

**PRESS RELEASE**  
*For Immediate Release*

## **CENTURION CORP POSTS STRONG PROFIT GROWTH IN FY 2018 ON BACK OF RISING VALUES IN UK STUDENT ASSETS**

- Strong performance from workers and student accommodation assets in Malaysia and the United Kingdom offset lower revenue due to Westlite Tuas lease expiry in Singapore;
- Gross profit margin 73% and 72% in 4Q 2018 and FY 2018 respectively, an increase of 5 and 3 percentage points year-on-year;
- Stable operating performance attests to resilience of the Group's business as well as its efforts to expand and diversify its portfolio;
- The Board has recommended a final dividend of 1.0 Singapore cent per share, bringing total dividend payout for FY 2018 to 2.0 Singapore cents per share;

	Fourth Quarter Ended 31 December			Full Year Ended 31 December		
	2018 ("4Q 2018") S\$'000	2017 ("4Q 2017") S\$'000	Change %	2018 ("FY 2018") S\$'000	2017 ("FY 2017") S\$'000	Change %
<b>Revenue</b>	31,326	33,591	(7)	120,070	137,113	(12)
<b>Gross Profit</b>	22,939	22,839	0	86,321	94,210	(8)
<b>Gross Margin</b>	73%	68%	5 pp	72%	69%	3 pp
<b>Net Profit After Tax</b>	54,022	7,002	672	84,151	37,644	124
<b>Net Profit After Tax from Core Business Operations</b>	9,460	10,725	(12)	39,589	49,447	(20)
<b>Net Profit from Core Business Operations Attributable to Equity Holders</b>	8,056	9,338	(14)	34,271	44,331	(23)

**Singapore, 28 February 2019** - Centurion Corporation Limited (胜捷企业有限公司) ("Centurion" or the "Company" and together with its subsidiaries, the "Group"; SGX stock code: OU8; SEHK stock code: 6090), which owns, develops and manages quality accommodation assets, today announced its results for the fourth quarter ended 31 December 2018 ("4Q 2018") and full year ended 31 December 2018 ("FY 2018").

Centurion posted S\$84.2 million in net profit after tax ("net profit") for FY 2018, which was 124% higher year-on-year from S\$37.6 million for FY 2017. In 4Q 2018, the Group registered S\$54.0 million in net profit, an increase of S\$47.0 million compared to that of 4Q 2017.

The net profit growth came on the back of S\$48.6 million in net fair valuation gains recorded by the Group during the quarter, mainly derived from the Group's student accommodation in the United Kingdom ("UK"), which continued to achieve high occupancy, consistent earnings and rental growth. Despite uncertainties surrounding Brexit, a positive outlook for UK purpose-built student

accommodation asset ("PBSA") over the longer term and a strong market appetite to deploy capital in the sector has led to higher yield compression in 2018.

Excluding one-off items, profit from core business operations was S\$9.5 million and S\$39.6 million in 4Q 2018 and FY 2018 respectively, which was S\$1.3 million and S\$9.9 million lower from the previous year.

The Group recorded S\$31.3 million in revenue in 4Q 2018 and S\$120.1 million in FY 2018, which was 7% and 12% lower compared to 4Q 2017 and FY 2017. The lower revenue, mainly attributed to the lease expiry of Westlite Tuas in Singapore, was partially offset by additional revenue from the Group's recent acquisition of **dwell Princess Street** in Manchester, a strong showing from workers accommodation assets in Malaysia, which achieved a high occupancy rate of 96%, as well as strong performance of our student accommodation assets in the UK.

Consequently, the Group reported an increase in gross profit margin to 73% from 68% in 4Q 2017. For the full year, gross profit margin rose three percentage points to 72%. Excluding revenue from Westlite Tuas, the Group would have posted 3% and 2.9% year-on-year growth in revenue for 4Q 2018 and FY 2018, respectively.

To reward shareholders, the Board has recommended a final dividend of 1.0 Singapore cent per share (equivalent to 5.8 cents<sup>1</sup> per share for Hong Kong shareholders). Together with the interim dividend of 1.0 Singapore cent per share paid on 4 September 2018, this brings the total dividend payout for FY 2018 to 2.0 Singapore cents per share.

Commenting on the Group's 4Q 2018 and FY 2018 results, Mr Kong Chee Min (江志明), CEO of Centurion Corporation said: "We are pleased with the stable operating performance of the Group during the quarter and for the full year, which attests to the resilience of the Group's business as well as its efforts to expand and diversify its portfolio. We have made significant developments during the quarter, including successfully entering North Asia and Nottingham city in the UK. We remain on track to continue growing our specialised accommodation business globally, focusing on assets which generate stable, recurring income."

In line with Centurion's commitment to continue seeking opportunities in markets with strong fundamentals, Centurion announced its entry into Nottingham city with completion of **dwell Castle Gate Haus'** acquisition as well as into South Korea, with the acquisition of Benikea Hotel KP in Seoul, one of the world's top 10 student cities<sup>2</sup>. The property, now known as **dwell Dongdaemun** following the completion of refurbishment works in the first quarter of 2019, is strategically located in close proximity to four top Korean universities and will capitalise on rising demand for student accommodation in Seoul.

In October 2018, Centurion announced the completion of construction of **dwell East End Adelaide**. Following fitting out works carried out in the property, students were able to move into the premises in January 2019, ahead of the new academic semester in February 2019. The freehold property, which is a 280-bed quality PBSA, is strategically located in the heart of Adelaide's city centre and will be available for rent from January 2019.

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<sup>1</sup> Based on exchange rate of S\$1.00: HK\$5.80 as at 28 February 2019.

<sup>2</sup> Source: QS Best Student Cities Rankings 2015-2018

Occupancy for the newly completed dwell East End Adelaide and refurbished dwell Dongdaemun is expected to ramp up progressively and begin accreting revenue over the course of 2019. Additionally, Centurion announced the successful first closing of its second student accommodation fund, the Centurion Student Accommodation Fund ("Fund II") in December 2018. Fund II, which currently holds **dwell Castle Gate Haus**, has an aggregate committed capital of S\$70.0 million and aims to generate stable and recurring income to deliver total returns by investing in PBSA globally, excluding the United States. Centurion currently holds approximately 14.29% of the total number of units in issue in Fund II. This forms part of the Group's asset light strategy, which seeks to achieve scalable growth through joint ventures, as well as the establishment and provision of investment, asset and property management services.

Looking ahead, Centurion expects the purpose-built workers accommodation ("PBWA") sector in Singapore to remain stable, largely due to the lack of new PBWA supply in the pipeline and the low attrition rate of foreign workers<sup>3</sup>. In Malaysia, the Group is also expected to benefit from continued efforts from the Malaysia government to ensure proper housing for foreign workers, as well as growing demands for Responsible Business Alliance compliant accommodation from the manufacturing sector.

The Group remains cautiously optimistic that Centurion's workers accommodation business will remain stable and continue to enjoy healthy occupancy and rental, given its well-diversified customer base and the strategic location of its workers accommodation assets. The positive supply-demand dynamics and anti-cyclical resilience of PBSA also point towards a healthy outlook for the Group's student accommodation assets.

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#### **About Centurion Corporation Limited**

Centurion Corporation Limited ("Centurion" or the "Company" and together with its subsidiaries, the "Group") owns and manages quality, purpose-built workers accommodation assets in Singapore and Malaysia, and student accommodation assets in Singapore, Australia, South Korea, the United Kingdom ("UK") and the United States ("US").

As of 31 December 2018, the Group owns and manages a strong portfolio of 28 operational accommodation assets totalling 55,408 beds. With projects currently under development and undergoing asset enhancement works, the Group's portfolio of accommodation assets is expected to grow to 68,756 beds by FY2020.

With global reach and a clear growth strategy to actively enhance and manage its assets, identify strategic acquisitions and joint ventures, as well as develop customised accommodation management services, Centurion is well-positioned to become a leading provider of quality, purpose-built accommodation.

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

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<sup>3</sup> Source: [Ministry of Manpower's 3Q 2018 Labour Market Survey](#), 14 December 2018



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## **APPENDIX**

Centurion Corporation Limited's Asset Portfolio:

Location	Facility	Capacity as of 31 Dec 2018 (approx no. of beds)	Expected Capacity end 2019 (approx no. of beds)
<b>Workers Accommodation</b>			
Singapore	Westlite Toh Guan	7,800	7,800
	Westlite Mandai	6,300	6,300
	Westlite Woodlands	4,100	4,100
	ASPRI-Westlite Papan	7,900	7,900
	<b>Total in Singapore</b>	<b>26,100</b>	<b>26,100</b>
Malaysia	Westlite Tebrau	2,100	2,100
	Westlite Johor Tech Park	5,800	5,800
	Westlite Pasir Gudang	2,000	2,000
	Westlite Senai	2,600	2,600
	Westlite Tampoi	5,300	5,300
	Westlite Senai II	5,900	5,900
	Westlite Bukit Minyak	-	6,600
	Westlite Juru	-	-
	<i>(6,100 beds expected completion 2021)*</i>		
<b>Total in Malaysia</b>		<b>23,700</b>	<b>30,300</b>
<b>Total no. of beds for Workers Accommodation</b>		<b>49,800</b>	<b>56,400</b>
<b>Student Accommodation</b>			
Singapore	dwell Selegie	332	332
	<b>Total in Singapore</b>	<b>332</b>	<b>332</b>
Australia	RMIT Village	456**	616
	dwell East End Adelaide	-	280
	<b>Total in Australia</b>	<b>456</b>	<b>896</b>
U.K.	dwell MSV	1,017	1,017
	dwell MSV South	355	355
	dwell The Grafton	145	145
	dwell Cathedral Campus	383	383
	dwell Beechwood House	37	37
	dwell Weston Court	140	140
	dwell Hotwells House	157	157
	dwell Garth Heads	181	181
	dwell Princess Street	127	127
	dwell Castle Gate Haus ##	133	133
<b>Total in U.K.</b>		<b>2,675</b>	<b>2,675</b>
U.S.#	dwell Towers on State	231	231
	dwell Statesider	226	226
	dwell Logan Square	642	642
	dwell Tenn Street	624	624
	dwell Stadium View	216	216
	dwell College & Crown	206	206
<b>Total in U.S.</b>		<b>2,145</b>	<b>2,145</b>
South Korea	dwell Dongdaemun	-	208
	<b>Total in South Korea</b>	<b>-</b>	<b>208</b>
<b>Total no. of beds for Student Accommodation</b>		<b>5,608</b>	<b>6,256</b>
<b>Total no. of beds</b>		<b>55,408</b>	<b>62,656</b>

\* expected completion of construction in 2021 (Westlite Juru)

\*\* c.160 beds remaining beds for the AEP are expected to be completed in 2Q 2019 (RMIT Village)

# Centurion Overseas Investments Pte. Ltd., currently holds approximately 28.7% of the total number of units in the Centurion US Student Housing Fund, which acquired all 6 US properties

## Centurion Overseas Investments Pte. Ltd., currently holds approximately 14.29% of the total number of units in the Centurion Student Accommodation Fund, which acquired dwell Castle Gate House