



Centurion Corporation Limited

(Incorporated in the Republic of Singapore with limited liability)
(Co. Reg. No.: 198401088W)

FY 2020 Financial Results

26 February 2021



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Key Business Highlights



Secured JTC tender to operate 4 Quick Build Dormitories

- Lease from JTC and operate c.6,400 beds in 4 new QBDs for 3+1 years
- As at 31 Dec 2020, Westlite Kranji Way and Westlite Tuas Avenue 2 have started operations and are ramping up occupancy
- The other 2 QBDs are expected to commence by 2Q 2021



Secured master lease of Westlite – PKNS Petaling Jaya

- Lease from Perbadanan Kemajuan Negeri Selangor (“PKNS”), also known as Selangor State Development Corporation, and operate a c.6,044-bed asset in Petaling Jaya, Selangor for 21+9 years
- The asset started operations in Dec 2020 and is ramping up its occupancy

FY 2020 Key Performance Highlights

Revenue

S\$128.4m

▼ 4% from S\$133.4m in FY 2019

- Lower revenue from PBSA and PBWA due to occupancies impacted by COVID-19
- Partly offset by:-
 - Full year contribution from properties that came into operations in 2019 (Westlite Bukit Minyak, Westlite Juniper & dwell Archer House)
 - Revenue from newly secured assets in FY 2020 : 3 Factory-Converted Dormitories and 2 QBDs

NPAT

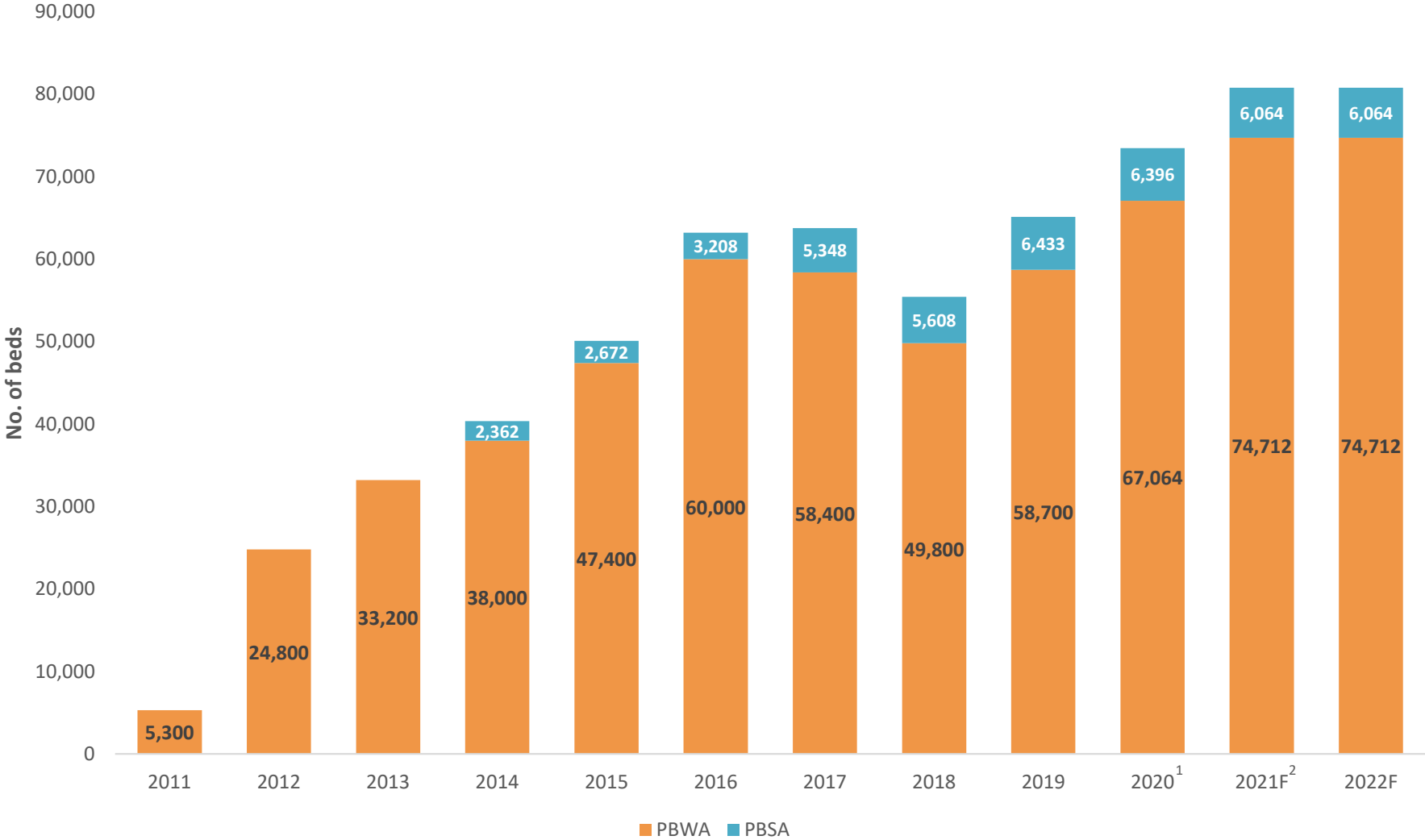
S\$18.7m

▼ 82% from S\$103.8m in FY 2019

- Net fair value loss on investment properties as opposed to a substantial gain last financial year
- Higher operating costs and debt delinquencies
- Impairment loss on plant & equipment
- Partly offset by:
 - Net grant income received from government Covid-19 support packages
 - Lower interest rates environment
 - Gain on disposal of a subsidiary

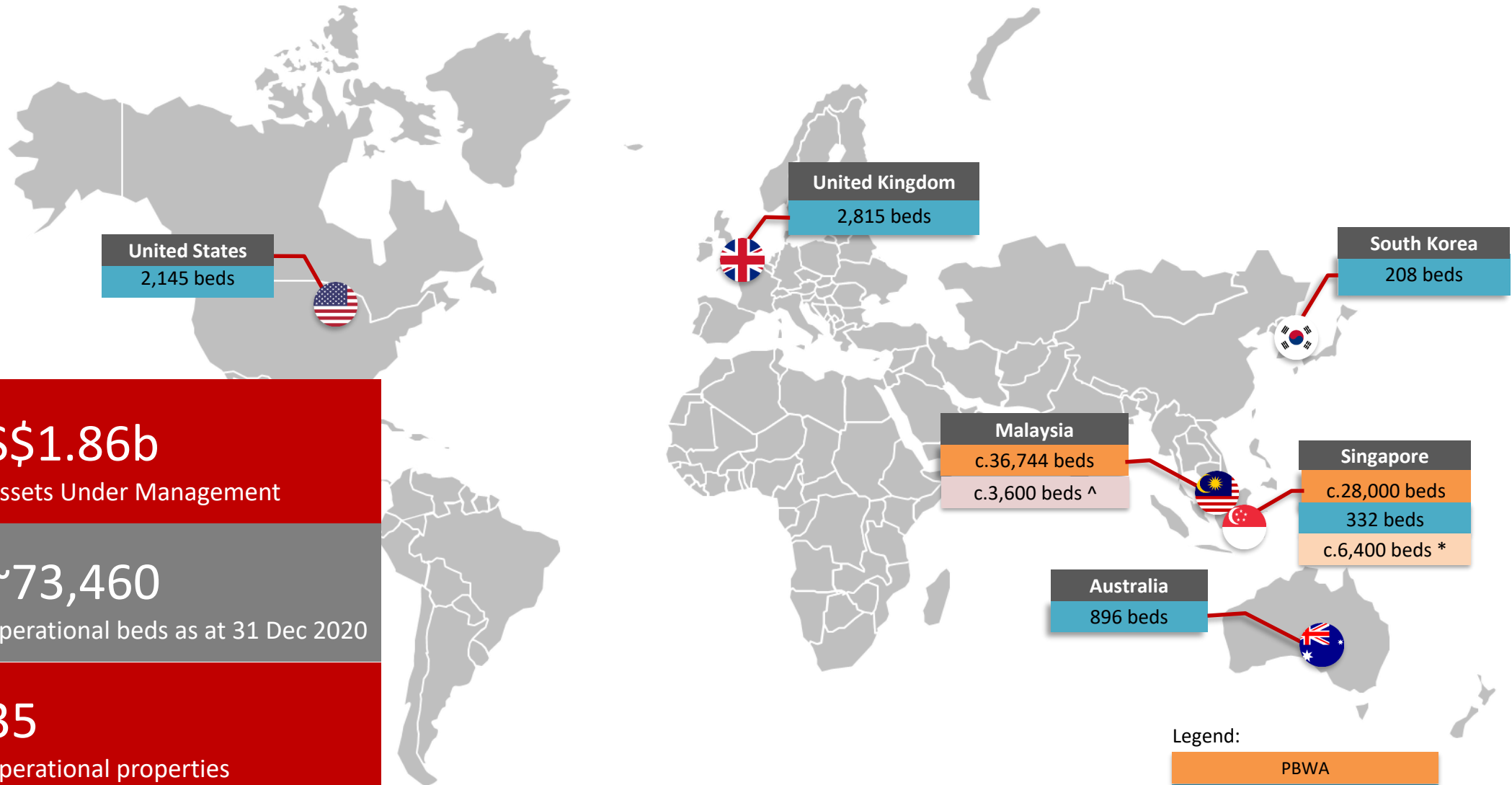
Accommodation Growth Profile

Accommodation Portfolio - Bed Capacity



Note:
 1. Includes 2 QBDs which started operations as at 31 Dec 2020
 2. Includes Tampoi II's c.3,600 beds under development, all 4 QBDs, and excludes dwell Selegie

Diversified Business Portfolio across Geography and Asset Type

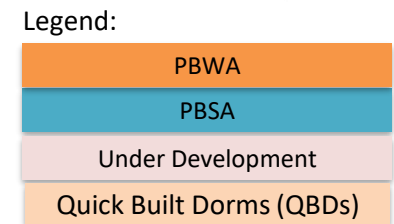


S\$1.86b
Assets Under Management

~73,460
operational beds as at 31 Dec 2020

35
operational properties

17 cities in **6** countries



^ c. 3,600 beds under Tampoi II development
 * c. 6,400 beds for 4 QBDs – c. 1,300 beds Westlite Kranji Way commenced in Sep 2020, c. 1,020 beds Westlite Tuas Avenue 2 commenced in Nov 2020, remaining 2 QBDs are expected to commence by 2Q 2021

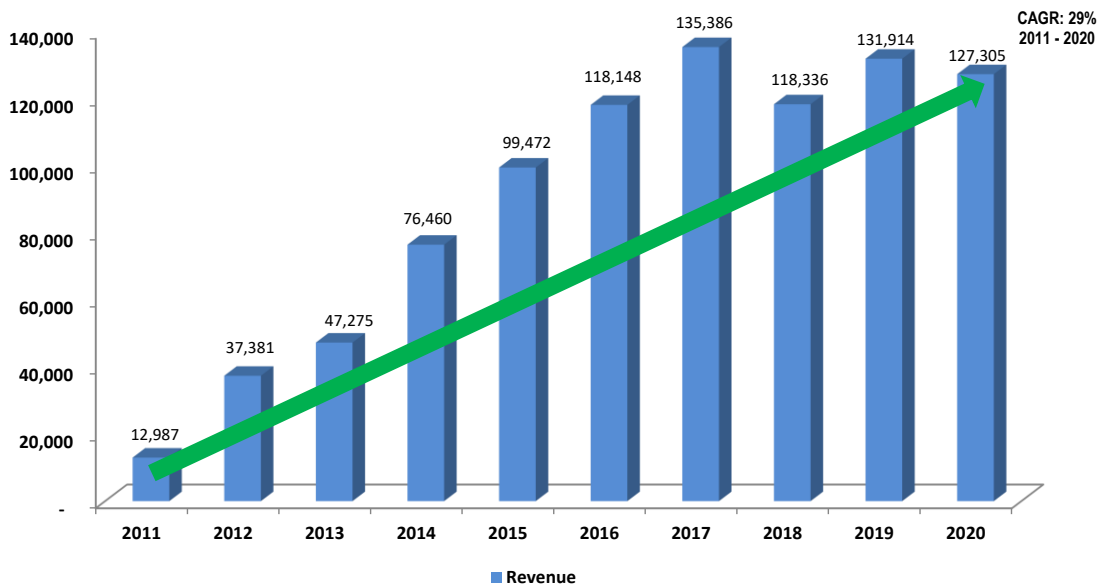


Financial Review

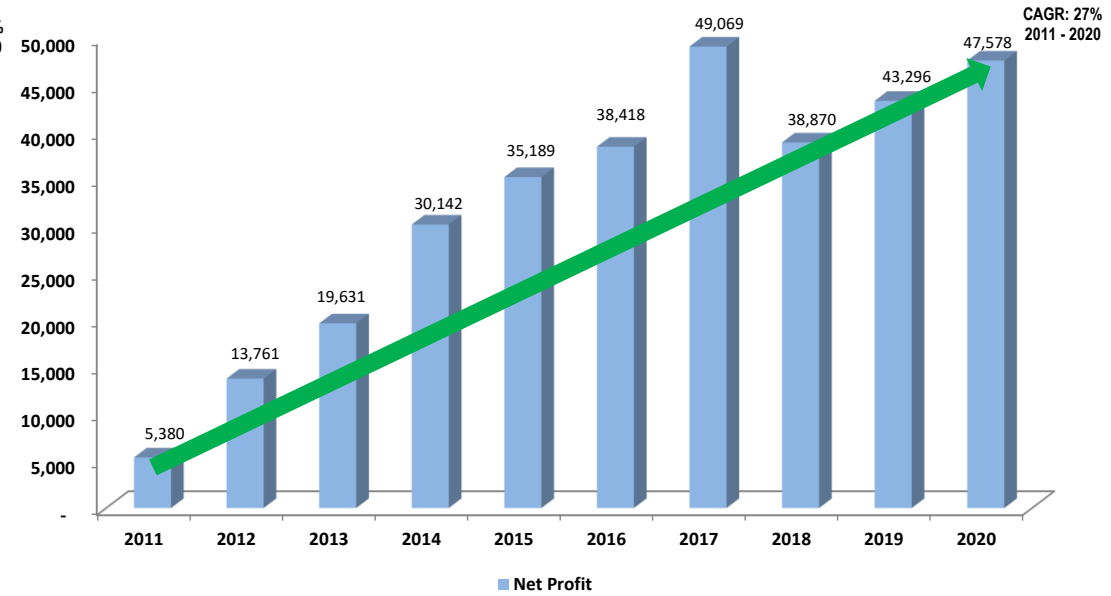


Financial Growth of Accommodation Business

Accommodation - Revenue¹ (\$\$'000)



Accommodation - Net Profit¹ (\$\$'000)

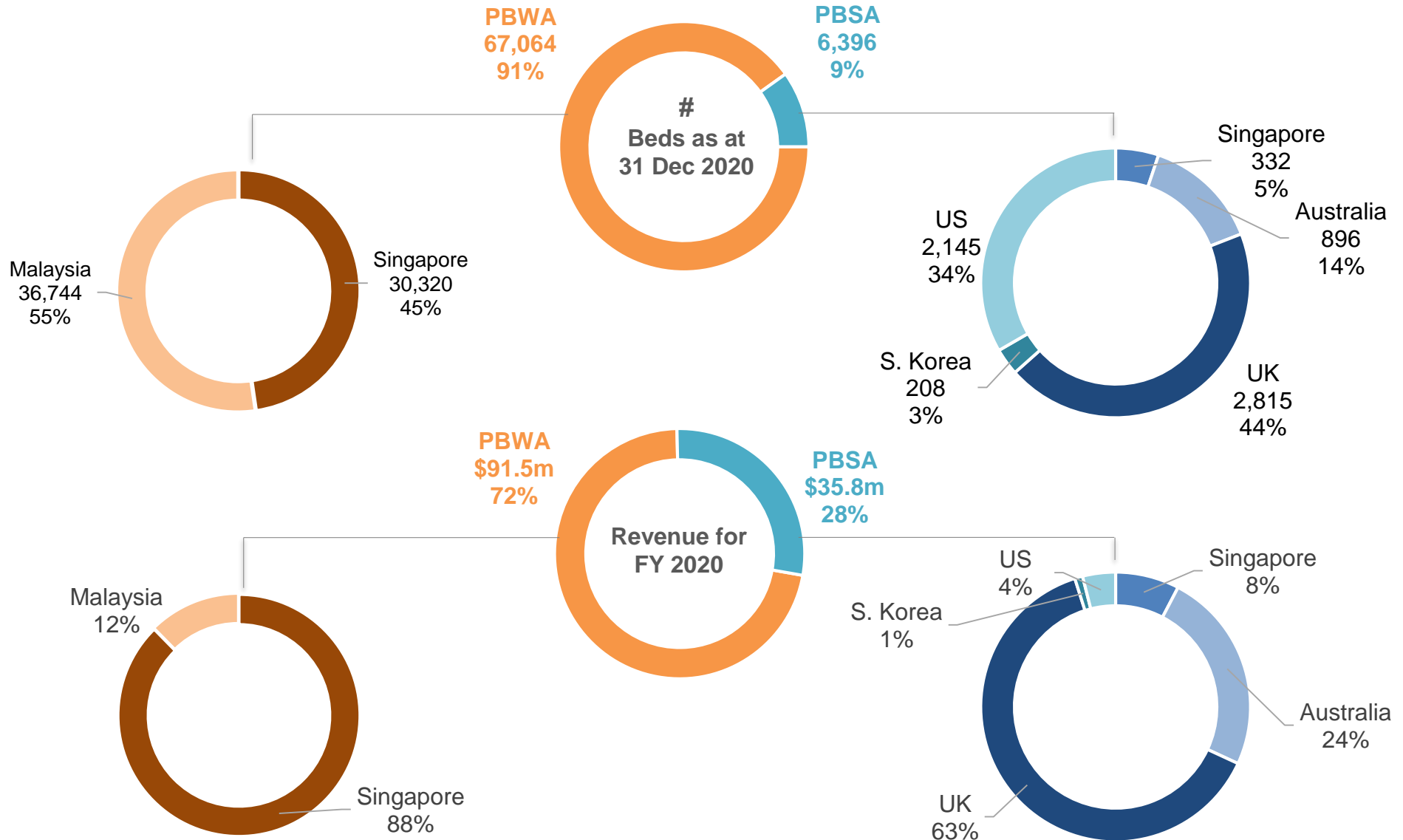


Note:

1. From core business operations

Diversified Business Portfolio by Asset Type and across Geographies

Good diversification at asset class, country and asset levels



Financial Overview

S\$'000	2H 2020	2H 2019	Change %	12M 2020	12M 2019	Change %
Revenue	61,765	69,161	▼ -11%	128,355	133,353	▼ -4%
Gross Profit	41,532	49,942	▼ -17%	89,599	96,936	▼ -8%
Gross profit margin	67%	72%	▼ -5pp	70%	73%	▼ -3pp
Net Profit	(5,174)	83,230	N/M	18,711	103,788	▼ -82%
Net Profit from core business	23,421	23,024	▲ 2%	47,306	43,582	▲ 9%
Net Profit Margin	38%	33%	▲ 5pp	37%	33%	▲ 4pp
Net Profit (Equity holders) ¹	20,315	20,165	▲ 1%	41,320	38,232	▲ 8%

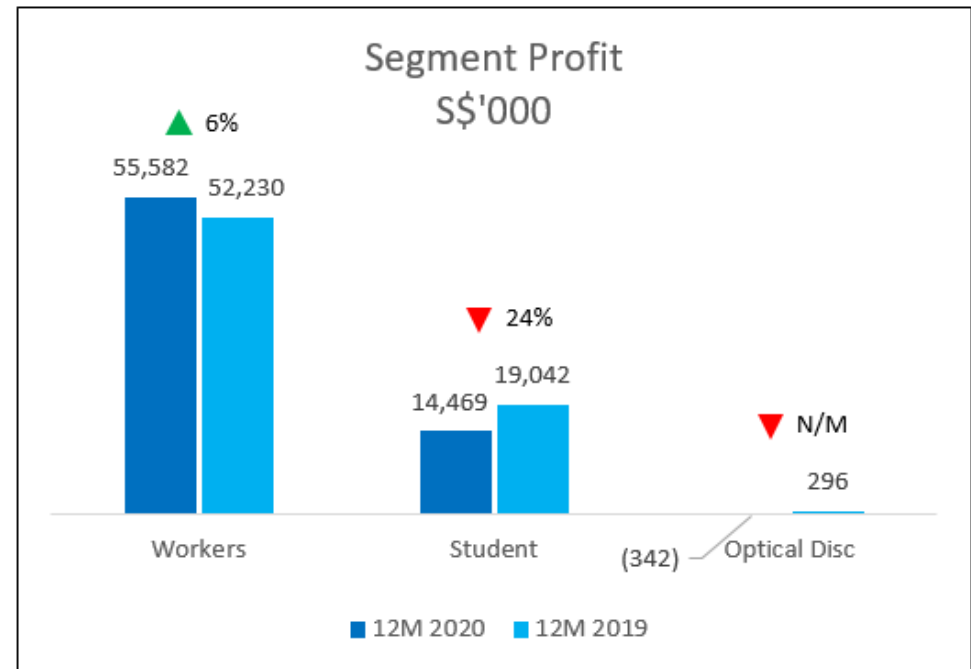
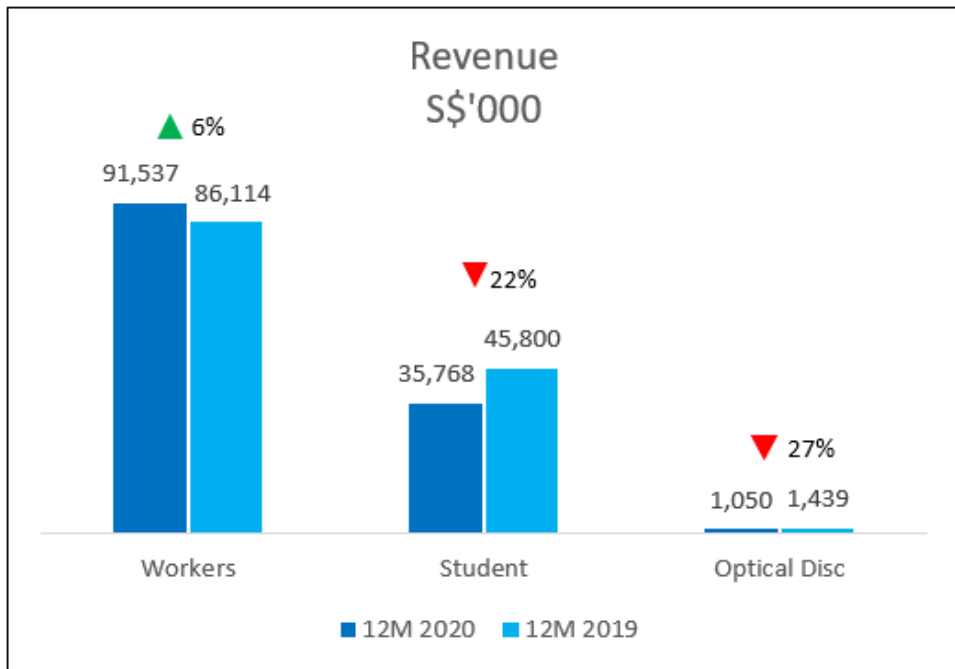
- ❑ Revenue declined 11% to S\$61.8 million in 2H 2020 and 4% to S\$128.4 million in 12M 2020 mainly due to:-
 - lower occupancies caused by COVID-19, particularly in UK and AU PBSA
 - full year contribution from properties added in 2019 (Westlite Bukit Minyak, Westlite Juniper and dwell Archer House)
 - 12M 2020 revenue benefited from PBWA portfolio expansions with slight effects from COVID-19 in 1H 2020
 - management contract for three (3) FCDs, and master lease to operate four (4) Quick-Build-Dormitories in SG
- ❑ Net fair valuation loss of S\$27.6 million in FY2020 as compared to net fair valuation gain of S\$66.3 million in FY2019
 - a reflection of the market condition impacted by COVID-19 pandemic
 - absence of a one off valuation gain in FY2019
- ❑ Excluding fair valuation adjustments, Net Profit (Equity holders) remained constant at S\$20.3 million in 2H 2020 and up 8% to S\$41.3 million for FY2020, mainly attributable to:-
 - COVID-19 reliefs received from governments in different countries where the Group operates
 - lower interest rate environment led to reduced finance expenses
 - partly reduced by allowance for doubtful debts of S\$1.3 million and impairment of plant and equipment of S\$0.5 million as the Group will not exercise the option to extend the lease of dwell Selegie upon its expiry in Jun 2021

1. Net Profit (Equity holders) = Profit from core business operations attributable to equity holders, which excludes the 49% interest in ASPRI-Westlite.

Segment Breakdown

Accommodation Business Results in 12M 2020

S\$'000	Accommodation						Optical Disc		
	Workers			Student			12M 2020	12M 2019	Change
	12M 2020	12M 2019	Change	12M 2020	12M 2019	Change			
Revenue	91,537	86,114	▲ 6%	35,768	45,800	▼ -22%	1,050	1,439	▼ -27%
Segment Profit	55,582	52,230	▲ 6%	14,469	19,042	▼ -24%	(342)	296	▼ N/M
Segment Margin	61%	61%	0pp	40%	42%	▼ -2pp	-33%	21%	▼ N/M



Balance Sheet Highlights

S\$'000	31 Dec 2020	31 Dec 2019	Change %
Cash & Bank Balances	83,868	48,588	▲73%
Current Assets	108,998	78,052	▲40%
Non Current Assets	1,432,714	1,400,915	▲2%
Total Assets	1,541,712	1,478,967	▲4%
Current Liabilities	129,098	110,106	▲17%
Non Current Liabilities	783,829	754,996	▲4%
Total Liabilities	912,927	865,102	▲6%
Net Assets	628,785	613,865	▲2%
Net Gearing Ratio ¹	48%	51%	▼3pp

- ❑ **Healthy Balance Sheet** – S\$83.9m in cash and bank balances
- ❑ **Cash and bank balances** – increase mainly due to loan moratorium, net cash generated from operating activities, and proceeds from disposal of investment in a subsidiary, assets held for sale and financial assets at FVOCI
- ❑ **Current Liabilities** – increase due to recognition of lease liabilities from new leases obtained from Westlite-PKNS Petaling Jaya and JTC QBDs and increase in borrowings due within 1 year. The Group has sufficient cash resources and banking facilities available in total of approximately S\$197m to meet its current liabilities
- ❑ **Non Current Liabilities** – increase due to recognition of lease liabilities from new leases obtained and increase in derivative financial instruments from fair value loss of interest rate swap
- ❑ Average long term bank debt maturity profile of 7 years
- ❑ Interest cover is well within interest cover threshold
 - 3.5 times (4.8 times excluding MTN interest, interest on lease liability and bank facility fees)

Note:

1. 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

S\$'000	31 Dec 2020	31 Dec 2019
Earnings Per Share¹	4.9¢	4.6¢
NAV Per Share	72.0¢	70.4¢
Share Price	35.0¢ ²	44.5¢ ³
Dividend*	-	2.0¢
Dividend Payout Ratio	-	43.5%
Dividend Yield	-	4.5%
Market Capitalisation	S\$294m ²	S\$374m ³

Note:

1. Excluding one-off items
2. As at 31 December 2020
3. As at 31 December 2019

* In view of the uncertainty amidst the COVID-19 pandemic and continued challenges ahead, the Board is not recommending a dividend payment for FY 2020. Further, the Directors of the Company and senior management staff of the Group have agreed that the Fee and Salary Reduction from FY 2020 will continue into FY 2021 as part of the Company's measures to strengthen cash flow management and controls to conserve cash.



Business Review



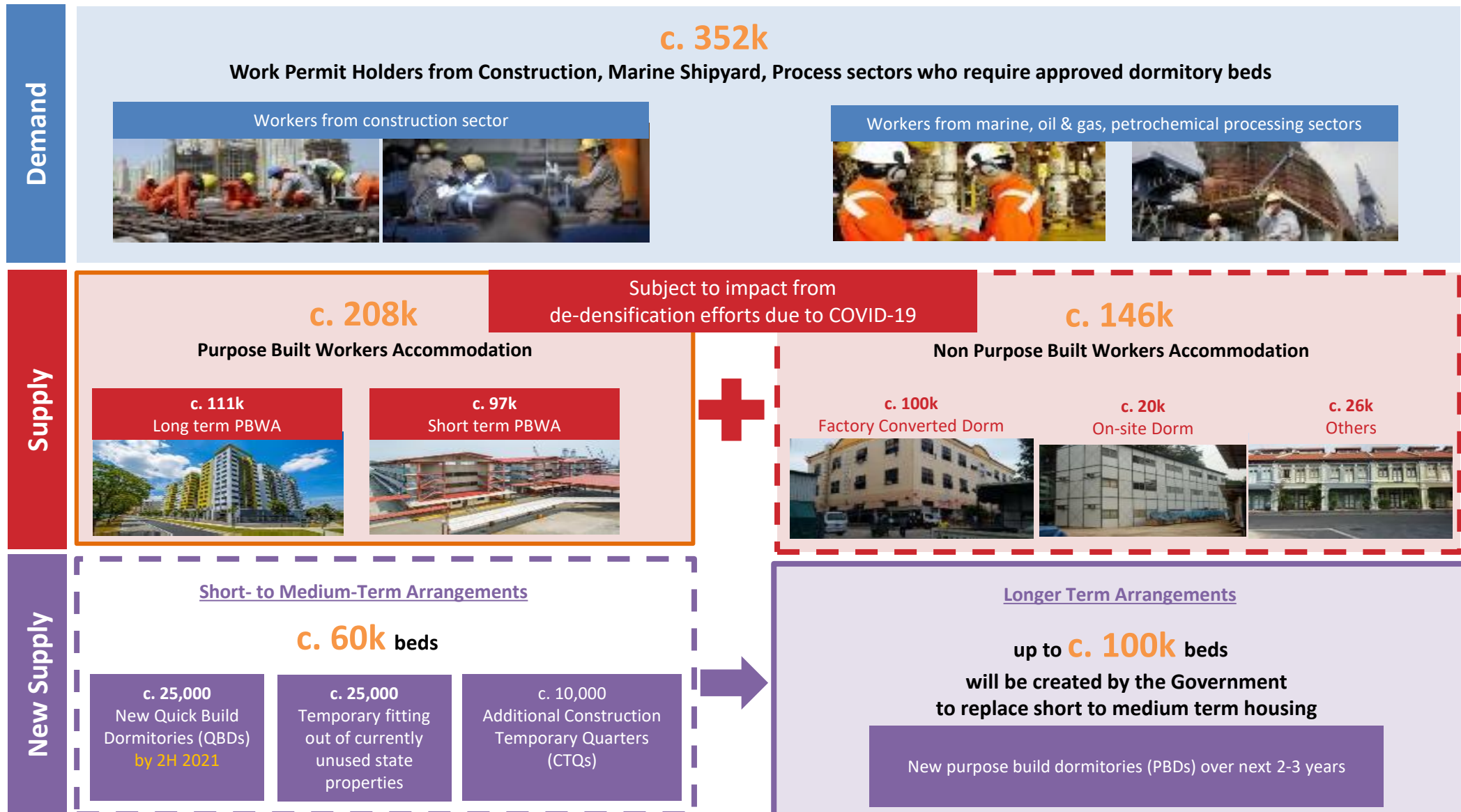


Purpose Built Workers Accommodation



Workers Accommodation Landscape - SG

Expected new supply of PBWA beds due to COVID-19[^]



Source: Singapore Ministry of Manpower (as at Jun 2020), Channel News Asia, The Straits Times, Centurion research

[^] [Joint MND-MOM Media Release on New Dormitories with Improved Standards for Migrant Workers - 1 June 2020](#)

Workers Accommodation Portfolio

Singapore – 9 Properties (incl 2* under development)



7,900
Beds

23
Years
wef 2015

**ASPRI-Westlite Papan
(51% owned)**



7,800
Beds

60
Years
wef 1997

Westlite Toh Guan



6,300
Beds

Freehold

**Westlite Mandai
(45% owned)**



4,100
Beds

30
Years
wef 2013

Westlite Woodlands



1,900
Beds

10+5
Years
wef 2019

Westlite Juniper



1,300
Beds

3+1
Years
wef 2020

Westlite Kranji Way



1,020
Beds

3+1
Years
wef 2020

Westlite Tuas Avenue 2



3,420
Beds

3+1
Years
wef 2Q 2021*

Westlite Jalan Tukang



628
Beds

3+1
Years
wef 2Q 2021*

Westlite Tuas South Boulevard

*Expected commencement date. Orange = Quick Build Dormitories.

Workers Accommodation



Singapore

- The Group secured 2 contracts from JTC Corporation during FY 2020
 - management services contract for 3 FCDs of c. 4,000 beds
 - master lease to operate 4 QBDs of c. 6,400 beds; 2 sites have commenced operations as at 31 Dec 2020
- Post lifting of dormitory lockdown in Aug 2020, PBWA bed demand softened
 - employers sought alternative options in interim accommodation eg QBDs, TLQs, CTQs, private housing
 - a number of migrant workers have also returned to their hometown¹
- Migrant worker population expected to increase gradually in 2021
 - Government allows returning/new workers to arrive, under strict quarantine and clearance regimes
 - more workers expected to be brought in with gradual recovery of the economy
- Supply of interim accommodation solutions will reduce
 - some alternative accommodation solutions eg TLQs are expected to be discontinued by 1H 2021
 - other accommodation solutions eg QBDs designed to pilot new dormitory specifications being evaluated for improved pandemic management
- PBWAs continue to be the preferred option for housing migrant workers in the long term
 - actively engaged in dialogues with authorities on future specifications for permanent PBWAs, related requirements for existing PBWAs and government support for industry/businesses
 - continue exploring opportunities for development and management of new PBWA assets addressing pandemic management needs

Note: FCDs – Factory Converted Dormitories; QBDs – Quick Build Dormitories; TLQs – Temporary Living Quarters; CTQs – Construction Temporary Quarters

¹ [The Straits Times - Singapore sees its population fall for first time in 10 years - Retrenchments have hit foreign workers especially, causing many to leave as a result, 25 September 2020](#)

Workers Accommodation Portfolio

Malaysia – 8 Properties



6,600
Beds

Freehold

Westlite Bukit Minyak



5,900
Beds

Freehold

Westlite Senai II



5,800
Beds

99
Years
wef 2013

Westlite Johor Tech Park



5,300
Beds

Freehold

Westlite Tampoi



2,600
Beds

Freehold

Westlite Senai



2,100
Beds

60
Years
wef 2000

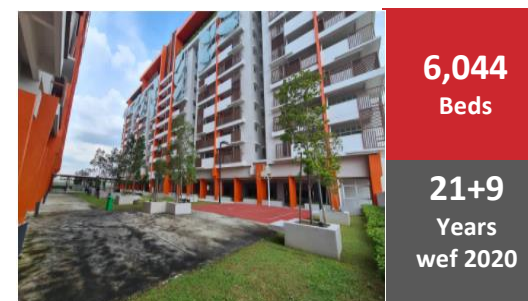
Westlite Tebrau



2,000
Beds + **400**
Beds

99
Years
wef 1986 + **9**
Years
wef 2019

Westlite Pasir Gudang



6,044
Beds

21+9
Years
wef 2020

Westlite – PKNS Petaling Jaya

Workers Accommodation



Malaysia

- Secured Westlite-PKNS Petaling Jaya (c. 6,044 beds) on master lease of 21+9 years from Selangor State Development Corporation (PKNS) in December 2020
- Development of 3 additional blocks on an existing piece of land at Tampoi, Johor has resumed
 - expected to complete in 2Q 2021 and add c. 3,600 beds to existing Westlite Tampoi
- Implementation of various rounds of Movement Control Orders ("MCOs") across different states, have not affected the financial occupancies of the Group's assets
- Government stepped up enforcement for employers to comply with the Amendment to the Workers' Minimum Standards of Housing and Amenities Act¹
 - including gazetting an emergency ordinance to curb the spread of COVID-19
 - compelling employers to provide lodging with sufficient living space and amenities for migrant workers
- Westlite Malaysia is able to meet requirements of the new legislation
 - the Group is working with the Department of Labour Peninsular Malaysia ("JTKSM") towards the certification of its assets in compliance to the standards of the Act²

¹ [Today Online - Malaysia enforces requirement for improved worker accommodation to rein in Covid-19, 18 February 2021](#)

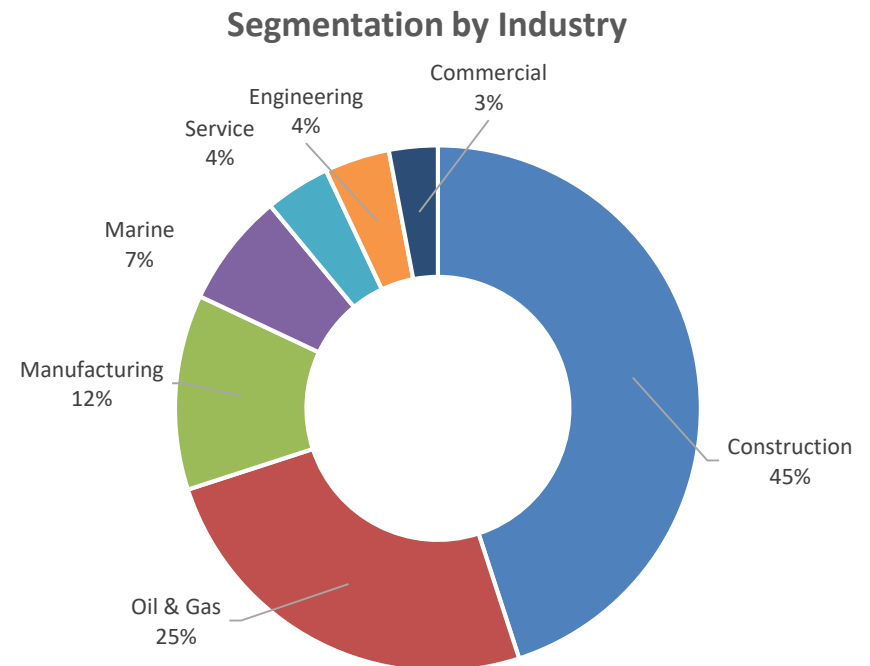
² [Selangor Journal - Ministry tells employers to apply for certificate of accommodation, 24 December 2020](#)

Workers Accommodation

Diversified, stable customer base

- more than 1,359 customers in Singapore and Malaysia
- serves companies from diverse industries
- ability to cater to multiple industries insulate the Group
- less affected by economic fluctuations or government policies affecting any one industry

S/N.	Industry Percentage	(%)
1	Construction	45
2	Oil & Gas	25
3	Manufacturing	12
4	Marine	7
5	Service	4
6	Engineering	4
7	Commercial	3
	Total	100



^ Breakdown of workers revenue by industry for Singapore and Malaysia only

* As at 31 December 2020



Purpose Built Student Accommodation



Student Accommodation Portfolio

United Kingdom – 10 Properties



1,017
Beds

Freehold

dwel Manchester Student Village (MSV)



383
Beds

250
Years
wef 2007

dwel Cathedral Campus



355
Beds

Freehold

dwel MSV South



181
Beds

125
Years
wef 1995

dwel Garth Heads



177
Beds

Freehold

dwel Archer House



157
Beds

125
Years
wef 2009

dwel Hotwells House



145
Beds

Freehold

dwel The Grafton



140
Beds

125
Years
wef 2008

dwel Weston Court



127
Beds

Freehold

dwel Princess Street



133
Beds

Freehold

dwel Castle Gate Haus[^]

[^] Centurion Overseas Investments Pte. Ltd. holds approximately 14.3% of the total number of units in the Centurion Student Accommodation Fund, which acquired dwel Castle Gate Haus
Centurion Corporation Limited

Student Accommodation



UK

- **Occupancy has been impacted by COVID 19 pandemic**
 - lockdowns in Academic Year (AY) 19/20, subsequent 2nd lockdown from Dec 2020 to Mar 2021
 - universities have shifted to mainly online teaching, with only selective curricula conducted on-campus
 - international student arrivals have been restricted; domestic students unable to return to university cities
 - early termination option was offered to dwell UK portfolio residents for remaining contracted leases in the last semester of AY 19/20
- **The UK maintains its standing as one of the top tertiary education markets in the world**
 - Higher Education Statistics Agency reported a 3% y-o-y rise in the number of higher education students to 2.5 million in 2019/20¹
- **In Feb 2021, the UK Government reaffirmed its aims to recruit 600,000 international higher education students annually and increase education exports to £35 billion a year by 2030²**
 - in 2019/20, 22% of the total student population, or over 538,000 were from overseas
- **Occupancy is expected to recover when the pandemic conditions stabilize**
 - pent-up demand from both international and domestic students
 - students desire on-campus study experience, and universities need to resume full academic programmes
- **The Group disposed of the 37-bed dwell Beechwood House in Dec 2020**

¹ [HESA - Higher Education Student Statistics: UK, 2019/20 - Student numbers and characteristics, 27 January 2021](#)

² [UK Parliament House of Commons Library - International and EU students in higher education in the UK FAQs, 15 February 2021](#)

Student Accommodation Portfolio

Australia – 2 Properties



616
Beds

Freehold

dwel Village Melbourne City



280
Beds

Freehold

dwel East End Adelaide

Singapore



332
Beds

3+3+2
Years
wef 2015

dwel Selegie[^]

Korea



208
Beds

Freehold

dwel Dongdaemun
(55% owned)

[^] The Group has decided not to renew the 3rd and final phase of the 3+3+2 lease with SLA, and the current lease will expire in Jun 2021

Student Accommodation



Australia

- COVID-19 has disrupted demand for accommodation in Australia
 - international students faced difficulties entering the country
 - federal government prioritised repatriation of citizens and residents stranded overseas
 - interstate travel restrictions within Australia also contributed to the fall in occupancies
 - deeper impact in Melbourne than in Adelaide
- Demand for student accommodation remains bright
 - the population aged 19 and younger will form around 35% of the Australian population in the next decade¹
 - universities continue to attract students from international student source markets
- The PBSAs market in Australia remains under-supplied, at 6% of total student population¹



Singapore

- International student arrivals sharply reduced by COVID-19 restrictions
 - while financial occupancy was stable for 1H 2020, few new bookings were secured to replace expiring leases
 - bed capacity has been reduced as part of COVID-19 management measures directed by the landowner SLA
- the Group will not extend dwell Selegie's lease for the final phase of its 3+3+2 year tenure
 - current lease expires in June 2021



South Korea

- Occupancy of dwell Dongdaemun impacted as COVID-19 affected overseas student exchange or language programmes
 - marketing efforts refocused to include local professionals

¹ [nuveen - Australia: The enduring merit of education, 20 November 2020](#)

Student Accommodation Portfolio

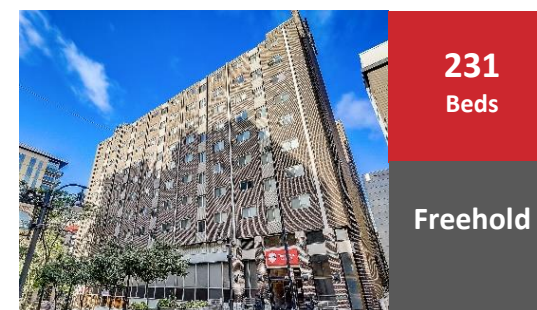
United States# - 6 Properties



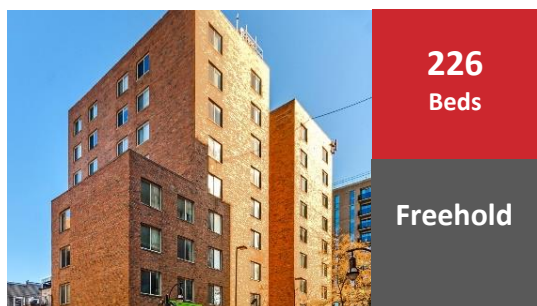
dwell Logan Square



dwell Tenn Street



dwell The Towers On State



dwell The Statesider



dwell Stadium View



dwell College & Crown

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

Student Accommodation



US

- The COVID-19 pandemic has not materially impacted the Group's US student accommodation portfolio occupancy
 - while the number of new international students physically present in the US estimated to have declined 72% in 2020¹
 - international students form less than 2% of the Group's US portfolio occupancy
- The Group's assets cater mainly to domestic students
 - as there was no interstate or inter-city travel restrictions, the US portfolio was able to achieve an improvement in occupancy
- Performance of this portfolio is expected to continue improving with increased and active management

¹ [World Education Services - The Pandemic Drives Unprecedented Decline in International Students, 24 November 2020](#)



**Looking
Ahead**

 ***centurion***

Looking Ahead

Group's PBWA and PBSA businesses have been disrupted by COVID-19



- occupancies impacted; debt delinquencies increased
- slow recovery in occupancies expected with vaccine rollouts but uncertainties remain

Operations impacted across all markets



- travel bans and movement restrictions
- stoppage of work and university on-campus programmes
- operational costs increase with safe living measures

Despite uncertainties, the Group continues to build on resilient position in its markets



- in dialogues with authorities regarding future specifications for permanent PBWAs, and the related requirements for existing PBWAs in SG
- working with JTKSM towards certification of its MY assets in compliance to the standards of the Workers' Minimum Standards of Housing and Amenities Act



- has offered student residents early termination, deferments or flexible lease terms across different country markets to support students
- step up efforts to attract bookings including short term lets and tapping growing domestic demand

Looking Ahead

Management measures and continued growth

- ❑ In this extraordinary year, the Group has focused on mitigating the impact of disruptions due to COVID-19 by:
 - enhancing management and operational efficiencies
 - managing costs and conserving cash
- ❑ We have continued to enhance and grow our assets
 - rationalized our portfolio and selectively enhance performing assets
 - taken opportunities, where sensible, to grow our Assets Under Management and revenue streams

Resilient portfolio and recovery

- ❑ The Group's portfolio of 35 quality operational assets is well diversified
 - across 2 established and complementary specialised accommodation segments
 - across 6 strategic countries including Singapore, Malaysia, and the global education hubs of the UK, US, and Australia
- ❑ Confident in the resilience of the dual business segments
 - demand remains robust across PBWA and PBSA segments
 - as business and travel activities resume, along with the continued rollout of several approved vaccines globally, occupancy levels in these strategically-located assets are expected to improve as well



Thank You

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