,703	16,703
Investment properties	1,136,771	1,097,191	-	-
Property, plant & equipment	16,904	8,275	701	745
	<b>1,276,606</b>	<b>1,227,750</b>	<b>377,555</b>	<b>377,599</b>
<b>Total assets</b>	<b>1,407,338</b>	<b>1,321,740</b>	<b>484,707</b>	<b>450,937</b>
<b>Current liabilities</b>				
Trade and other payables	(39,528)	(41,901)	(18,016)	(15,366)
Current income tax liabilities	(8,803)	(8,018)	(907)	(895)
Borrowings	(80,856)	(42,994)	(38,940)	(2,189)
Other liabilities	(2)	-	-	-
Lease liabilities	(3,884)	-	-	-
	<b>(133,073)</b>	<b>(92,913)</b>	<b>(57,863)</b>	<b>(18,450)</b>
<b>Non-current liabilities</b>				
Borrowings	(691,315)	(695,403)	(136,187)	(161,462)
Other liabilities	(372)	(356)	-	-
Deferred income tax liabilities	(8,172)	(8,117)	(83)	(87)
Lease liabilities	(36,346)	-	-	-
	<b>(736,205)</b>	<b>(703,876)</b>	<b>(136,270)</b>	<b>(161,549)</b>
<b>Total liabilities</b>	<b>(869,278)</b>	<b>(796,789)</b>	<b>(194,133)</b>	<b>(179,999)</b>
<b>Net assets</b>	<b>538,060</b>	<b>524,951</b>	<b>290,574</b>	<b>270,938</b>
<b>Equity</b>				
Share capital	142,242	142,242	253,553	253,553
Other reserves	(28,728)	(32,536)	(280)	(557)
Retained profits	405,485	397,609	37,301	17,942
	<b>518,999</b>	<b>507,315</b>	<b>290,574</b>	<b>270,938</b>
Non-controlling interests	19,061	17,636	-	-
<b>Total equity</b>	<b>538,060</b>	<b>524,951</b>	<b>290,574</b>	<b>270,938</b>
<b>Gearing ratio*</b>	59%	58%		
<b>Net gearing ratio**</b>	51%	53%		

\* The gearing ratio is computed as borrowings divided by total capital. Total capital is calculated as borrowings plus net assets of the Group.

\*\* The net gearing ratio is computed as borrowings less cash and bank balances divided by total capital.

#### 4) Consolidated Statement of Cash Flows

	<b>First Quarter ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$ '000</b>	<b>\$ '000</b>
Total profit	9,093	10,489
Adjustment for:		
Income tax expense	1,929	2,292
Depreciation and amortisation	1,243	771
Allowance for impairment of trade and other receivables	27	9
Net loss on disposal of property, plant and equipment	8	4
Interest income	(323)	(241)
Dividend income	-	(27)
Finance expenses	7,416	5,597
Share of profit of associated companies and joint venture	(1,475)	(1,699)
Unrealised currency translation differences	25	(211)
Reclassification adjustment from fair value reserve to profit or loss	150	-
Operating cash flow before working capital changes	18,093	16,984
Change in working capital		
Inventories	3	(34)
Trade and other receivables	3,436	4,486
Other assets	(135)	(240)
Trade and other payables	(3,101)	(3,939)
Cash generated from operations	18,296	17,257
Income tax paid	(1,143)	(1,369)
<b>Net cash provided by operating activities</b>	<b>17,153</b>	<b>15,888</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	2	3
Additions to investment properties	(2,506)	(9,589)
Purchases of property, plant and equipment	(315)	(94)
Interest received	323	241
Dividends received	-	27
Dividends received from an associated company	861	861
Other deposits refunded	-	1,335
<b>Net cash used in investing activities</b>	<b>(1,635)</b>	<b>(7,216)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	42,222	11,239
Repayment of borrowings	(10,474)	(8,977)
Interest paid on borrowings	(5,596)	(5,772)
Cash provided by non-controlling interests	300	-
Repayment of loan from associated companies	(861)	(861)
Interest paid on lease liabilities	(347)	-
Repayment of principal portion of lease liabilities	(894)	-
<b>Net cash provided by/(used in) financing activities</b>	<b>24,350</b>	<b>(4,371)</b>
<b>Net increase in cash and cash equivalents held</b>	<b>39,868</b>	<b>4,301</b>
Cash and cash equivalents at beginning of the period	61,358	73,191
Effects of currency translation on cash and cash equivalents	(149)	22
<b>Cash and cash equivalents at end of the period</b>	<b>101,077</b>	<b>77,514</b>
* The consolidated cash and cash equivalents comprise the following:		
Cash and bank balances	102,644	80,126
Restricted cash and short-term bank deposits charged as security to bank	(1,567)	(2,612)
	<b>101,077</b>	<b>77,514</b>

## 5) Consolidated Statement of Changes in Equity

GROUP 2019	← Attributable to equity holders of the Company →					Total Non-controlling Interests \$'000	Total Equity \$'000
	Share Capital \$'000	Treasury Shares \$'000	Other Reserves \$'000	Retained Profits \$'000	Total \$'000		
	Balance as at 1 Jan 2019	142,242	-	(32,536)	397,609		
Adjustment on acquisition of additional shares in a subsidiary from non-controlling interest	-	-	(202)	-	(202)	202	-
Profit for the period	-	-	-	7,876	7,876	1,217	9,093
Other comprehensive income for the period	-	-	4,010	-	4,010	6	4,016
<b>Balance as at 31 Mar 2019</b>	<b>142,242</b>	<b>-</b>	<b>(28,728)</b>	<b>405,485</b>	<b>518,999</b>	<b>19,061</b>	<b>538,060</b>
<b>GROUP 2018</b>	<b>Share Capital \$'000</b>	<b>Treasury Shares \$'000</b>	<b>Other Reserves \$'000</b>	<b>Retained Profits \$'000</b>	<b>Total \$'000</b>	<b>Total Non-controlling Interests \$'000</b>	<b>Total Equity \$'000</b>
Balance as at 1 Jan 2018	142,242	-	(18,617)	339,302	462,927	12,806	475,733
Profit for the period	-	-	-	9,129	9,129	1,360	10,489
Other comprehensive profit for the period	-	-	1,390	-	1,390	-	1,390
<b>Balance as at 31 Mar 2018</b>	<b>142,242</b>	<b>-</b>	<b>(17,227)</b>	<b>348,431</b>	<b>473,446</b>	<b>14,166</b>	<b>487,612</b>
<b>COMPANY 2019</b>	<b>Share Capital \$'000</b>	<b>Treasury Shares \$'000</b>	<b>Other Reserves \$'000</b>	<b>Retained Profits \$'000</b>	<b>Total \$'000</b>		
Balance as at 1 Jan 2019	253,553	-	(556)	17,941	270,938		
Profit for the period	-	-	-	19,360	19,360		
Other comprehensive income for the period	-	-	276	-	276		
<b>Balance as at 31 Mar 2019</b>	<b>253,553</b>	<b>-</b>	<b>(280)</b>	<b>37,301</b>	<b>290,574</b>		
<b>COMPANY 2018</b>	<b>Share Capital \$'000</b>	<b>Treasury Shares \$'000</b>	<b>Other Reserves \$'000</b>	<b>Retained Profits \$'000</b>	<b>Total \$'000</b>		
Balance as at 1 Jan 2018	253,553	-	64	20,152	273,769		
Loss for the period	-	-	-	(1,882)	(1,882)		
Other comprehensive loss for the period	-	-	(170)	-	(170)		
<b>Balance as at 31 Mar 2018</b>	<b>253,553</b>	<b>-</b>	<b>(106)</b>	<b>18,270</b>	<b>271,717</b>		

**6) NOTES TO THE UNAUDITED FIRST QUARTER CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2019**

**a) General information**

Centurion is incorporated and domiciled in Singapore and is dual listed on both the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and The Stock Exchange of Hong Kong Limited (the "SEHK"). The address of its registered office is 45 Ubi Road 1, #05-01, Singapore 408696.

The principal activities of the Company include investment holding and provision of management services.

The financial statements are presented in thousands of Singapore Dollars (S\$'000) unless otherwise stated.

**b) Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The financial statements of the Company and the Group have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS") under the historical cost convention.

For the purpose of SFRS(I), financial statements that have been prepared in accordance and complied with IFRS are deemed to have also complied with SFRS(I). SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are referred to collectively as "IFRS" in these financial statements, unless specified otherwise.

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statement of the previous financial year, except where new or amended IFRS or SFRS(I) and Interpretation to FRS ("INT FRS") became effective from this financial year.

**c) If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the following new accounting standards, amendment and interpretation to existing standards which are mandatory for accounting periods beginning on or after 1 January 2019.

International Financial Reporting Standard 16 - Leases ("IFRS 16")

The Group has applied IFRS 16 from the mandatory adoption date of 1 January 2019. The Group applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 1 January 2019, the Group recognised its existing operating lease arrangements as right-of-use assets (under investment properties and property, plant and equipment) with corresponding lease liabilities and the effects are as shown below:

<u>Balance Sheet</u>	<u>Higher/(Lower)</u>
<b>As at 1 January 2019</b>	<b>Group</b>
<u>Assets</u>	<b>S\$'000</b>
Property, plant and equipment	9,550
Investment properties	31,789
	<u>41,339</u>
<u>Liabilities</u>	
Lease liabilities - Current	4,125
Lease liabilities - Non-current	37,214
	<u>41,339</u>

c) **Other income and gains**

Rental income	-	2	(100)
Interest income	323	241	34
Dividend income	-	27	N/M
Currency exchange loss - net	(41)	(174)	(76)
Net loss on disposal of plant and equipment	(8)	(4)	100
Government grants	54	89	(39)
Financial assets at fair value through other comprehensive income			
- reclassification from other comprehensive income on disposal	(150)	-	N/M
Others	17	4	325
	195	185	5

<b>Group</b>		
<b><u>First quarter ended 31 March</u></b>		
<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>\$ '000</b>	<b>\$ '000</b>	<b>%</b>
-	2	(100)
323	241	34
-	27	N/M
(41)	(174)	(76)
(8)	(4)	100
54	89	(39)
(150)	-	N/M
17	4	325
195	185	5

d) **Income tax expense**

Tax expense attributable to the profit is made up of:

- Profit for the financial period			
Current income tax	1,982	2,239	(11)
Deferred income tax	(18)	(13)	38
	1,964	2,226	(12)
- (Over)/under provision in prior financial periods			
Current income tax	(72)	8	N/M
Deferred income tax	37	58	(36)
	1,929	2,292	(16)

<b>Group</b>		
<b><u>First quarter ended 31 March</u></b>		
<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>\$ '000</b>	<b>\$ '000</b>	<b>%</b>
1,982	2,239	(11)
(18)	(13)	38
1,964	2,226	(12)
(72)	8	N/M
37	58	(36)
1,929	2,292	(16)

e) **Other information on Income Statement**

Depreciation and amortisation	1,243	771	61
Allowance for impairment of trade and other receivables	27	9	200

<b>Group</b>		
<b><u>First quarter ended 31 March</u></b>		
<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>\$ '000</b>	<b>\$ '000</b>	<b>%</b>
1,243	771	61
27	9	200

N/M : Not meaningful



f) **Group's borrowings**

(i) **Amount repayable in one year or less, or on demand**

Secured  
Unsecured  
Sub Total

Group	
31 Mar 2019	31 Dec 2018
\$'000	\$'000
43,166	42,055
37,690	939
<b>80,856</b>	<b>42,994</b>

(ii) **Amount repayable after one year**

Secured  
Unsecured  
Sub Total

Group	
31 Mar 2019	31 Dec 2018
\$'000	\$'000
582,742	560,984
108,573	134,419
<b>691,315</b>	<b>695,403</b>
<b>772,171</b>	<b>738,397</b>

**Total borrowings**

(iii) **Details of any collateral**

The Group's secured borrowings include bank borrowings and lease liabilities. The borrowings are secured by fixed charges over certain bank deposits and investment properties of the subsidiaries.

g) **Share capital and treasury shares**

Share capital

Beginning and end of financial period

Group and Company No. of shares issued	Group Share capital \$ '000	Company Share capital \$ '000
840,778,624	142,242	253,553

Total number of issued shares excluding treasury shares

Company	
31 Mar 2019	31 Dec 2018
840,778,624	840,778,624

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Share options, warrants and convertibles

As at 31 March 2019 and 31 March 2018, the Company did not have any employee share option scheme and has no outstanding options, warrants or convertibles.

Treasury shares and subsidiary holdings

Number of shares held as treasury shares

Number of subsidiary holdings

Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding

Company	
As at 31 Mar 2019	As at 31 Mar 2018
-	-
-	-
0%	0%

There were no sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings as at the end of the current financial period reported on.

h) **Purchase, sales or redemption of the Company's listed securities and cancellation of treasury shares**

There was no purchase, sales or redemption of the Company's listed securities and cancellation of treasury shares during the period ended 31 March 2019.

7. (a) Earnings per share

	Group	
	<u>First Quarter ended 31 March</u>	
	2019	2018
Net profit attributable to equity holders of the Company (S\$'000)	7,876	9,129
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	840,779	840,779
<u>Earnings per ordinary share:</u>		
(i) Basic earnings per share (cents)	0.94	1.09
(ii) Diluted earnings per share (cents)	0.94	1.09

(b) Net asset value

	Group		Company	
	<u>31 Mar 2019</u>	<u>31 Dec 2018</u>	<u>31 Mar 2019</u>	<u>31 Dec 2018</u>
Net asset value per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period reported on	61.73 cents	60.34 cents	34.56 cents	32.22 cents

Note:

The Group's and Company's net asset value per ordinary share is calculated based on the Company's total number of existing issued share capital excluding treasury shares of 840,778,624 (31 December 2018: 840,778,624) ordinary shares.

## 8. Group Performance Review

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### (a) First quarter review - 1Q 2019 vs 1Q 2018

The Group's revenue increased by 4% or S\$1.2 million to S\$31.3 million for the quarter ended 31 March 2019 ("1Q 2019"), from S\$30.1 million in the quarter ended 31 March 2018 ("1Q 2018").

The higher revenue was mainly attributable to revenue contribution from dwell Princess Street in the United Kingdom ("UK"), which was acquired towards the second half of FY2018 and rental rate increase from the Group's UK assets. Occupancy and rents for Centurion's existing portfolio of workers and student accommodation assets have continued to remain stable.

During 1Q 2019, the Group added three new operating assets into its portfolio through its development pipeline. The assets include student properties namely dwell East End Adelaide in Australia and dwell Dongdaemun in South Korea as well as a workers accommodation property, Westlite Bukit Minyak in Penang, Malaysia.

dwell East End Adelaide and dwell Dongdaemun started operations in 1Q 2019, while Westlite Bukit Minyak will be ready for occupancy in 2Q 2019, following fitting works carried out on the property. Occupancy for these assets is expected to be ramped up to a healthy level over the next 9 to 12 months. The start-up costs incurred for these properties have resulted in an increase in cost of sales in 1Q 2019 without the associated increase in revenue. Certain rental expenses were reclassified to finance expenses after the IFRS 16 Leases ("IFRS 16") standard came into effect in January 2019; excluding the reclassification, cost of sales would have been higher by S\$0.7 million.

The Group's gross profit increased by 4% year-on-year, from S\$21.6 million in 1Q 2018 to S\$22.3 million in 1Q 2019, mainly due to higher revenue and adoption of IFRS 16 Leases which have offset the increased cost of sales associated with the new operational assets. In line with the Group's expanded business operations, administrative expenses increased by S\$0.5 million as compared to 1Q 2018.

Finance expenses increased by S\$1.8 million, mainly due to new borrowings to fund the Group's expansion with the three new operating assets as well as the Asset Enhancement Programme ("AEP") to increase 160 new beds for Centurion's student property, RMIT Village in Melbourne, Australia. Finance expenses increased were also due to higher interest rates compared to the previous corresponding period, and the implementation of the IFRS 16 which resulted in S\$0.3 million finance expenses from lease liabilities.

Share of profit of associated companies and joint venture was S\$0.2 million lower, largely due to lower contribution from the Centurion US Student Housing Fund (the "US Fund").

For 1Q 2019, net profit after tax derived from the Group's operations was S\$9.1 million, which was S\$1.4 million lower compared to 1Q 2018. This was substantially due to the start-up costs incurred for the new properties as well as higher interest expense on additional borrowings to fund the Group's expansion.

### (b) Review of Group Balance Sheet

#### **Assets**

Cash and bank balances increased by S\$39.7 million to S\$102.6 million, largely due to net cash provided by operating activities of S\$17.2 million as well as proceeds from borrowings. The Group had set aside S\$36.25 million for the redemption of the balance of the Multicurrency Medium Term Notes ("MTN") Series 3 Notes, which was completed on 12 April 2019. Please refer to (d) review of the Group's cash flow statements.

Trade and other receivables reduced by S\$3.5 million mainly due to collections during 1Q 2019.

IFRS 16 requires a lessee to recognise assets and liabilities for leases with a term of more than 12 months. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a result of the new IFRS 16, the investment properties has increased by S\$31.8 million and property, plant and equipment has increased by S\$9.0 million as at 31 March 2019. Correspondingly, the total lease liabilities balance of S\$40.2 million was recorded as at 31 March 2019.

#### **Borrowings & Gearing**

As at 31 March 2019, the Group had net current liabilities of S\$2.3 million mainly due to the reclassification of the notes payable of S\$36.25 million, which has been matured on 12 April 2019, from long term borrowings to short term borrowings. The Group currently has sufficient cash resources and banking facilities available to meet its current liabilities. The notes payable of S\$36.25 million was redeemed post-period on 12 April 2019.

As at 31 March 2019, the Group's net gearing ratio was 51%, as compared to 53% as at 31 December 2018. The Group's developmental and acquired operating assets are primarily funded through bank debt. The Group finances its long term assets with long term bank debt with principal repayments. The current bank debt has an average remaining maturity profile of 8 years. The reduction in net gearing ratio is mainly due to bank repayments and an increase in equity as a result of the operating profits and increase in reserves in 1Q 2019.

The Group's balance sheet remains healthy with S\$102.6 million in cash and bank balances as at 31 March 2019.

**(c) Review of Company Balance Sheet**

Borrowings increased S\$11.5 million due to the additional subscription of S\$11.25 million on the MTN Series 4 Notes. This proceeds were subsequently used as part of the funds to fully redeem S\$36.25 million of the MTN Series 3 Notes in April 2019.

**(d) Review of Statement of Cash Flows**

In 1Q 2019, the Group generated a positive cash flow of S\$17.2 million from operating activities.

During the quarter, net cash used in investing activities amounted to S\$1.6 million. This was mainly due to the development of RMIT Village in Australia, which was offset with dividends received from an associated company.

The Group recorded net cash of S\$24.4 million from financing activities. This was mainly due to bank financing as well as the additional subscription of S\$11.25 million from the MTN Series 4 Notes, which was offset by the repayment of borrowings and interest paid during the period.

As a result of the above activities, the Group recorded an increase in cash and cash equivalents of S\$39.9 million in 1Q 2019.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement was previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

**Accommodation Business**

As at 31 March 2019, the Group operated a diversified portfolio of 31 operational purpose-built workers and student accommodation assets ("PBWA" and "PBSA", respectively) comprising approximately 62,656 beds across Singapore, Malaysia, Australia, South Korea, the United Kingdom ("UK") and United States ("US"), representing an increase of 13.1% in bed capacity from FY2018.

**(a) Workers Accommodation**

The Group expects demand for the PBWA sector to remain stable in Singapore as demand has continued to outstrip supply by 120,000 to 150,000 beds during the quarter. As at 31 March 2019, Centurion had a total of 26,100 beds across four operating workers accommodation assets in Singapore, with a high average occupancy rate of 95.9%.

In addition, the government announced that the population of Non-Domestic Foreign Workers with work permits (excluding Foreign Domestic Workers) was at 718,800<sup>1</sup> as at December 2018, compared to 718,400 the year before. It has kept the foreign workers quota in the construction, marine, processing and manufacturing sectors unchanged in Budget 2019<sup>2</sup>, contributing to a stable supply of foreign workers.

With the opening of Westlite Bukit Minyak, Centurion's first development in Penang and seventh in Malaysia in January 2019, Centurion operated approximately 30,300 beds across seven workers accommodation assets during the quarter. The assets, which are well-located in key manufacturing hubs, enjoyed an average occupancy of 90.3% excluding Westlite Bukit Minyak. Westlite Bukit Minyak underwent fitting out after completion in January and is expected to be ready for occupancy by 2Q 2019; where occupancy is expected to ramp up over the course of 2019.

The demand for PBWA in Malaysia is expected to be driven by the government's moves to ensure proper housing for foreign workers.

**(b) Student Accommodation**

As at 31 March 2019, the Group had a portfolio of approximately 6,256 beds across 20 operational assets in the US, UK, Australia, Singapore and Korea, which is an increase of 11.6% from FY2018. Overall, the average occupancy for the student accommodation portfolio was 88.1% for 1Q 2019. This excludes new developments such as dwell East End Adelaide and dwell Dongdaemun.

Despite wider uncertainties surrounding Brexit, an increase in acquisitions of PBSA assets in the UK by global investors as well as an uptick in the development pipeline underscores the resilience of the sector. Research by Knight Frank has shown that there is still a shortage in supply to meet the demand for student accommodation in the UK. Average occupancy for the UK properties was 91.1% in 1Q 2019.

RMIT Village in Melbourne, Australia, has achieved a high average occupancy of 80% based on available beds for 1Q 2019 even though Asset Enhancement Programme is currently underway. Out of the 160 additional beds under AEP, 113 beds are completed in 1Q 2019. A remaining 47 beds are expected to be ready in 2Q 2019. dwell East End Adelaide was completed in 4Q 2018 and began accepting occupancy in January 2019. For new developments, it usually takes nine to twelve months for occupancy to reach an optimal level.

According to Savills, the sector in Australia continues to be driven by the influx of international students. By 2022, the full-time international student to all-bed ratio is projected to measure 3.75, significantly higher than more mature global markets such as the UK.

Similarly, South Korea's international student population has been growing, with the country currently on track to hit its goal of reaching 200,000 students by 2023<sup>3</sup>. dwell Dongdaemun has completed refurbishment and was ready for occupancy in late February; occupancy is expected to build up progressively and begin accreting revenue over the course of 2019.

Centurion's six PBSA assets in the US achieved healthy average occupancy rates for 1Q 2019. The Group remains optimistic in the demand for student accommodation in the US, where demand for student housing is underpinned by the increasing number of university-age individuals.

In Singapore, dwell Selegie achieved an average occupancy of 91% during the quarter.

The positive supply-demand dynamics within the student accommodation segment and the anti-cyclical resilience of this accommodation asset class point towards a healthy outlook for the Group's strategically-located student accommodation assets.

## **Growth strategy**

The Group remains on track to continue growing its specialised accommodation business globally. It has both portfolio growth and asset light strategies in place, with the former involving selective acquisitions, developments and asset enhancement programmes. The latter seeks to achieve scalable growth through joint ventures, as well as the establishment and provision of investment, asset and property management services.

While the Group remains focused on niche accommodation assets within the PBSA and PBWA sector which generate stable, recurring income streams, it will also consider opportunities to invest in new specialised accommodation types.

### Remark:

1. Source: [Ministry of Manpower – Foreign workforce numbers](#)
2. Source: [MOM Budget 2019 Highlights](#), 5 March 2019
3. Source: [ICEF Monitor](#), 21 February 2018

**11. Use of Proceeds**

Not applicable

**12. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on ?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year ?

None

**(c) Date Payable**

Not applicable

**(d) Book Closure Date**

Not applicable

**13. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable for quarter announcement

**14. If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared by the Board of the Company in respect of Q1 2019 (Q1 2018: Nil). The Company has been declaring and paying dividends twice a year in second quarter and fourth quarter since the second quarter of FY2015.

**15. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Group's auditors, PricewaterhouseCoopers LLP.

**16. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

**17. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable for quarter announcement.

**18. Sales and Profit Breakdown.**

Not applicable for quarter announcement.

**19. If the Group has obtained a general mandate from shareholders for interested person transactions (the "IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of SGX-ST. If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have a shareholders' mandate for IPTs.

**20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual of SGX-ST in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable for quarter announcement.

**21. Confirmation of Directors' and Executive Officers' Undertakings.**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the Listing Manual of SGX-ST.

**22. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of SGX-ST.**

On behalf of the Board of Directors of the Company, we, Wong Kok Hoe and Loh Kim Kang David, confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the first quarter ended 31 March 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD  
CENTURION CORPORATION LIMITED  
Kong Chee Min  
Chief Executive Officer  
10 May 2019

*As at the date of this announcement, the Board comprises Mr. Teo Peng Kwang as executive director; Mr. Han Seng Juan, Mr. Loh Kim Kang David and Mr. Wong Kok Hoe as non-executive directors; and Mr. Gn Hiang Meng, Mr. Chandra Mohan s/o Rethnam, Mr. Owi Kek Hean and Ms. Tan Poh Hong as independent non-executive directors.*