

**PRESS RELEASE**

***For Immediate Release***

**STEADY GROWTH FOR CENTURION CORP WITH 62% Y-O-Y INCREASE IN 2Q 2014 NET PROFIT<sup>1</sup> TO S\$7.5 MILLION**

- Accommodation business registers healthy revenue growth of 56% and net profit increase of 65% in 2Q 2014
- Continues on expansion path to broaden earnings stream with proposed acquisition of four quality student accommodation assets in United Kingdom

	1 Apr 14 - 30 Jun 14 (2Q 2014) S\$'000	1 Apr 13 - 30 Jun 13 (2Q 2013) S\$'000	Increase %	1 Jan 14 - 30 Jun 14 (1H 2014) S\$'000	1 Jan 13 - 30 Jun 13 (1H 2013) S\$'000	Increase %
<b>Revenue</b>	19,880	14,115	41%	37,439	27,743	35%
<b>Gross Profit</b>	13,012	7,838	66%	24,071	15,228	58%
<b>Gross Margin</b>	65%	56%	9 pp	64%	55%	9 pp
<b>Profit from Continuing Operations<sup>1</sup></b>	7,540	4,642	62%	30,375	8,622	252%

**Singapore, 14 August 2014 – Centurion Corporation Limited** (胜捷企业有限公司) (“Centurion”, the “Company”, or together with its subsidiaries, the “Group”) which owns, develops and manages quality accommodation assets, today reported a net profit of S\$7.5 million from its continuing operations for the second quarter (“2Q 2014”) ended 30 June 2014.

This translated to a considerable 62% increase year-on-year, compared to the S\$4.6 million net profit from its continuing operations registered in the previous corresponding period (“2Q 2013”), excluding fair value gains and one-off impairment charge. The healthy growth was boosted by the Group’s accommodation business which contributed a profit of S\$7.6 million, while the Group’s optical disc business experienced a marginal loss of S\$0.1 million.

In 2Q 2014, the Group’s revenue grew 41% from S\$14.1 million in 2Q 2013 to S\$19.9 million. The accommodation business saw an encouraging growth of 56% or S\$6.4 million compared to 2Q 2013, contributing a significant S\$17.8 million to the overall revenue in 2Q 2014.

<sup>1</sup> Refers to net profit from the Group’s continuing operations, excluding fair value gains and one-off impairment charge.

Against a declining demand for physical optical disc storage media, the Group's optical business saw a slight drop in revenue of S\$0.6 million in 2Q 2014

The Group's gross profit for 2Q 2014 jumped 66% to S\$13 million from S\$7.8 million in 2Q 2013. Gross profit margin rose 9 percentage points from 56% to 65% due to the higher revenue contribution from the accommodation business, which enjoys a higher profit margin compared to the optical disc business.

## Accommodation Business

### – Summary of Financial Figures (excluding fair value gains)

	1 Apr 14 - 30 Jun 14 (2Q 2014) S\$'000	1 Apr 13 - 30 Jun 13 (2Q 2013) S\$'000	Increase %	1 Jan 14 - 30 Jun 14 (1H 2014) S\$'000	1 Jan 13 - 30 Jun 13 (1H 2013) S\$'000	Increase %
<b>Revenue</b>	17,827	11,413	56 %	33,034	22,556	46%
<b>Gross Profit</b>	12,406	7,209	72 %	22,476	13,955	61%
<b>Gross Margin</b>	70%	63%	7 pp	68%	62%	6 pp
<b>Net Profit</b>	7,643	4,634	65%	30,333	8,739	247%

The Group's accommodation business continued to perform well in 2Q 2014. This segment recorded a profit of S\$7.6 million, on the back of a revenue of S\$17.8 million. The growth in revenue stemmed largely from the expansion in bed capacity at Westlite Toh Guan, which was completed since January 2014, as well as revenue contribution from the Group's student accommodation asset RMIT Village ("RMITV") located in Melbourne, Australia, acquired since February 2014.

The segment also benefited from additional revenue contribution attributed to the expansion of bed capacity of Westlite Mandai from 4,750 beds, when it first commenced operations in April 2013, to 6,300 beds presently. Other factors such as an increase in rental rates and continued improvements in the occupancy rates of the Group's dormitories located in Malaysia further contributed to the segment's revenue growth.

Commenting on the latest 2Q 2014 results, Mr Kong Chee Min (江志明), CEO of Centurion Corporation Limited said, "Centurion is in a strong position to continue growing our accommodation business. We have diversified our portfolio assets across various geographical locations and expanded accommodation segment into student accommodation to broaden our revenue stream. The Group will continually explore selected acquisition opportunities in Singapore as well as build on our presence in Malaysia and beyond."

## **Business Outlook**

Looking ahead, the outlook for the Group's accommodation business remains favourable, supported by healthy demand and a more diversified portfolio of purpose-built workers and student accommodation across four countries.

### Workers Accommodation – Singapore

In Singapore, the Group presently has 23,500 beds across 3 workers accommodation assets. A fourth project, Westlite Woodlands, is under construction with 4,100 beds and is expected to complete and be operational in 3Q 2015. On a portfolio basis, the assets are achieving high occupancy rates.

The local workers accommodation landscape is changing. Over the past one and a half years, government agencies have released land sites for dormitory development totaling approximately 100,000 beds. Most of these developments have short-term land lease of between 6 to 9 years, with a smaller portion of these beds under long-term land lease, including Westlite Woodlands which has a land tenure of 30 years. These new dormitories will be completed progressively from 2H 2014 to 2016; some of which are expected to replace certain purpose-built dormitories whose land leases are due to expire shortly.

In addition, the Government has introduced measures to manage the growth of foreign workers' population, particularly in the construction industry. Both these developments may have an effect on the overall demand for beds, occupancy as well as rental rates.

The Group will continually review measures to keep abreast of industry developments as well as government policy changes, and make the necessary adjustments to remain competitive. The Group's assets are well-located throughout Singapore, and 2 of the assets cater to different and multiple industries, thus allowing the Group to adapt to changing demands in the foreign worker industry. As such, the Group's overall occupancy at the portfolio level is expected to remain healthy.

### Workers Accommodation – Malaysia

In Malaysia, the Group presently has 14,500 beds across 5 workers accommodation assets in Johor. Two more projects with a total of 10,800 beds are under construction and expected to complete and be operational in 1Q 2015 and 4Q 2015 respectively.

On a portfolio basis, the Malaysian assets have achieved good occupancy. This was a result of strong proactive marketing to existing and potential clients, as well as achieving high quality standards benchmarked against international requirements. Besides meeting the needs of its residents, the Group also provides management services to complement its total service. All these efforts have earned good reception from the clients, and the Group is optimistic of steady growth in the occupancy and rental rates of its Malaysian assets.

Earlier this week, the Group inked an agreement to acquire a piece of land located at Sebarang Perai in Penang, Malaysia – a key manufacturing hub in the region – marking the Group’s first acquisition in another state of Malaysia outside of Johor.

#### Student Accommodation

In Australia, RMIT Village continued to operate at almost 100%. Supported by strong student demand, the asset is expected to continue to maintain its occupancy rate and contribute to the profitability of the Group. Studies are ongoing to carry out refurbishment works as well as enhancement works to further realise the potential of the property.

Marking its maiden foray into Europe, the Group announced in July 2014 the proposed acquisition of a quality portfolio of 4 student accommodation assets comprising 1,906 beds located in the United Kingdom (“UK”). The UK portfolio comprises strategically located properties with three assets in Manchester and one in Liverpool. The acquisition is expected to be completed in September 2014 and will be the Group’s largest overall acquisition to date.

Given the strong demand and limited supply of student accommodation in both cities, the UK assets are expected to be almost fully occupied at market rents, thereby immediately contributing to the Group’s revenue and profitability in 2014. This second student accommodation acquisition in the UK adds 1,906 beds to the Group’s student accommodation portfolio, bringing the total student beds to 2,362.

“The Group will continue to monitor and assess the competitive and regulatory landscape for foreign worker housing in Singapore, while actively seeking acquisition and management service opportunities. The overseas market is an important growth driver for us, given the traction we have gained in Malaysia and in the student accommodation segment. We will also draw on our strengths to leverage this expertise across other countries, as and when opportunities arise,” commented Mr Kong.

#### Optical Disc Business

The operating environment for the Group’s Optical Disc business remains difficult as the market demand for physical optical storage media is weak. Faced with falling demand, the Group will continue to focus on controlling costs and carry out the necessary restructuring to ensure that the business continues to generate positive cash flow.

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## **ABOUT CENTURION CORPORATION LIMITED**

Centurion Corporation Limited, formerly known as SM Summit Holdings Limited, owns and operates workers and student accommodation assets, as well as a storage disc manufacturing business. Its workers accommodation assets are managed under the Westlite brand.

In Singapore, the Group has 23,500 beds across three workers accommodation assets in Toh Guan, Tuas and Mandai as at 30 June 2014. Westlite Woodlands, its fourth project with 4,100 beds, is under construction and is expected to be completed and operational in 3Q 2015.

In Malaysia, the Group has 14,500 beds across five purpose-built workers accommodation assets in Johor. Two projects, Westlite Tampoi and Westlite Senai II, with a total of 10,800 beds are under construction and expected to be completed and operational in 1Q 2015 and 4Q 2015 respectively.

The Group has a student accommodation asset with 456 beds in Melbourne, Australia. In July 2014, the Group announced the proposed acquisition of a portfolio of four student accommodation assets with a total of 1,906 beds in the United Kingdom. The four assets are strategically located in the vicinity of established education institutions.

The Group expects to increase its overall portfolio from 38,456 beds at present to over 40,000 beds at the end of 2014, and to over 55,200 beds by the end of 2015.

For more information, please visit <http://www.centurioncorp.com.sg>.

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## **APPENDIX**

### **Centurion Corporation Limited's Asset Portfolio (as at 30 June 2014)**

<b>Location</b>	<b>Facility</b>	<b>Current Capacity (no. of beds)</b>	<b>Expected Capacity (no. of beds)</b>
<b>Singapore</b>	Westlite Toh Guan	8,600	8,600
	Westlite Mandai	6,300	6,300
	Westlite Tuas	8,600	8,600
	Westlite Woodlands <i>(under development)</i>	-	4,100*
	<b>Total in Singapore</b>	<b>23,500</b>	<b>27,600</b>
<b>Malaysia</b>	Westlite Tebrau	2,500	2,500
	Westlite Johor Tech Park	5,800	5,800
	Westlite Desa Cemerlang	1,600	1,600
	Westlite Pasir Gudang	2,000	2,000
	Westlite Senai	2,600	2,600
	Westlite Tampoi <i>(under development)</i>	-	5,300*
	Westlite Senai II <i>(under planning)</i>	-	5,500*
	<b>Total in Malaysia</b>	<b>14,500</b>	<b>25,300</b>
<b>Australia</b>	RMIT Village	456	456
	<b>Total in Australia</b>	<b>456</b>	<b>456</b>
<b>U.K.</b>	Manchester Student Village	-	1,022**
	Manchester Student Village South	-	355**
	The Grafton	-	145**
	Cathedral Campus	-	384**
	<b>Total in U.K.</b>	<b>-</b>	<b>1,906**</b>
<b>Total no. of beds</b>		<b>38,456</b>	<b>55,262</b>

\* upon completion of upgrading works / construction in 2015

\*\* upon completion of acquisition in 2014