



Centurion Corporation Limited

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

AGM Presentation

27 April 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

Our Response to COVID-19

The well-being of our worker and student residents is our highest priority, and we are doing our utmost to provide a safe and secure living environment for our residents and ensure their physical and mental well-being during this COVID-19 outbreak



Protecting our residents

- Activated Pandemic Management Plan (PMP) in mid-Jan 2020
- Implemented and progressively scaled up precautionary measures across all our accommodations
- Established systems, processes and facilities to mitigate the potential risks as we safeguard our accommodation community against the COVID-19
- Supported by our Global Security Operations Centre (GSOC), our Pandemic Task Force monitors all our assets, updating on situational developments and operational needs

Communicating with all stakeholders

- Westlite, our workers dormitory management platform, has been updating our wider stakeholders, including client-employers, residents and the media, on the operational situation in our dormitories and the measures taken
- dwell Student Living, our student accommodation operator, has been updating our residents, their parents/guardians, the universities and student agent partners on the measures in place
- Working closely with relevant authorities and stakeholders to manage the risk within our assets and to public health

Staying vigilant, balancing health, safety and well-being

- Resi-living activities conducted online, with increased focus on mental wellbeing and support
- Gradual re-opening of communal amenities and resumption of community activities, with stringent Safe Living Measures
- Continued vigilant focus on Infection Prevention Controls and Safe Movement Management, for staff and residents
- As the vaccination rollouts progress in various countries, we continue to monitor closely and will respond to the situation appropriately

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 new properties that came into operations in 2019
 - Revenue from management contracts and newly-leased assets in workers accommodation, in FY 2020

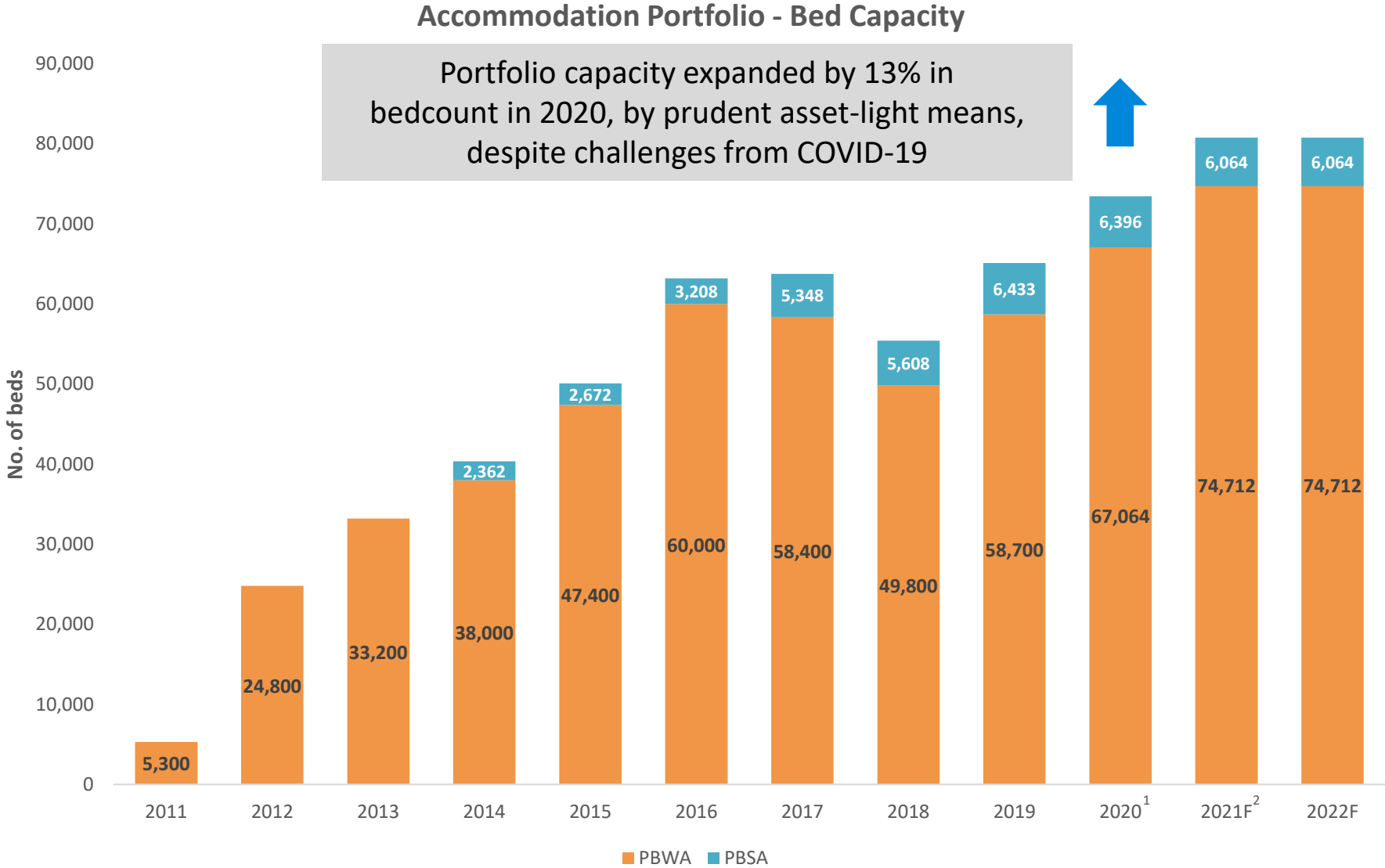
NPAT

S\$18.7m

▼ 82% from S\$103.8m in FY 2019

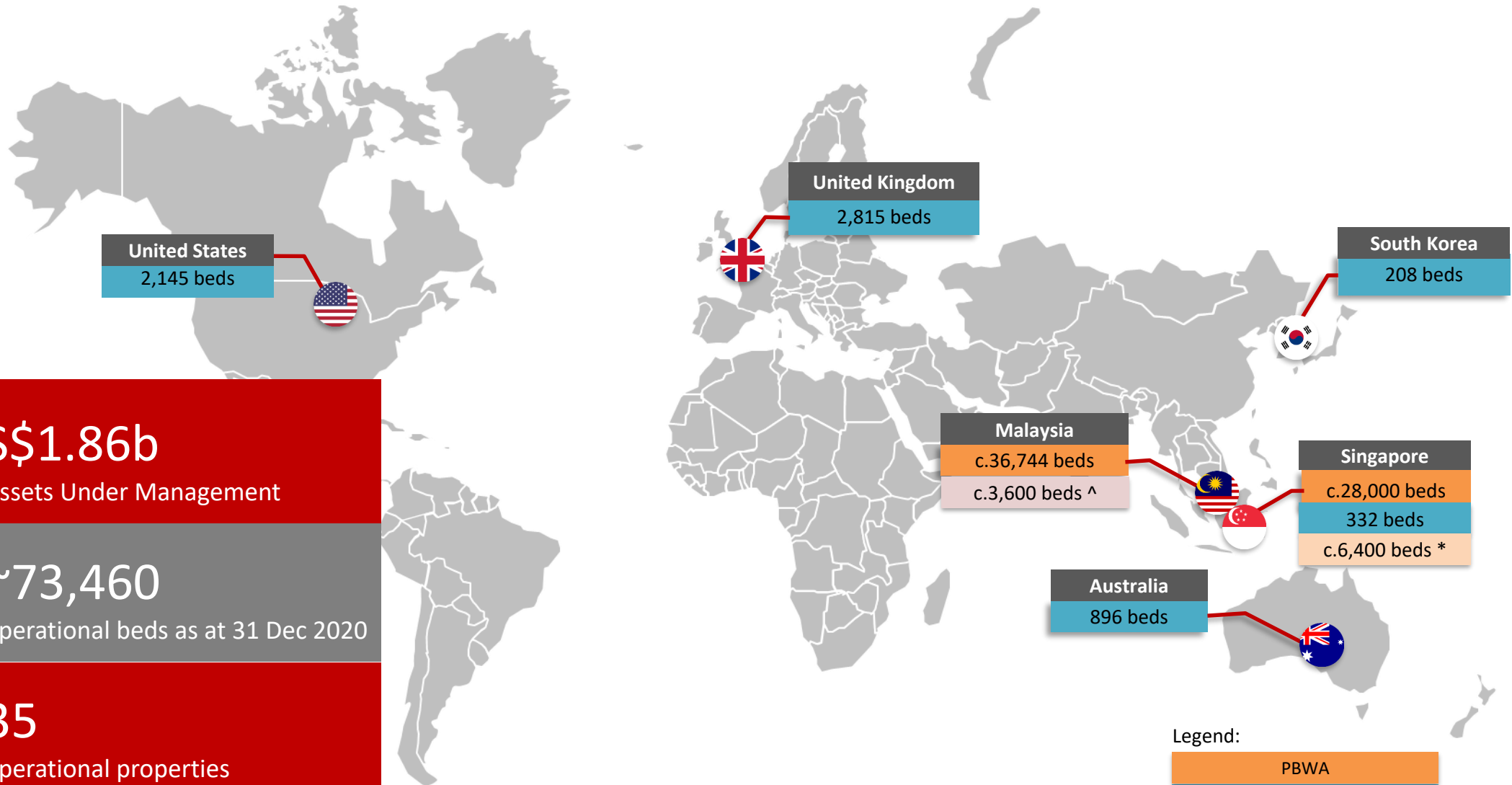
- Net fair value loss on investment properties as opposed to a substantial gain last financial year
- Higher operating costs and debt delinquencies
- Partly offset primarily by:
 - Net grant income received from government Covid-19 support packages
 - Lower interest rates environment
 - Gain on disposal of a subsidiary
- Excluding fair valuation adjustments, Net Profit (Equity holders) from Core Business grew 8% to S\$41.3m

Accommodation Growth Profile



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



Key Financial Review



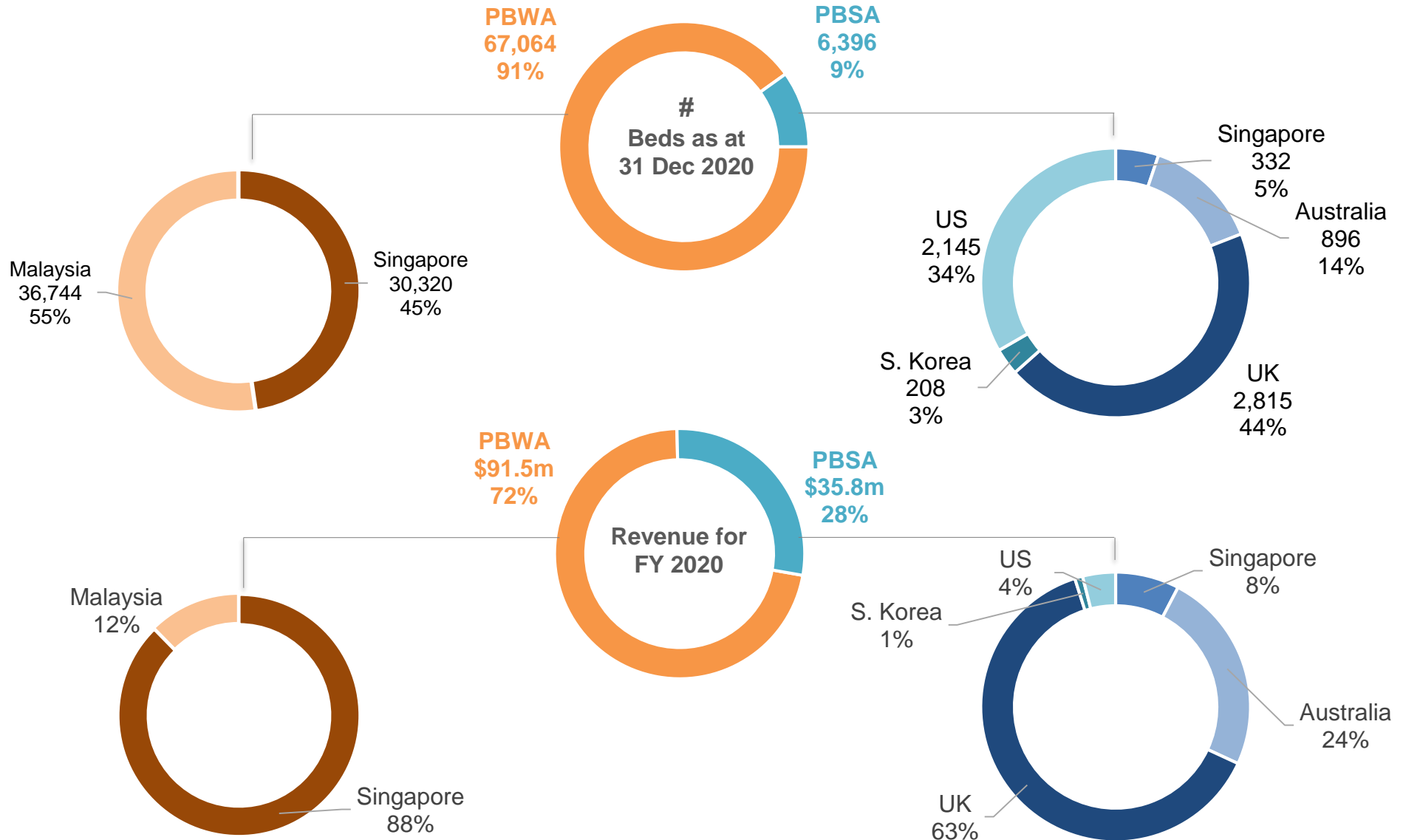
Financial Overview

S\$'000	12M 2020	12M 2019	Change %
Revenue	128,355	133,353	▼ -4%
Gross Profit	89,599	96,936	▼ -8%
Gross profit margin	70%	73%	▼ -3pp
Net Profit	18,711	103,788	▼ -82%
Net Profit from core business	47,306	43,582	▲ 9%
Net Profit Margin	37%	33%	▲ 4pp
Net Profit (Equity holders) ¹	41,320	38,232	▲ 8%

- ❑ Revenue declined 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)
 - benefited from PBWA portfolio expansions in FY2020
 - 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) increased 8% to S\$41.3 million for FY2020 mainly due to:-
 - Including COVID-19 reliefs, net grant income of S\$4.1 million received from various governments where Group operates
 - Lower interest rate environment led to reduced finance expenses of S\$5.4 million
 - Savings in administrative and distribution expenses of S\$2.6 million due to cost saving measures
 Offsetting higher costs due to COVID-19
 - Safe living measures implemented costing S\$2.3 million and increased debt delinquencies of S\$1.1 million
 - Impairment of plant and equipment of S\$0.5 million due to non-extension of the lease of dwell Selegie in Singapore

Business Portfolio by Asset Type and across Geographies

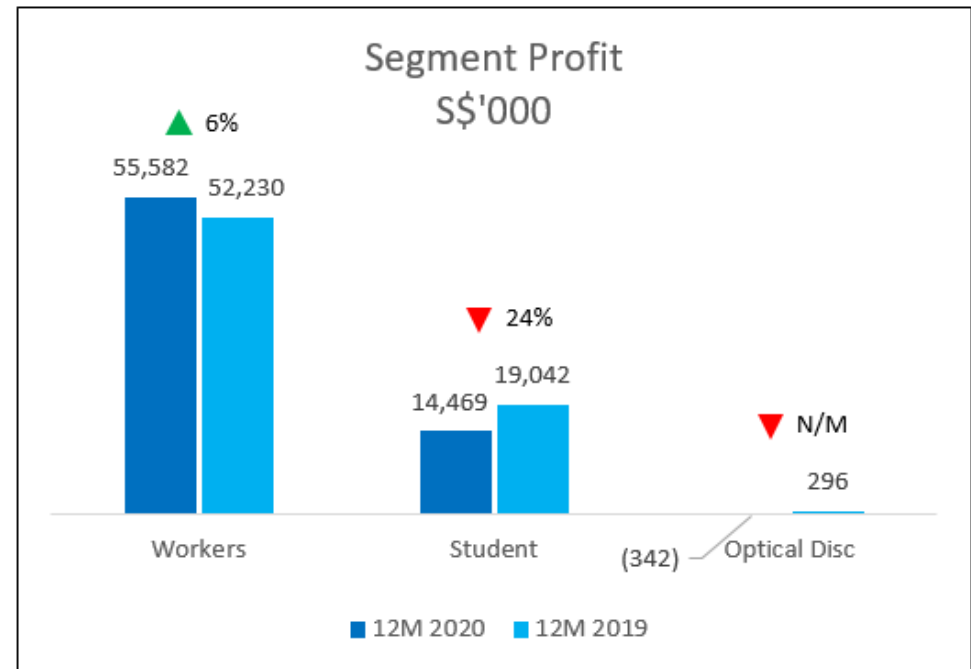
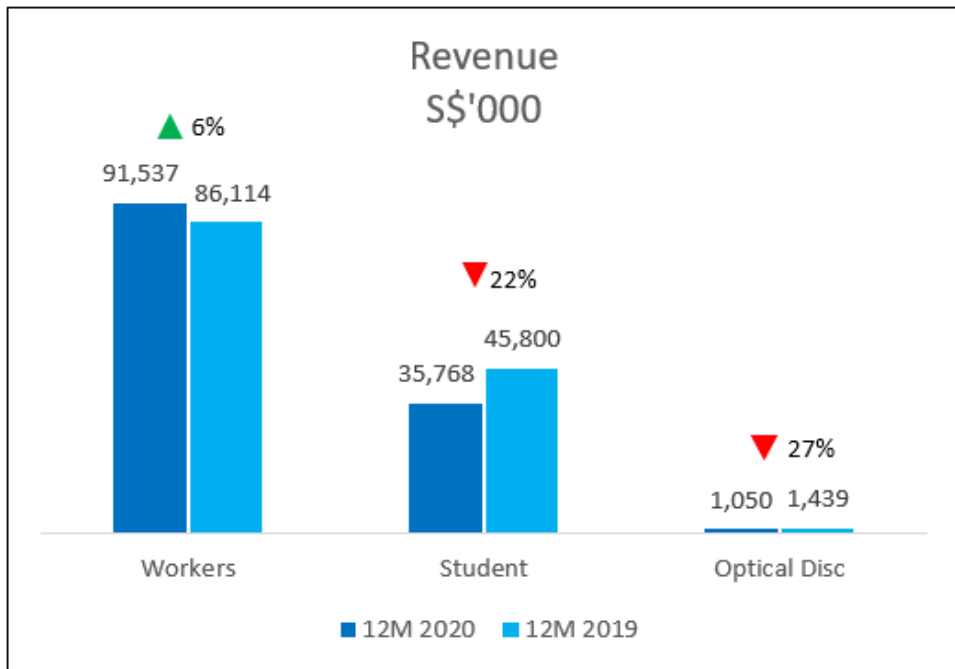
Good diversification at asset class, country and asset levels



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 Assets** – increase mainly due to the increase in cash and bank balances
- ❑ **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 Yield	-	4.5%

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



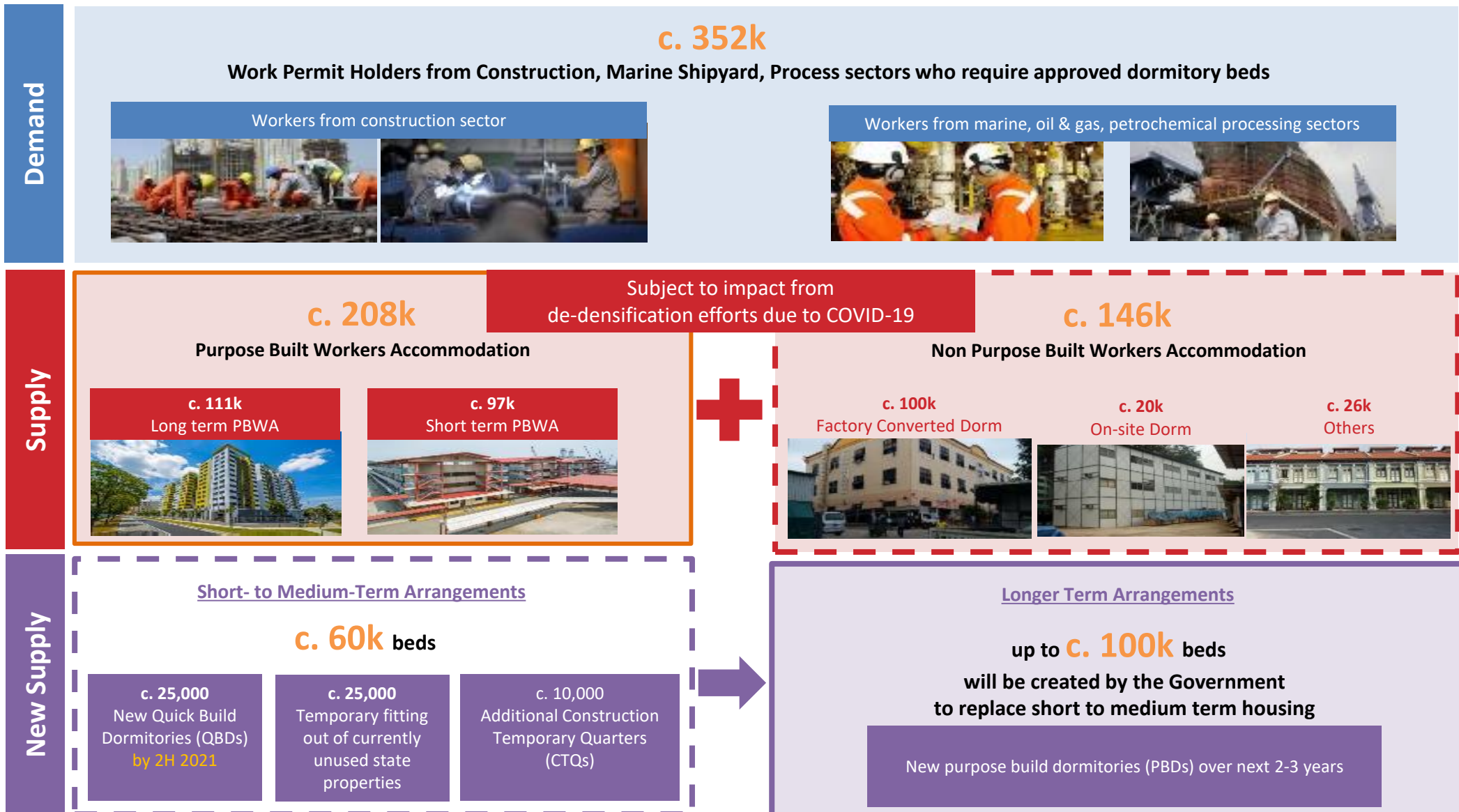


Purpose Built Workers Accommodation



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



Singapore - 9 properties (incl 2 Quick Build Dormitories under development)



- Secured 2 contracts from JTC Corporation in 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 commenced operations as at 31 Dec 2020
- Post lifting of dormitory lockdown in Aug 2020, PBWA demand softened
 - employers sought alternative options in interim accommodation eg QBDs, TLQs, CTQs, private housing
 - 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 economy
- Supply of interim accommodation solutions will reduce
 - some alternative accommodation solutions eg TLQs expected to be discontinued by 1H 2021
 - other accommodation solutions such as QBDs being repurposed for Migrant Workers Onboarding Centre
- PBWAs continue to be the preferred option for housing workers in the long term
 - actively engaged in dialogues with authorities on future specifications, related requirements for existing PBWAs and government support
 - 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



Malaysia - 8 properties

- Implementation of various rounds of Movement Control Orders ("MCOs") across different states have not affected financial occupancies of assets
- 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
- Resumed development of 3 additional blocks on existing piece of land at Tampoi, Johor
 - expected completion in 2Q 2021 and add c. 3,600 beds to existing Westlite Tampoi
- Government stepped up enforcement for employers to comply with Amendment to the Workers' Minimum Standards of Housing and Amenities Act¹
 - including gazetted an emergency ordinance to curb spread of COVID-19
 - compelling employers to provide lodging with sufficient living space and amenities for workers
 - deadline for employers to comply extended to Dec 2021
- Westlite Malaysia is able to meet requirements of new legislation
 - working with the Department of Labour Peninsular Malaysia ("JTKSM") towards certification of assets in compliance with standards of the Act²



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

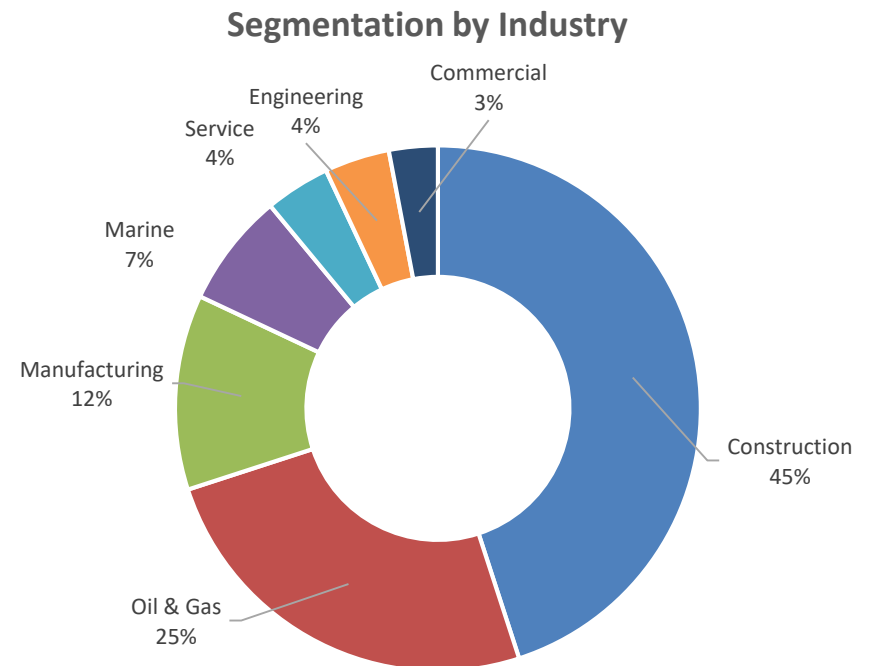
² [Selangor Journal - Ministry tells employers to apply for certificate of accommodation, 24 December 2020](#)

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



UK - 10 properties

- 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 shifted to mainly online teaching, with selective curricula conducted on-campus
 - international student arrivals restricted; domestic students unable to return to university cities
 - early termination option offered to dwell residents for remaining leases in 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 3% y-o-y rise in number of higher education students to 2.5 million in 2019/20¹
- In Feb 2021, 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
 - 22% of total student population, or over 538,000 were from overseas in 2019/20
- In Apr 2021, UK Government announced³ that all university students yet to return to in-person teaching will be able to do so from 17 May at the earliest
 - aligning with government's roadmap to ease restrictions on social contact and indoor mixing
- Occupancy 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
- Disposed 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](#)

³ [Gov.uk - Remaining university students to return to campus from Step 3 of the roadmap, no earlier than 17 May, 13 April 2021](#)

Student Accommodation



Australia - 2 properties

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



Singapore - 1 property

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



South Korea - 1 property

- 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



US - 6 properties

- COVID-19 pandemic has not materially impacted US portfolio occupancy
 - number of new international students physically present in the US estimated to have declined 72% in 2020¹
 - international students form less than 2% of US portfolio occupancy
- Group's assets cater mainly to domestic students
 - US portfolio able to achieve improvement in occupancy as no interstate or inter-city travel restrictions
- Performance of portfolio 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



Looking Ahead

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



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

Challenges 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 standards of the Workers' Minimum Standards of Housing and Amenities Act



- 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 impact of disruptions due to COVID-19 by:
 - enhancing management and operational efficiencies
 - managing costs and conserving cash
- ❑ Continued to enhance and grow our assets
 - rationalized our portfolio and selectively enhance performing assets
 - taken opportunities, where sensible, to grow Assets Under Management and revenue streams

Resilient portfolio and gradual recovery

- ❑ 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 dual business segments
 - demand remains robust across PBWA and PBSA segments
 - as business and travel activities resume, along with continued rollout of several approved vaccines globally, occupancy levels in these strategically-located assets expected to improve



Thank You

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