



# Centurion Corporation Limited Presentation

January 2017

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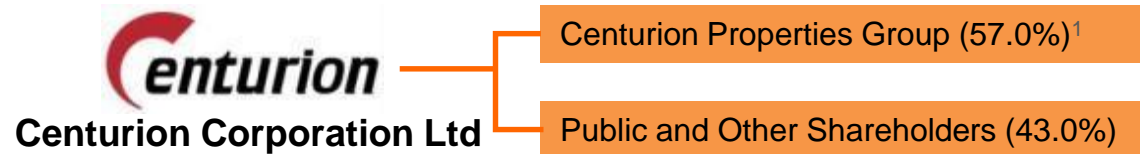
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# About Centurion Corporation

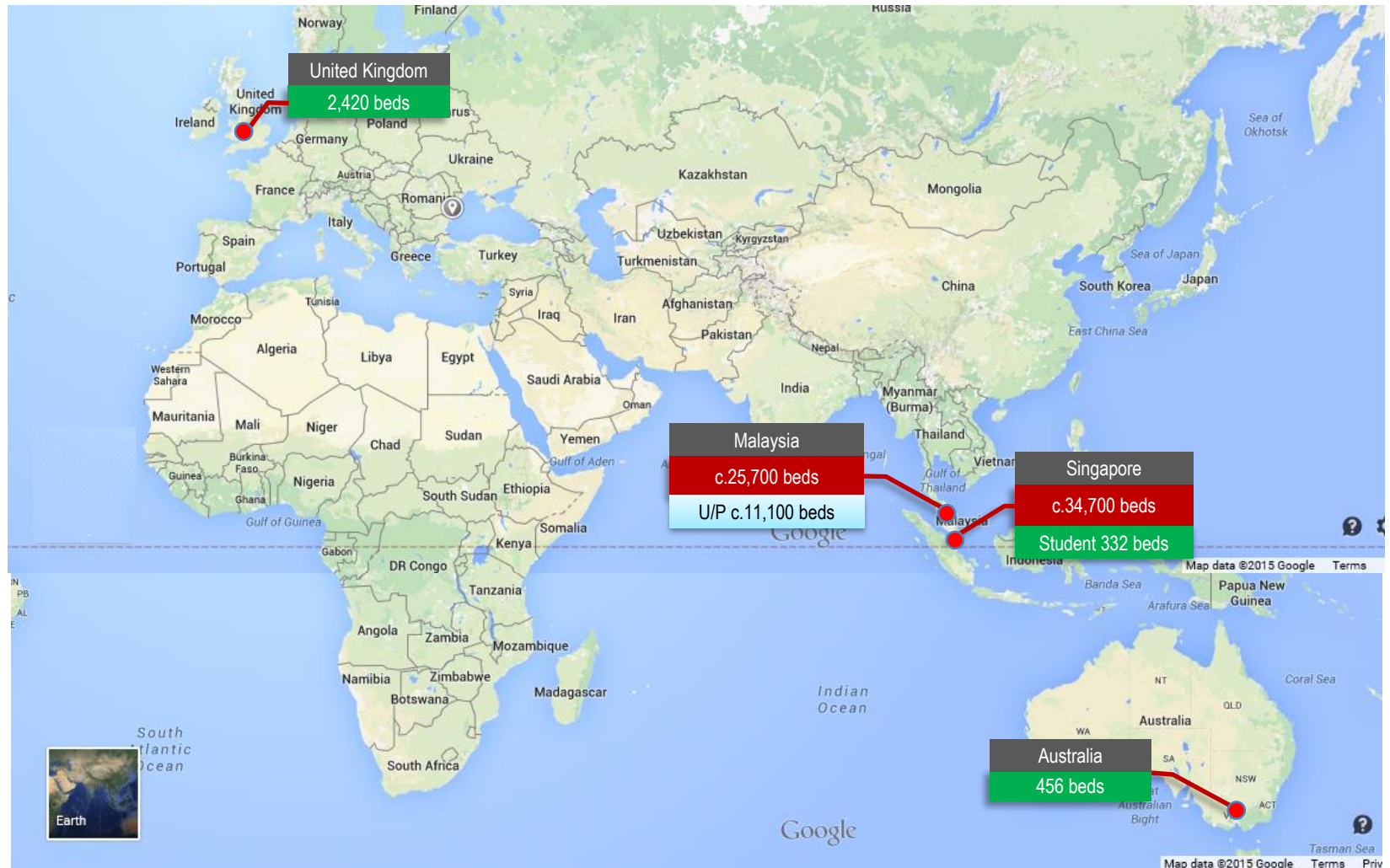
- Own, develop and manage quality workers and student accommodation assets in Singapore, Malaysia, Australia and UK
- Strong portfolio of **22** operational accommodation assets totalling c.**63,608** beds
- Operational assets:
  - Total workers: c.**60,400** beds
  - Total students: c.**3,208** beds
- Pipeline of **11,100** beds (till 2018)



1. Excluding treasury shares.



# Our Geographical Presence



# Strong Management Team



**Kong Chee Min**  
Group CEO

- Appointed as the Group's CEO in August 2011 and oversees its operations and strategic growth
- CPA with over 25 years of finance and corporate management experience
- Joined the Group in 1996 and was its Regional CEO and Finance Director



**Foo Ai Huey**  
Group CFO

- Appointed as the Group's CFO in August 2011 and oversees its finance accounting and tax functions, financial and management reporting
- Over 23 years of experience in finance and accounting related experience



**Tony Bin**  
Executive Director,  
Accommodation  
Business

- Appointed as Executive Director responsible for the strategic planning and overall management of the accommodation business
- Concurrently, the CEO of Centurion Properties Pte Ltd
- Over 30 years of experience in financial and real estate industries



**Kelvin Teo**  
COO,  
Accommodation  
Business

- Over 29 years of experience in the property and accommodation development and management business
- Responsible for the day-to-day operations and expansion of the Group's accommodation
- First Vice President of Dormitory Association of Singapore



**Ho Lip Chin**  
CIO,  
Accommodation  
Business

- Responsible for growing the Group's Accommodation Business and assists in strategic planning activities
- Over 15 years of experience in real estate and hospitality industries across Asia Pacific



## Workers Accommodation





# Approved Purpose Built Workers Accommodation

## 1. Purpose Built Dormitories

- Spacious living spaces with en-suite or shared bathrooms and cooking facilities
- Comprehensive amenities, supermarket, food court, sick bay, gym, sporting and indoor/outdoor recreation facilities
- Self-contained and secure environment
- Community living with organised social activities

### Permanent Dormitories



- Freehold or long term leases (20 – 30 yrs)
- Permanent RC structure, apartment style

### Temporary Dormitories



- Building & Construction Authority (BCA) or Jurong Town Corporation (JTC) on 3+3 to 3+3+3 yrs lease
- Temporary steel structure, common facilities



# Non-Purpose Built Workers Accommodation

## 2. Factory/ Warehouse

- Authorities allow factory/ warehouse owners to convert  $\leq 49\%$  of GFA
- Converted from factory/ warehouse space to house on-site/ off-site workers
- Not ideal as accommodation
- Lacks proper facilities and security
- Temporary licence granted on 1-3 year basis

Approved (but not ideal)



## 3. On-Site Quarters

- Temporary accommodation constructed on project sites
- House workers working on specific project
- Poor quality and unhygienic
- Lacks proper facilities
- Demolished at project completion
- Close to workplace but not ideal housing

Approved (but not ideal)



## 4. Shop Lots/ Houses

- Owners renting out their shop lots/ houses to workers
- Spaces are cramped
- Due to poor personal upkeeping habits, often rooms are messy with clothes hanging everywhere
- Inadequate facilities
- May or may not be legal

Often Not Approved



# About Westlite



- One of the **largest** providers of workers accommodation in **Singapore** and **Malaysia**
  - **Operational**: **12** assets; c.**60,400** beds
  - **Under development/planning**: **2** projects; c.**11,100** beds
- Professionally managed under our **WESTLITE** brand
  - *Shaped and inspired by roofs and the Chinese character for people “人”*
  - *Westlite differentiates ourselves by managing our accommodation “with a heart”*
- Established **operational platform** and system
- Differentiation through **holistic** approach





# Our Comprehensive Amenities and Facilities



Superior Building Design



Well Ventilated Bedrooms



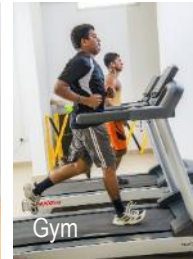
Recreation Areas



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



# Workers Accommodation Landscape – Singapore

## Singapore

- Population of foreign workers with work permit (excluding Foreign Domestic Workers) at 798,600<sup>1</sup> as at Jun 2016 (vs 789,300 as at Dec 2015)
- General economic slow down, affected by oil prices, construction sector holding up
- All new supply has entered the market
  - all new c.57,000 beds<sup>1</sup> have entered the market
  - c.28,200 beds<sup>1</sup> have expired in 2016
  - c.34,100 beds<sup>1</sup> expiring in 2017 (some beds may be renewed)
- Imbalance in demand and supply of c.150,000 – 180,000 beds<sup>1</sup> for PBWA<sup>2</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. Centurion Corp research

2. 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.95% (excluding ASPRI-Westlite Papan)

## Westlite Mandai (45% owned)

- 6,300 beds
- Land tenure: Freehold
- Land area: 8,000 sqm
- One of the largest freehold purpose-built workers accommodation in Singapore



## Westlite Tuas

- 8,600 beds
- Land tenure: 3+3+3 years (expiring Apr 2017)
- Land area: 37,870 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

- 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

- 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.1.85 million<sup>1</sup> foreign workers in Malaysia with valid work permits
  - c.1.7 million<sup>1</sup> illegal foreign workers
- 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 is starting to ease its policies on foreign workers and allow employers to bring in more foreign workers

Note:

1. The Edge Markets, 10 Nov 2016, <http://www.theedgemarkets.com/my/article/sept-30-malaysia-had-185-mil-legal-foreign-workers>

# Our Competitive Strengths – Malaysia





# Workers Accommodation – Malaysia

- 7 operating assets and 2 under planning
- Current capacity of c.**25,700** beds; c.**11,100** beds under planning
- On a portfolio basis, the Malaysian assets are achieving occupancy rates of c.70%



## Westlite Bukit Minyak (Under Planning)

- 5,000 beds
- Land tenure: Freehold
- Land area: 17,887 sqm
- Centurion's first Malaysian workers accommodation outside Johor
- Expected to be completed in 2018



## Westlite Juru (Under Planning)

- 6,100 beds
- Land tenure: 99 years
- Land area: 26,709 sqm
- Expected to be completed in 2018



## Westlite Senai II

- 5,900 beds
- Land tenure: Freehold
- Land area: 16,430 sqm
- Construction was completed in Jan 2016

## Nusajaya, Johor

- Land use conversion in progress
- Land tenure: Freehold
- Land area: 30,756 sqm
- Located in Nusajaya, one of the five flagship zones of Iskandar, Malaysia



## Westlite Johor Tech Park

- 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

- 2,600 beds
- Land tenure: Freehold
- Land area: 6,880 sqm
- Located in industrial parks where multinational electronics manufacturers are based



## Westlite Desa Cemerlang

- 1,600 beds
- Land tenure: Freehold
- Land area: 15,555 sqm
- Located near the major manufacturing hubs of Taman Perindustrian Tiram Utama.



## Westlite Tampoi

- 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

- 2,000 beds
- Land tenure: 99 years (wef 1986)
- Land area: 8,391 sqm
- Located near the industrial zone within Pasir Gudang



## Westlite Tebrau

- 2,500 beds
- Land tenure: 60 years (wef 2000)
- Land area: 5,721 sqm
- One of Johor's first purpose-built workers accommodation



# **Student Accommodation**





# Student Accommodation Landscape

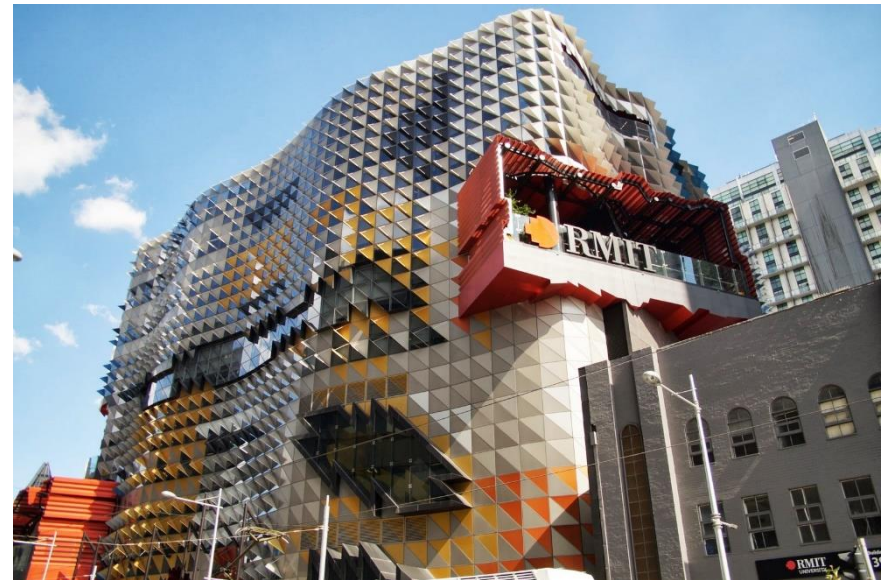
## Australia

- 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	42,215
Liverpool	43,285	Bristol	39,910



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





# Student Accommodation Portfolio

- **10** operating assets with a total capacity of **3,208** beds (United Kingdom, Australia and Singapore)
- On a portfolio basis, the assets are achieving close to full occupancy rates



## RMIT village

- 456 beds
- Land tenure: Freehold
- Land area: 6,206 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



## CSL 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



**Manchester Student Village**

- 1,017 beds
- Land tenure: Freehold
- Land area: 4,403 sqm



**Manchester Student Village South**

- 355 beds
- Land tenure: Freehold
- Land area: 6,151 sqm



**The Grafton**

- 145 beds
- Land tenure: Freehold
- Land area: 882 sqm



**Beechwood House**

- 37 beds
- Land tenure: 125 yrs wef 2009
- Land area: 1,700 sqm



**Weston Court**

- 140 beds
- Land tenure: 125 yrs wef 2008
- Land area: 3,700 sqm



**Cathedral Campus**

- 384 beds
- Land tenure: 250 yrs wef 2007
- Land area: 16,106 sqm



**Garth Heads**

- 185 beds
- Land tenure: 125 yrs wef 1995
- Land area: 2,000 sqm

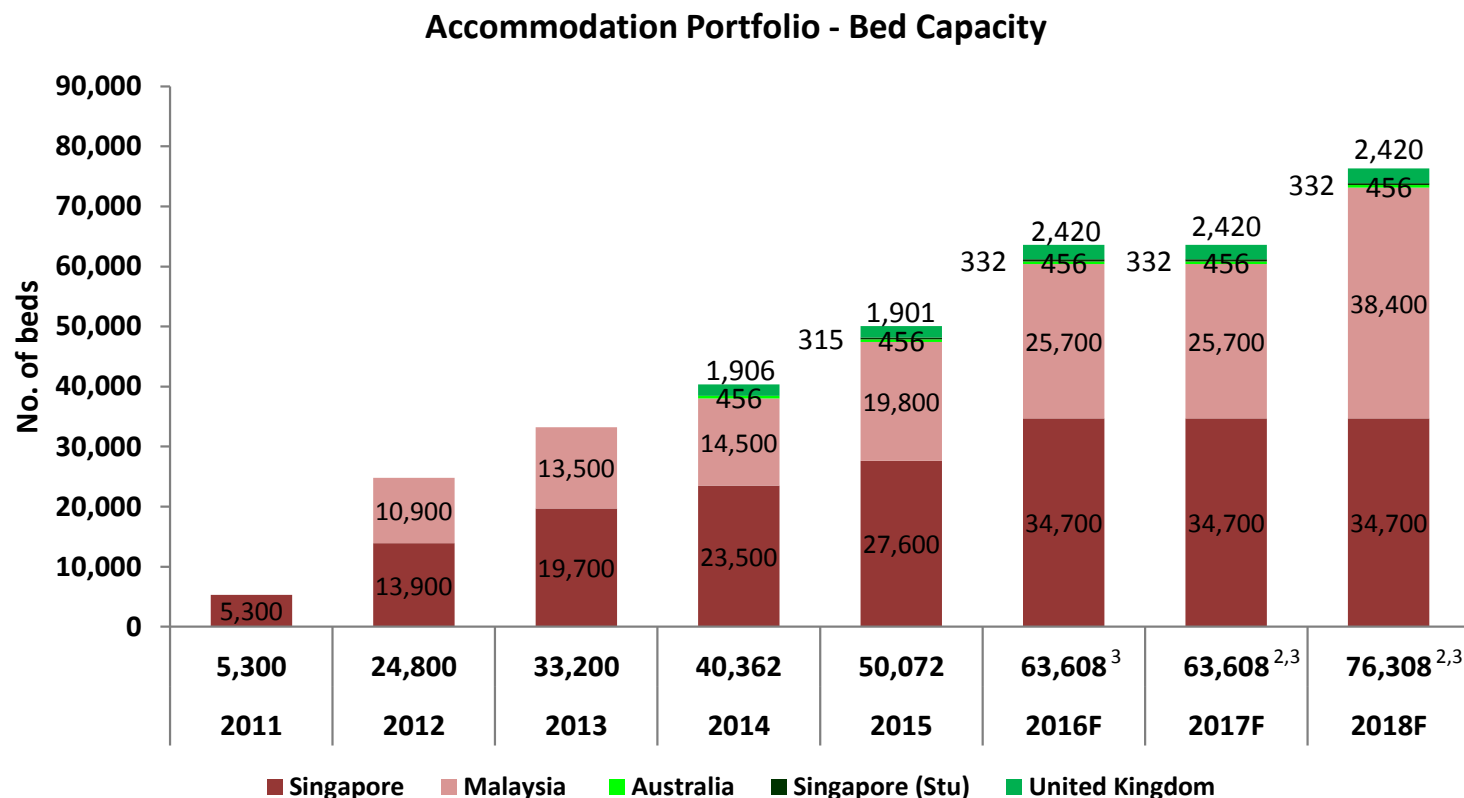


**Hotwells House**

- 157 beds
- Land tenure: 125 yrs wef 2009
- Land area: 2,400 sqm



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

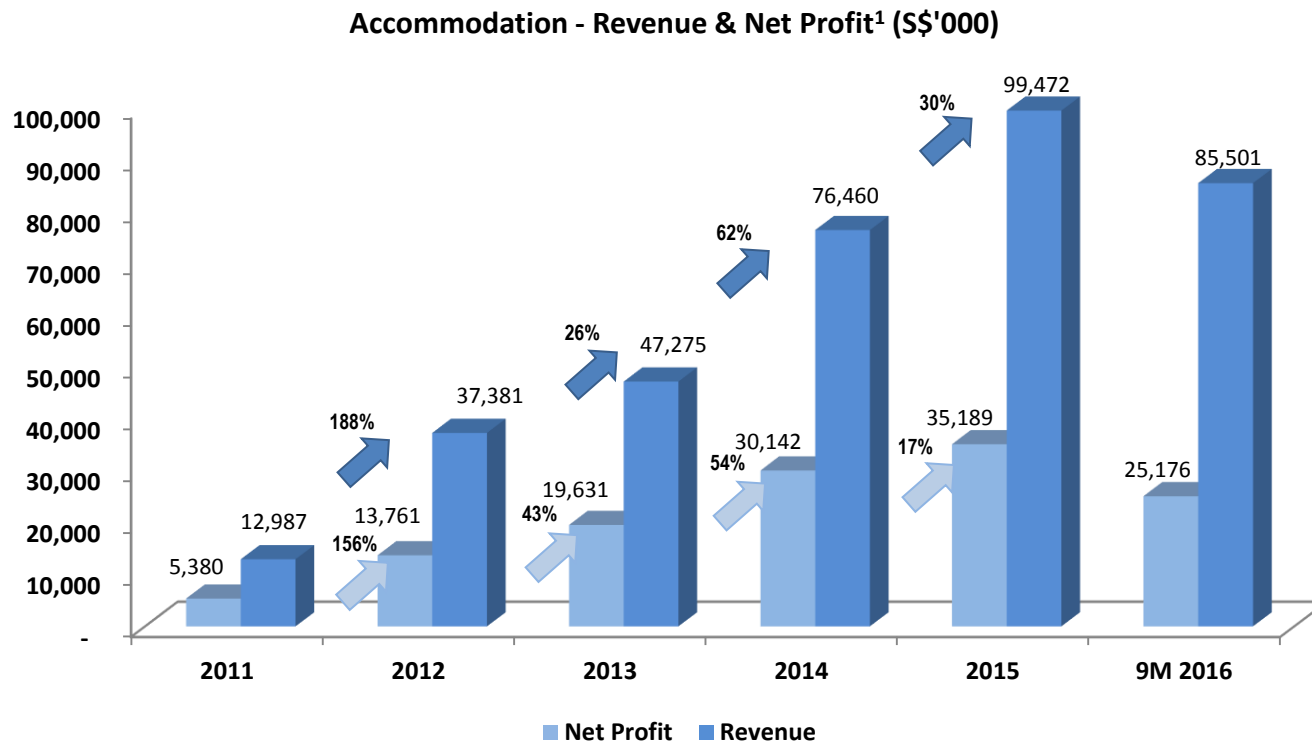


Note:

1. Based on developments at existing facilities that are already owned by Centurion Corp
2. Includes Westlite Tuas of 8,600 beds. The land lease of Westlite Tuas will expire in Apr 2017 if there is no further extension by the authorities.
3. With effect from 4 Nov 2016, due to the reduction in Westlite Toh Guan's total capacity by c.800 beds to c.7,800 beds, the total capacity for the Group's workers and student accommodation portfolio has been revised to c.63,600 beds for 2016F and 2017F and c.74,700 beds for 2018F accordingly.



# Strong Financial Growth of Accommodation Business



Note:

1. From core business operations

# Conclusion

- **Active management** of existing asset portfolio to deliver revenue and profit growth
- Strengthen **operational capability**
- Building our **student accommodation brand**
- 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

# Why Centurion Corporation

- One of Asia's leading accommodation providers
- Unique exposure to resilient accommodation asset classes
- Pipeline of new projects to support continued growth
- Reputable and recognized **WESTLITE** brand
- Proven track record of delivering results
- Expanded earning base in student accommodation
- Diversified geographical coverage
- Experienced and prudent management



# Financial Performance

## 3Q 2016

# Key Financials

Group Net Profit<sup>1</sup> decreased by 5% to S\$25.2m in 9M 2016

S\$'000	3Q 2016	3Q 2015	Change	9M 2016	9M 2015	Change
Revenue	28,130	24,578	+ 14%	85,501	76,250	+ 12%
Net Profit <sup>1</sup>	7,402	7,360	+ 1%	25,176	26,390	- 5%
Net Profit (Equity holders) <sup>2</sup>	7,816	7,347	+ 6%	26,038	26,618	- 2%
Net Profit Margin <sup>1</sup>	26%	30%	- 4pp	29%	35%	- 6pp

Note:

1. Net Profit and Net Profit Margin = Profit from core business operations
2. Net Profit (Equity holders) = Profit from core business operations and attributable to equity holders which excluded the Group's non-controlling interest of 49% in ASPRI-Westlite Papan.

# Key Financial Highlights

## REVENUE (+12%, +S\$9.3 mil)

- Revenue growth contribution largely from expanded accommodation business:
  - Westlite Woodlands
  - Westlite Papan
  - CSL Selegie
- Revenue from the four newly acquired student accommodation assets in UK (“UK Braemar”) and the positive rental reversions from the student accommodation business in Australia and the United Kingdom.
- Revenue from workers accommodation in Malaysia has declined due to the softening of average occupancy rates to c.65% largely due to the slowdown in the manufacturing sector and changes in foreign workers policy.

## NET PROFIT (-5%, -S\$1.2mil)

- Gross Profit increased by S\$4.4 mil (+9%) on the back of revenue growth
- Net Profit decreased due to higher financing costs (S\$5.8 mil) as a result of expansion initiatives:
  - Westlite Woodlands, ASPRI-Westlite Papan and Westlite Senai II and UK Braemar
  - S\$65 mil MTN notes issued in July 2015

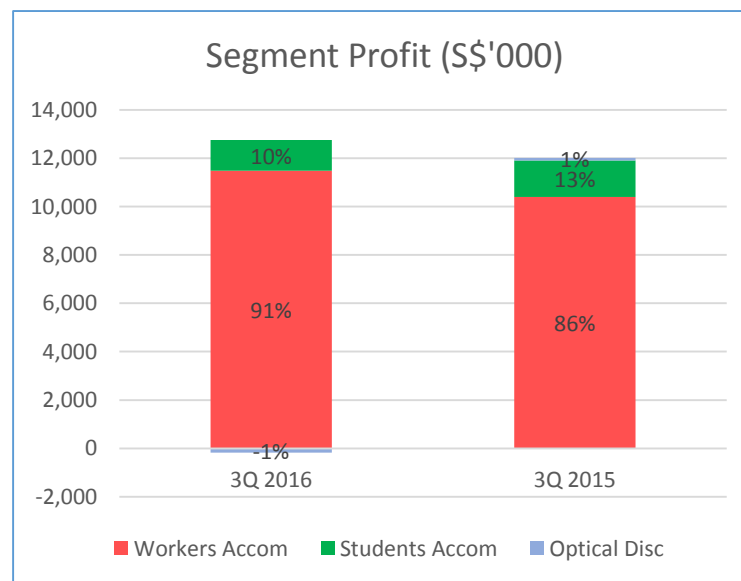
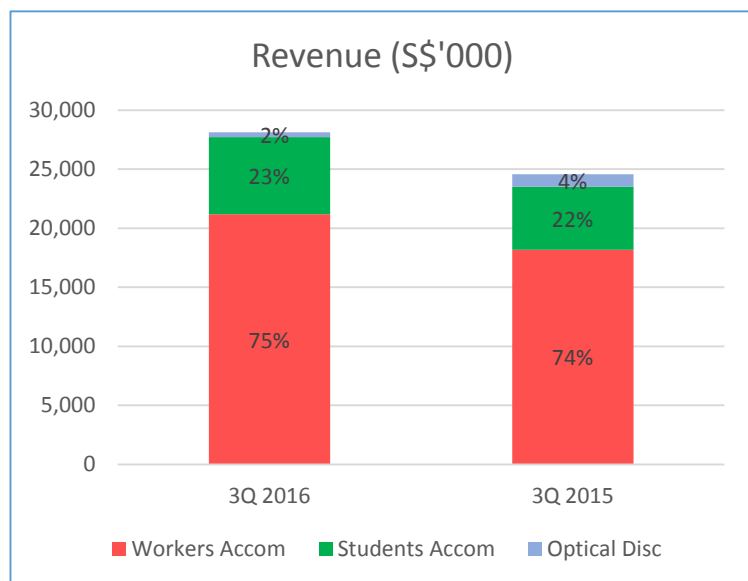
Note:

1. Net Profit = Profit from core business operations

# Segment Breakdown

## Strong Accommodation Business Results in 3Q 2016

S\$'000	Accommodation						Optical Disc		
	Workers			Students					
	3Q 2016	3Q 2015	Change	3Q 2016	3Q 2015	Change	3Q 2016	3Q 2015	Change
Revenue	21,180	18,176	17%	6,550	5,348	22%	400	1,054	-62%
Segment Profit	11,481	10,395	10%	1,270	1,509	-16%	-174	117	-249%
Segment Margin	54%	57%	-3pp	19%	28%	-9pp	-44%	11%	-55pp

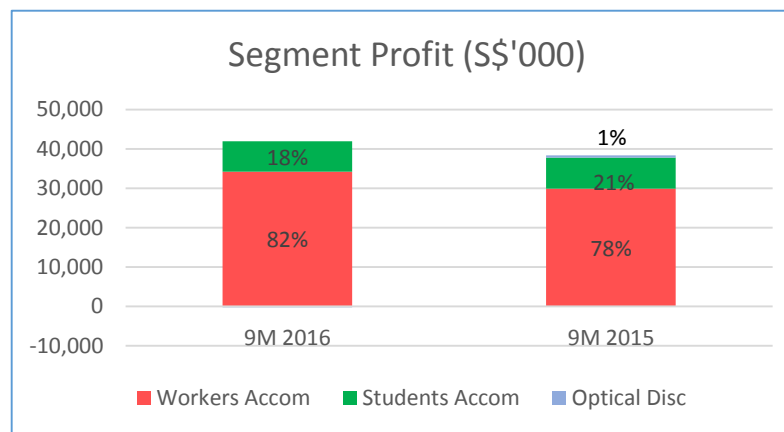
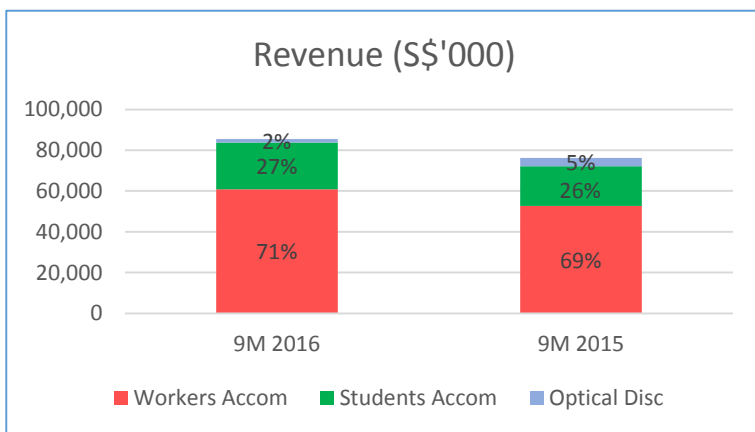




# Segment Breakdown

## Strong Accommodation Business Results in 9M 2016

S\$'000	Accommodation						Optical Disc		
	Workers			Students					
	9M 2016	9M 2015	Change	9M 2016	9M 2015	Change	9M 2016	9M 2015	Change
Revenue	60,924	52,695	16%	22,784	19,491	17%	1,793	4,064	-56%
Segment Profit	34,190	29,879	14%	7,699	7,935	-3%	-145	535	-127%
Segment Margin	56%	57%	-1pp	34%	41%	-7pp	-8%	13%	-21pp



- **Workers** – Revenue and Segment Profit continues to grow with stable margins
- **Students** – Revenue increase from CSL SG as well as revenue from the four newly acquired student accommodation assets in UK (“UK Braemar”) and higher rents reversions in UK & AUS, offset by lower profit margin for CSL SG.
- **Optical** – Revenue drop due to cessation of INDO ops.

# Balance Sheet Highlights

S\$'000	30 Sep 2016	31 Dec 2015	Change %
Cash & Bank Balances	116,263	138,435	- 16%
Current Assets <sup>1</sup>	127,112	148,092	- 14%
Non Current Assets	1,037,390	993,552	+ 4%
Total Assets	1,164,502	1,141,644	+ 2%
Current Liabilities <sup>1</sup>	210,804	200,789	+ 5%
Non Current Liabilities	561,201	537,959	+ 4%
Total Liabilities	772,005	738,748	+ 5%
Net Assets	392,497	402,896	- 3%
Net Gearing Ratio <sup>2</sup>	54%	50%	+ 4pp

- Healthy Balance Sheet – S\$116.3 million in cash and bank balances
- Net gearing increased by 4pp to 54% mainly due to new UK acquisition
- Average long term bank debt to maturity profile of 11 years
- Interest cover is well within interest cover threshold
  - 3.2 times (5.6 times excluding MTN)
- Net Assets reduced due to FX translation, primarily GBP

Note:

1. Net current liability of S\$83.7m due to the MTN Series 1 of S\$100m maturing in October 2016. Sufficient cash resources and banking facilities (both in aggregate of approximately S\$201m) available to meet the financing needs of the maturing MTN and its current liabilities. In October 2016, the Group announced that it had redeemed the MTN Series 1 of S\$100 million Notes in full.
2. 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

	9M 2016	9M 2015	FY 2015
Earnings Per Share	3.5¢	3.5¢	4.7¢ <sup>1</sup>
NAV per share	53.1¢	52.4¢	53.5¢
Share Price	35.5¢ <sup>2</sup>	42.0¢ <sup>3</sup>	39.0¢ <sup>4</sup>
Dividend	1.0¢ <sup>5</sup>	0.5¢ <sup>6</sup>	1.5¢ <sup>7</sup>
Market Capitalisation	S\$263m <sup>2</sup>	S\$316m <sup>3</sup>	S\$293m <sup>4</sup>

Note:

1. Excluding fair value gains and write down of investment in associate.
2. As at 30 September 2016.
3. As at 30 September 2015.
4. As at 31 December 2015.
5. Declared an interim dividend of 1.0 cent per share for 1H 2016.
6. Interim dividend of 0.5 cent per share for 1H 2015.
7. Comprising an interim dividend of 0.5 cent per share and a proposed final dividend of 1.0 cent per share for FY 2015.





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