



Centurion Corporation Limited

(Incorporated in the Republic of Singapore with limited liability)
(Company Registration No. 198401088W)

CLARIFICATION ON MEDIA REPORTS IN RELATION TO CENTURION'S 4Q 2019 AND FY 2019 NET PROFITS

The Board of Directors ("**Board**") of Centurion Corporation Limited ("**Centurion**" or the "**Company**" and together with its subsidiaries, the "**Group**") refers to recent media reports (including an article in the Straits Times dated 16 May 2020 titled "*Why foot the bill for dorm operators that have profited for years?*") citing the Group's profit numbers in connection with discussions on the workers accommodation business in Singapore.

The media reports and commentary in question have mentioned that the Group reported net profits of S\$73.1 million and S\$103.8 million for the fourth quarter ended 31 December 2019 ("4Q 2019") and full year ended 31 December 2019 ("FY 2019") respectively. The Company wishes to clarify that the net profit figures referred to in the media reports include a one-time net fair valuation gains of S\$66.3 million recorded during 4Q 2019.

Fair valuation gains and losses are recorded during the fourth quarter of each year as the Company, based on its accounting policy, has its investment properties re-valued by independent valuers at year end. As fair valuation gains or losses are non cash items and do not reflect a company's operating performance, the Group discloses Net Profits from Core Business Operations excluding such one-off accounting gains or losses, consistently in the Company's results announcements annually as well as in the Company's annual report.

Unlike as stated in the media reports, excluding one-off items, Net Profit from the Group's Core Business Operations attributable to equity holders was S\$11.3 million in 4Q 2019 and S\$38.2 million for FY 2019, respectively.

These numbers are more representative and were derived from the Group's global portfolio, which includes the Purpose Built Workers Accommodation ("**PBWA**") business in Singapore and Malaysia, as well as the Purpose Built Student Accommodation in Singapore, Australia, the UK, US and South Korea.

The Group's PBWA business accounted for about 65% of the Group's revenue for FY 2019, of which the share of Singapore and Malaysia business accounted for approximately 88% and 12% respectively of the total revenue from the PBWA business.

The Group's PBWA business involves real estate development and investment which is capital intensive, and requires financing from banks and financial institutions. The total value of our PBWA assets, as at the end of FY 2019, was approximately S\$873.8 million. The Returns¹ on PBWA business from its assets deployed was 6.57% in FY 2019.

The segment margins, as previously released in the form of presentation slides for FY2019 results, does not include the financing costs to fund the development of these PBWA properties and the depreciation costs for the use of these operational properties. The Group adopts the fair valuation model to fair value its properties annually and accordingly these properties are not required to be depreciated under the accounting rules. This is in line with most real estate companies in Singapore.

¹ Returns is calculated using total PBWA results of S\$57.4 million (which is an aggregation of PBWA Segment Results * of S\$52.2 million and share of Associated Company # of S\$5.2 million) divided by total PBWA assets of S\$873.8 million (which is an aggregation of PBWA segment assets of S\$796.5 million and investment of Associated Company of S\$77.3 million) - figures are extracted from page 211 Segment Information Workers Accommodations in FY2019 Annual Report.

* Segment Results refers to the Group's Consolidated Profit before Tax, Interest and Valuation Gains

#Associated Company refers to Westlite Mandai which the Group has 45% interest



Centurion Corporation Limited

(Incorporated in the Republic of Singapore with limited liability)
(Company Registration No. 198401088W)

Centurion is committed to providing sustainable, safe and high-quality accommodation properties as well as developing management platforms and expertise to deliver living environments that meet regulatory and ethical standards, and are conducive to the mental and physical wellness of its migrant workers and student residents.

By Order of the Board
Centurion Corporation Limited

Kong Chee Min
Chief Executive Officer

18 May 2020