

CENTURION CORPORATION LIMITED

(Company Registration No. 198401088W)
(Incorporated in Singapore)

ANNOUNCEMENT RELATING TO:

**PROPOSED ACQUISITION OF A NEW STUDENT ACCOMMODATION ASSET
LOCATED IN THE UNITED STATES**

1. INTRODUCTION

The board of directors (“**Directors**”) of Centurion Corporation Limited (“**Company**”) and together with its subsidiaries and associated companies, the “**Group**”) wishes to announce that its wholly-owned subsidiary, Centurion Overseas Investments (III) Pte. Ltd. (the “**COI III**”) has entered into an acquisition agreement (“**Acquisition Agreement**”) dated 8 August 2017 with College Square LLC (“**Seller**”) in relation to the sale and purchase of an operational student accommodation asset located in the United States (the “**Yale Asset**”).

The Yale Asset will form part of the Company’s proposed portfolio of operational student accommodation assets located in the United States¹. The Company intends to have an interest of up to 30% of the Yale Asset (a “**30% Interest**”), and accordingly intends to procure third parties (the “**Potential Investors**”) to acquire the remaining interests.

2. THE PROPOSED ACQUISITION

2.1 Yale Asset

The Yale Asset is an existing newly-built accommodation catering to students as well as resident doctors, professors and researchers. It has 160 units with 204 beds and is situated at 200 College Street, New Haven, Connecticut, USA. The Yale Asset enjoys high occupancy rate as it is located within the core Yale District in the downtown New Haven submarket and is immediately proximate and walkable to the most desirable local shopping, entertainment and dining, as well as the New Haven Metro-North train station and major employers.

It is anticipated that the Company will enter into a joint venture with a local partner which is an established student accommodation manager in the United States to manage the operations of the Yale Asset on terms and conditions to be agreed.

The Company also intends to set up an investment management platform to manage the investment in the Yale Asset on behalf of the Potential Investors.

¹ As announced by the Company on 24 July 2017.

2.2 Key Terms of the Proposed Acquisition

The key terms of the Proposed Acquisition are as follows:

(a) Consideration

The aggregate consideration to be paid by COI III for the Proposed Acquisition is a cash amount of US\$70,001,124.00 (or approximately S\$95,328,000²) (“**Aggregate Consideration**”), subject to adjustments at Completion (as defined below). Approximately 2.50% of the Aggregate Consideration will be paid by COI III as deposit to be held in escrow prior to Completion (“**Deposit**”).

The Aggregate Consideration was agreed upon following arms’ length negotiations between COI III and the Seller on a willing-buyer, willing-seller basis taking into account the supply and demand for student accommodation in the market which the Yale Asset is located as well as taking into consideration the range of market transacted values of similar assets.

The Aggregate Consideration will be satisfied through a combination of (i) external financing arrangements, (ii) proceeds from Potential Investors (if any), and (iii) internal resources of the Company.

(b) Conditions Precedent

Completion is subject to, *inter alia*, a title policy in the amount of the Aggregate Consideration being issued insuring the title to the Yale Asset subject only to certain permitted encumbrances.

(c) Termination

In the event Completion does not occur by reason of the default by COI III in the performance of its obligations under the Acquisition Agreement, the Seller may terminate the Acquisition Agreement, in which event the Deposit shall be paid to the Seller for the Seller’s own use as liquidated damages as its sole remedy, and neither Seller nor COI III shall have any further rights or obligations under the Acquisition Agreement, except for those obligations that survive the termination.

(d) Completion

The completion of the Proposed Acquisition pursuant to the terms of the Acquisition Agreement (“**Completion**”) is expected to take place on or around the end of September 2017.

² For the purposes of this Announcement, unless otherwise stated, an exchange rate of US\$1.00 : S\$1.3618 shall apply.

The Acquisition Agreement provides COI III with the right to designate a nominee to acquire the Yale Asset.

Shareholders of the Company (“Shareholders”) should note that the Proposed Acquisition is subject to conditions and there is no assurance that Completion will take place. Shareholders and investors are advised to exercise caution when dealing in shares in the Company and to refrain from taking any action in respect of their investments which may be prejudicial to their interests.

3. VALUE OF THE YALE ASSET

3.1 Book Value and Net Tangible Asset Value

Assuming the Company retains a 30% Interest, the book value and the net tangible asset value (“NTA”) of the Company’s 30% Interest in the Yale Asset is approximately US\$21,000,000 (or approximately S\$28,598,000²).

3.2 Net Profits

Assuming the Company retains a 30% Interest, the profit before income tax, minority interests and extraordinary items attributable to the Company’s 30% Interest in the Yale Asset is approximately US\$365,000 (or approximately S\$497,000²) for the six months ended 30 June 2017.

4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The pro forma financial effects of the Proposed Acquisition on the NTA per Share, the earnings per Share and the share capital of the Company as set out below are presented for illustrative purposes only and do not reflect the future financial position of the Group following Completion. The pro forma financial effects have been prepared based on (i) the audited consolidated financial statements of the Group for the financial year ended 31 December 2016 (“FY2016”), being the most recently completed financial year; and (ii) the latest announced unaudited consolidated financial statements of the Group for the half year ended 30 June 2017 (“1H2017”), and also assumes that (a) the Company will only have the 30% Interest, and (b) the proposed acquisition of the five student accommodation assets as announced in the Company’s announcement dated 24 July 2017 has not completed.

4.1 NTA – FY2016

Purely for illustrative purposes only and assuming that the Proposed Acquisition had been completed on 31 December 2016, being the end of FY2016, the effect on the NTA per Share as at 31 December 2016 is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	390,742	390,742
NTA per Share (Singapore cents)	52.81	52.81

Note: Based on a total of 739,964,438 Shares (excluding treasury shares) as at 31 December 2016.

4.2 NTA – 1H2017

Purely for illustrative purposes only and assuming that the Proposed Acquisition had been completed on 30 June 2017, being the end of 1H2017, the effect on the NTA per Share as at 30 June 2017 is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	404,537	404,537
NTA per Share (Singapore cents)	54.86	54.86

Note: Based on a total of 737,423,738 Shares (excluding treasury shares) as at 30 June 2017.

4.3 Earnings – FY2016

Purely for illustrative purposes only and assuming that the Proposed Acquisition had been completed on 1 January 2016, being the beginning of FY2016, the pro forma financial effects on the earnings per Share for FY2016 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to shareholders (S\$'000)	28,707	28,985
Weighted average number of Shares ('000)	743,342	743,342
Earnings per Share (Singapore cents)	3.86	3.90

4.4 Earnings – 1H2017

Purely for illustrative purposes only and assuming that the Proposed Acquisition had been completed on 1 January 2017, being the beginning of 1H2017, the pro forma financial effects on the earnings per Share for 1H2017 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to shareholders (S\$'000)	19,837	20,160
Weighted average number of Shares ('000)	739,300	739,300
Earnings per Share (Singapore cents)	2.68	2.73

4.5 Share Capital

As no Shares will be issued in connection with the Proposed Acquisition, the Proposed Acquisition will not have any impact on the issued share capital of the Company.

5. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Group's ordinary business and consistent with its strategy to expand its student accommodation business and to embark on opportunities in a key market. As the United States is one of the key and established educational hubs in the world, the Proposed Acquisition will enable the Group to expand its presence into a key and established student market and also expand the Group's management business in the United States.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The applicable relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") are as follows:

Rule 1006	Bases	Relative Figures (%)
(b)	Net profits ⁽¹⁾ of the Yale Asset ⁽²⁾ compared with the Group's net profits ⁽³⁾	1.6
(c)	The Aggregate Consideration ⁽⁴⁾ compared with the market capitalisation ⁽⁵⁾ of the Company	7.3

Notes:

(1) Net profits is defined as profit before income tax, minority interest and extraordinary items.

- (2) Assuming the Company retains a 30% Interest, the net profits attributable to the Company's 30% Interest in the Yale Asset for the six-month period ended 30 June 2017 is approximately US\$365,000 (or approximately S\$497,000).
- (3) Based on the latest announced unaudited consolidated financial statements of the Group for 1H2017, the Group's net profits is approximately S\$31,659,000.
- (4) Assuming the Company retains a 30% Interest, the Aggregate Consideration is US\$21,000,000 (or approximately S\$28,598,000).
- (5) The market capitalisation of the Company is based upon a total number of 737,424,738 Shares in issue (excluding treasury shares) as at 7 August 2017, at the volume-weighted average price of S\$0.5302 per Share transacted on 7 August 2017, being the market day preceding the date of the Acquisition Agreement.

7. SHAREHOLDERS' APPROVAL NOT REQUIRED

Pursuant to the passing of an ordinary resolution by the Shareholders at a general meeting on 28 October 2014 in relation to the geographical expansion of the Company's student accommodation business to the United States, the acquisition of the Yale Asset is in the ordinary course of its business and accordingly Shareholders' approval is not required.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their interests in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

9. SERVICE CONTRACTS OF DIRECTORS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Acquisition.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Acquisition Agreement is available for inspection at 45 Ubi Road 1, #05-01, Singapore 408696 during normal business hours for a period of three months commencing from the date of this Announcement.

By order of the Board of
Centurion Corporation Limited

Kong Chee Min
Chief Executive Officer
10 August 2017