

Centum Real Estate Limited Investor Briefing FY22

25 July 2022



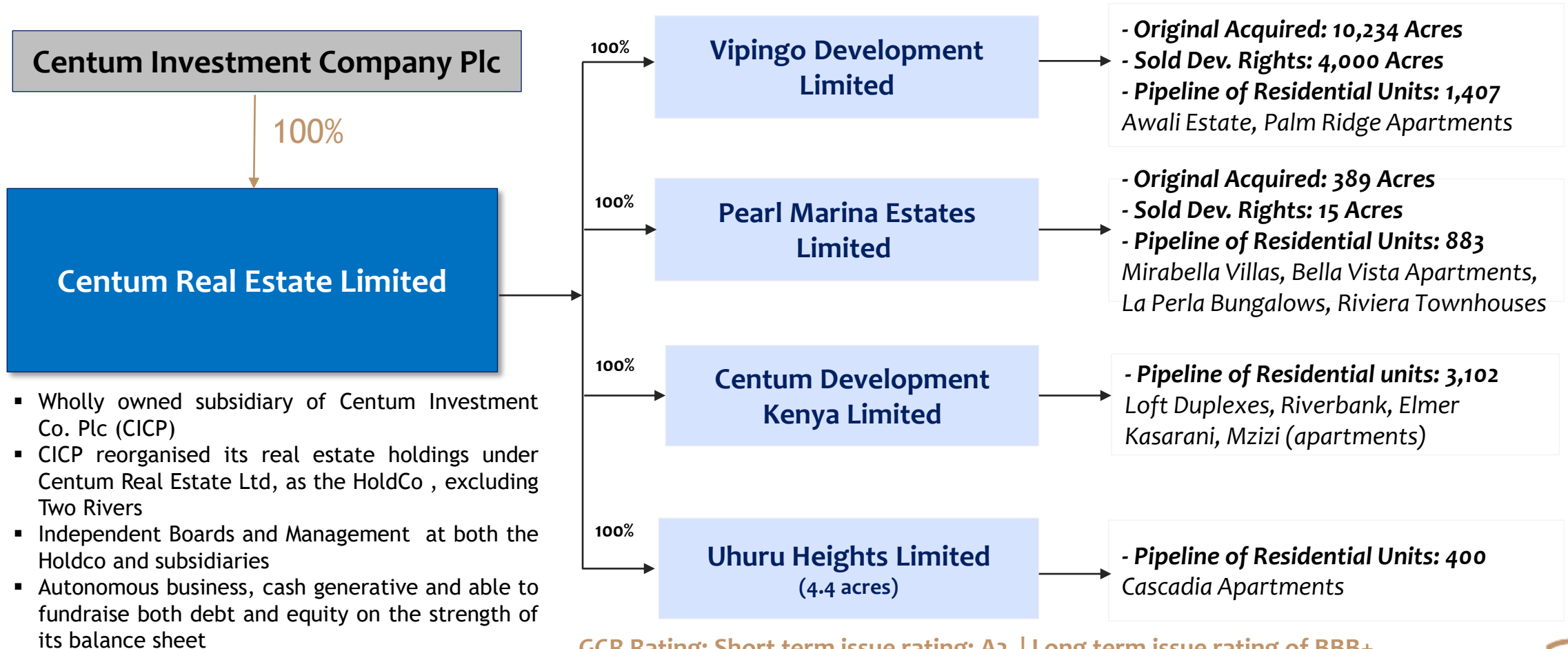
FY22 Business Performance



Centum Real Estate Limited

Centum RE at a Glance

Centum Real Estate Limited is organized as a Holding Company for 4 subsidiaries, under one overarching brand.



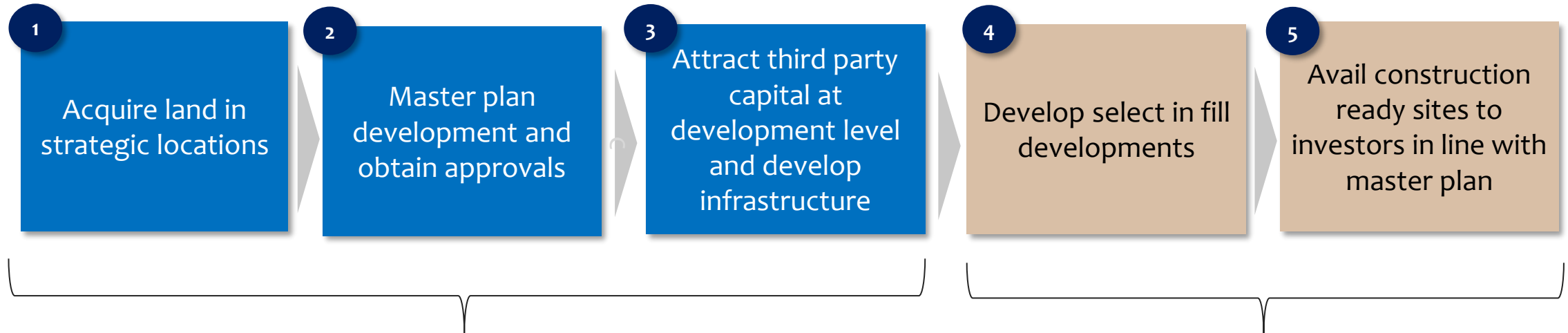
GCR Rating: Short term issue rating: A2 | Long term issue rating of BBB+

Centum Real Estate Limited

Mixed Use Development Journey

Our real estate strategy seeks to master develop attractive sites across the region and provide commercial impetus for investors to establish city-shifting developments therein.

Overview of Centum Real Estate's Value Creation Process as a Master Developer of large in mixed-used developments



Taken time to set up construction & infrastructure ready mixed use master plan developments with unique cost and location advantages that are difficult to replicate within our primary catchment area

- Two Rivers Development: Duration 2013-2017
- Pearl Marina Development: Duration 2013 - 2017
- Vipingo Development: Duration 2016-2019

- Present focus is on rolling out residential infill developments.
- Based on our experience and market uptake the affordable housing market presents the most compelling market opportunity.

Centum Real Estate

Highlights of Business Performance as at 31st March 2022

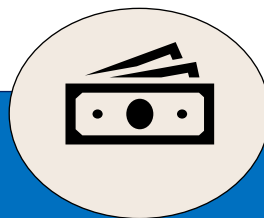
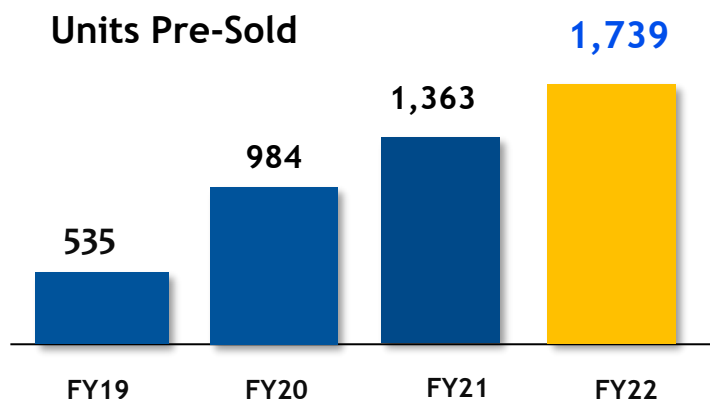


Residential Unit Sales

KES 14.8 Billion Shillings

Value of Units Pre-sold to date

Units Pre-Sold

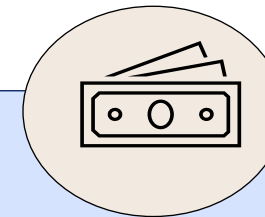
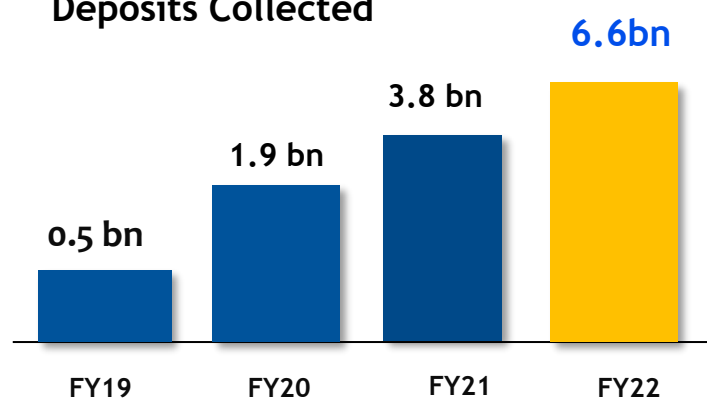


Residential Unit Deposit Collections

KES 6.6 Billion Shillings

Deposits Collected to date on Pre-sold units

Deposits Collected

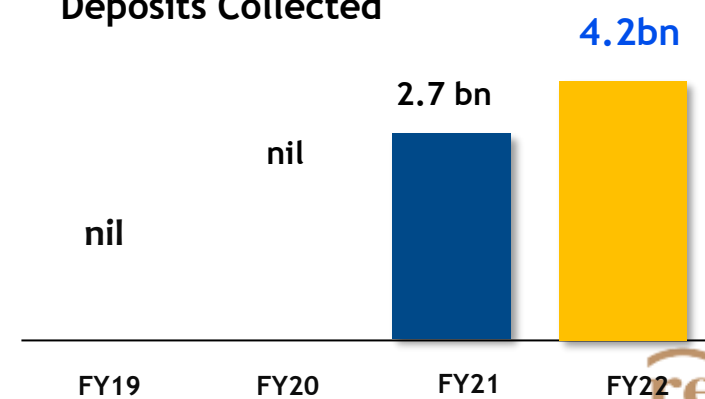


Development Right Collections

KES 8.2 Billion Shillings

Value of Development Pipeline

Deposits Collected



Centum Real Estate Investor Briefing: Business Pillars

.....

Centum Real Estate Business Pillars

Pillar #1: Residential Units Overview

Residential Units

Demand led, High Growth, Capital light, and pre-sales led sale of houses.

- In Kenya, the estimated annual supply of residential units is 50,000 units per year against a growing demand of 250,000 units. Centum Re will play a part in bridging the housing gap.
- As at 31st March 2022, the business had collected cumulative cash deposits of KES 6.6B from cumulative sales of 1,739 (2021: 1,363) homes with a total sales value of KES 14.8B (2021: KES 11.3B).
- The cash collected as customer deposits within the year increased by KES 2.8B (2021:1.8B). The KES 8.2B cash due from pre-sales will be collected in subsequent financial year

	31 March 22	31 March 21
Units sold	1,739	1,363
% units sold	66%	54%
Value of units sold (KES'mn)	14,877	11,315
Cash collected during the year	2,870	1,820
Cumulative collections	6,648	3,794
% collections	45%	34%

Centum Real Estate Business Pillars

Pillar #1: Residential Units Deposit Collections

57% increase in deposits collected in FY22 | Average monthly collections up by 63% compared to previous period
| KES 6.6Bn cumulative deposits at 31.3.31 |

	Deposits collected in FY19	Deposits collected in FY20	Deposits collected in FY21	Deposits collected in FY22	Cumulative Deposits	Projected Revenue of units sold to date	Collectable Cash on pre-sales	% deposit collected of revenue to date
Nairobi	62,647,000	379,087,554	621,291,527	1,408,829,353	2,471,855,434	8,278,866,196	5,807,010,762	30%
Vipingo	166,365,600	474,712,896	684,033,409	676,534,632	2,001,646,537	2,523,345,000	521,698,463	79%
Uganda	282,329,100	592,347,357	514,909,132	785,345,456	2,174,931,045	4,075,031,580	1,900,100,535	53%
	511,341,700	1,446,147,807	1,820,234,068	2,870,709,441	6,648,433,016	14,877,242,776	8,228,809,760	45%
High End	22,450,000	103,745,419	187,271,362	873,056,874	1,186,523,655	2,745,068,630	1,558,544,975	43%
Mid Market	362,931,100	957,496,635	1,136,019,352	1,203,497,497	3,659,944,584	7,828,482,095	4,168,537,511	47%
Affordable	125,960,600	384,905,753	496,943,354	794,155,070	1,801,964,777	4,303,692,051	2,501,727,274	42%
	511,341,700	1,446,147,807	1,820,234,068	2,870,709,441	6,648,433,016	14,877,242,776	8,228,809,760	45%

Centum Real Estate Business Pillars

Pillar #1: Residential Units Performance

Residential Units

Capital light, High Growth, and pre-sales led sale of houses.

- In the financial year ending March 2022, Centum Real Estate completed 634 houses (2021:96 units) from two projects in Vipingo and Nairobi. We also commenced construction of two new projects in Nairobi
- Revenue was up to KES 1.8B (2021: 457M) which reflects a significant revenue growth realized from 301 homes of the 624 completed homes that met the revenue recognition threshold of a units should be completed, handed over to the buyer and fully paid for.

	31 March 22	31 March 21
Homes completed	624	96
Homes under construction	1,422	1,478
Homes under market validation	598	971
Total	2,644	2,545

	31 March 22	31 March 21
Completed homes	624	96
Cumulative units recognized in P&L	331	27
% Recognized	53%	28%

Centum Real Estate Business Pillars

Pillar #1: Residential Units Sales

76% of units under construction or market validation [Phase 1], with a value of KES 14.8Bn have been sold | KES 6.6Bn collected | KES 8.2Bn cash due on pre-sales (receivable)

	Full Phase	Phase 1	Sold Units	% Sold
Nairobi	3,502	1,244	759	61%
Vipingo	1,407	514	500	97%
Uganda	883	534	480	90%
	5,792	2,292	1,739	76%
High End	228	144	94	65%
Mid Market	1,681	697	426	61%
Affordable	3,883	1,451	1,219	84%
	5,792	2,292	1,739	76%

Centum Real Estate Business Pillars

Pillar #1: Digitizing to serve our customers better through our rental platform

Web-Commerce

<https://rent.centumre.co.ke/>

✉ centum.re@centum.co.ke

📍 9th Floor, South Tower, Two Rivers

f t i



Home

Short Stay

Long Term

For Sale

About Us

Contact

Exceptional Lifestyle

If you cannot own it, you can rent it. Find your dream home with us. We have a wide pool of residential properties with different typology layouts, and in different geographical locations. You get to choose a home that fulfills your housing and travel needs.



Centum Real Estate Business Pillars

Pillar #2: Development Rights Overview

Development Rights

Attractive and cash generating sale of construction ready development rights in prime locations.

- Centum Re development business possesses unique cost and location advantages supported by high barriers of entry to replicate a similar master plan model within our primary catchment area
- As at 31st March 2022, the business had collected cumulative cash of KES 3.85B from cumulative sales of 2,197 acres (2021: 1,324 acres) with a total sales of KES 4.9B. KES 1B being cash due from development right sales to be collected in subsequent financial year

KES. '000	31 March 22	31 March 21
Value of signed contracts at start of year	650,034	420,000
Value of contracts signed during the year	2,305,502	2,696,335
Completed transactions during the year and recognized in the P&L	(1,714,213)	(2,466,301)
Value of signed contracts at end of year	1,241,323	650,034
Collections during the year from all signed contracts	1,508,038	2,347,157

Centum Real Estate Business Pillars

Pillar #2: Development Rights Performance

Development Rights

Attractive and cash generating sale of construction ready development rights in prime locations.

- During the year Centum RE completed and recognized the sale of development rights worth KES 1.7 billion (2021: KES 2.5 billion) across our sites. The monetization continues to positively impact the business with the cashflows utilized to fund construction of residential units and settle maturing debt obligations.
- The realized gain from these sales over the cost of land acquisition and related infrastructure costs were KES 1.4 billion (2021: KES 2.2 billion). Those gains had previously been booked as unrealized gains as required by IFRS.
- The development rights sales have been achieved at valuations that are several multiples to both the land acquisition and development costs and carrying values, validating both our business model as a master developer and the valuations on our balance sheet.

KES. '000	31 March 22	31 March 21
Revenue from sale of development rights/land	1,714,213	2,466,301
Original cost of the land and related infrastructure costs	(327,207)	(258,668)
Gross profit	1,387,006	2,207,633
Previously recognized fair value gains on disposed land	(1,275,932)	(2,445,540)
Net gain on disposal	111,074	(237,907)

Centum Real Estate Investor Briefing: Construction Progress

.....

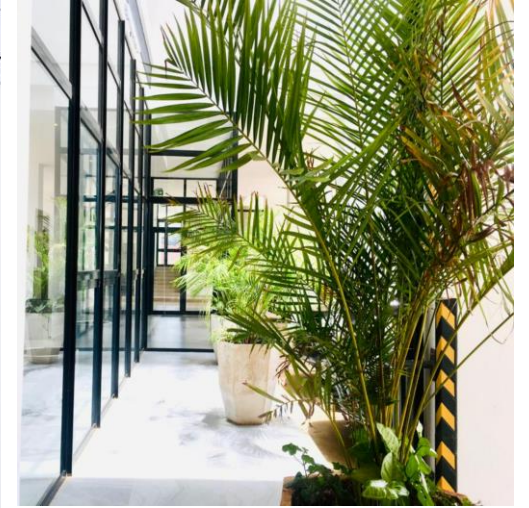
Centum Real Estate

Construction Delivery

Node	Project	Phase 1 Units U/C	Expected End Date
Nairobi	Riverbank	84	Completed
	Loft	56	Phase 1a December 2022 Phase 1b June 2023
	Mzizi	271	December 2023
	Cascadia	400	June 2023
	Pavilion	149	Under market validation
	Elmer Kasarani	284	November 2023
Vipingo	Awali	74	Completed
	Palm Ridge	440	Completed
Pearl Marina	Mirabella	22	Completed
	Bella Vista	456	March 2023
	La Perla	32	December 2022
	Riviera	20	December 2022
	Signature Villas	4	Completed
Total		2,292	

Centum Real Estate

Riverbank @ Two Rivers – Completed in Feb 2022



Centum Real Estate

Loft @ Two Rivers – Under construction



Centum Real Estate

Mzizi @ Two Rivers – Under construction



Centum Real Estate

Elmer Kasarani – Under construction



Centum Real Estate

Bella Vista Uganda – Under construction



Centum Real Estate

Le Perla Bungalows Uganda – Under construction



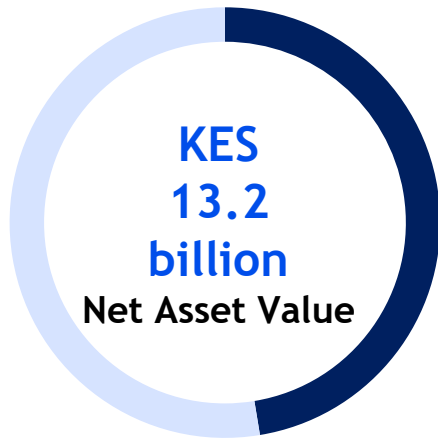
FY22 Financial Performance



Centum Real Estate

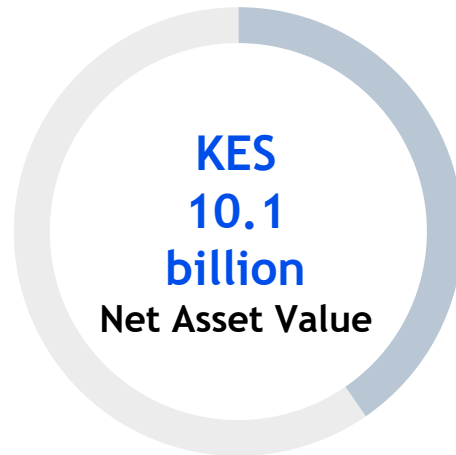
Portfolio Review: Summary of Portfolio as at 31 March 2022

Vipingo Development Limited



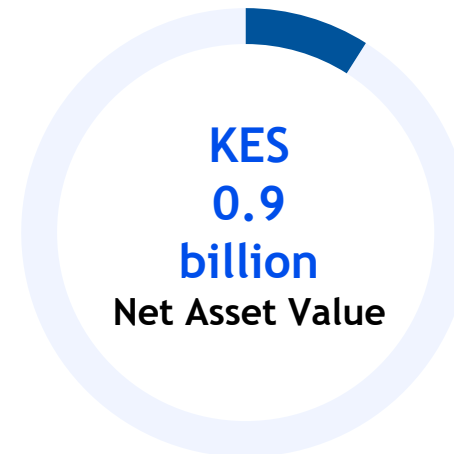
KES 22.5 billion

Pearl Marina Estates Limited



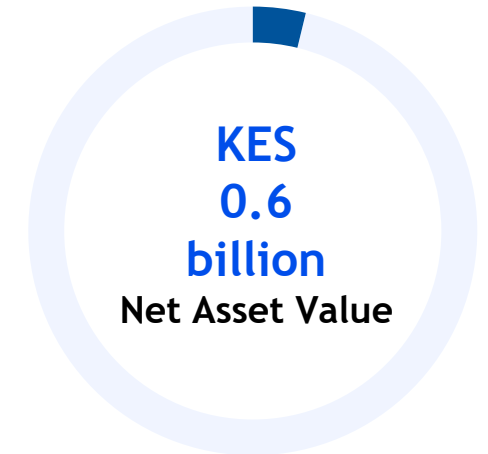
KES 13.6 billion

Centum Development Kenya Limited



KES 2.4 billion

Uhuru Heights Limited



KES 2.3 billion

Total Assets

Total Assets
KES 40.8 billion

Total Net Asset Value
KES 24.8 billion

GCR Rating: Short term issue rating: A2 | Long term issue rating of BBB+



Centum Real Estate

Consolidated income statement

	Mar-22 KES'000	Mar-21 KES'000	% change
Residential units:			
Revenue	1,849,570	457,794	304%
Cost of sales	(1,514,848)	(333,376)	354%
Gross profit	334,722	124,418	169%
Development rights:			
Revenue	1,714,213	2,466,301	-30%
Cost	(327,207)	(258,668)	26%
Gross profit	1,387,006	2,207,633	-37%
Previously recognised fair value gains	(1,275,932)	(2,445,540)	-48%
Incremental gain on disposal	111,074	(237,907)	147%
Total gross profit	445,796	(113,489)	-493%
Other income	192,855	102,442	88%
Fair value gain on investment property	513,068	1,638,662	-69%
Operating and administrative expenses	(502,100)	(400,967)	25%
Operating profit	649,619	1,226,648	-47%
Interest on 3rd party borrowings	(517,085)	(402,602)	28%
Interest on shareholder loans	(277,625)	(551,241)	-50%
Profit before tax	(145,091)	272,805	-153%
Profit after tax	(31,964)	650,403	-105%
Other comprehensive income, net of tax	274,865	515,058	-47%
Total comprehensive income	242,901	1,165,461	-79%

Home Sales

- Significant revenue growth to KES 1.8B realized from 301 completed homes

Development rights sales

- Generated KES 1.7B from sale of 843 acres
- KES 111M gain on disposal of development rights

Finance costs

- On shareholder loans and corporate facilities

Centum Real Estate

Consolidated statement of financial position

	Mar-22	Mar-21
	KES'000	KES'000
Investment property	28,164,072	28,481,271
Inventory - completed units	2,241,899	874,434
Inventory - residential units under construction	5,315,536	5,731,611
Other assets	3,551,866	2,857,165
Cash and cash equivalent	1,594,003	1,637,944
Total assets	40,867,376	39,582,425
Deferred revenues	4,738,811	3,590,750
Borrowings	5,836,995	6,673,402
Other liabilities	5,451,599	5,939,027
Total liabilities	16,027,405	16,203,179
Net assets	24,839,971	23,379,246
Funded by:		
Equity	16,800,858	16,557,957
Shareholder loans	8,039,113	6,821,289
Total capital employed	24,839,971	23,379,246

Deposit Collection

- KES 2.8bn collected during the year
- Average monthly collection up 58%

Ongoing and completed Projects

- Commencement of new projects during the year and completion of two projects;

Development rights

- Master planned developments in Kenya and Uganda

Centum Real Estate

Cash flows

KES'ooo	31 March 22	31 March 21
Opening cash and bank balances	1,637,944	493,666
Net cash generated from operations	1,393,604	207,952
Net cash used in investing activities	(97,807)	(245,313)
Net cash used in financing activities	(1,339,738)	1,181,639
Closing cash and bank balances	1,594,003	1,637,944

Cashflows

- Strong cashflows generated during the year were utilized to fund construction of residential units, settle maturing debt obligation

Liquidity

- Closed the year with a strong liquidity position with cash holding of KES 1.6B
- Strong financial position to support future growth

Centum Real Estate

Gearing analysis

	Mar-22	Mar-21
	KES'000	KES'000
Gearing		
Borrowings	5,836,995	6,673,402
Cash and cash equivalent	(1,594,003)	(1,637,944)
Net borrowings	4,242,992	5,035,458
Equity	24,841,561	23,379,246
Total assets	40,867,376	39,582,425
Debt to equity ratio	17%	22%
Net debt to assets	10%	13%
Asset cover ratio	9.6x	7.9x

Debt Repayment

- Reduce the debt by **KES 836M** on account of principal repayments

Liquidity

- KES 1.6B Cash will be used fund the development of residential houses and meet the maturing debt obligations as they fall due

Investing in our communities



Sustainably Investing in Our Communities

High School Education Scholarships

Centum Real Estate supported the communities around our developments.



- To date 300 needy students have been awarded full high school scholarships.
- This year, 50 bright but needy students were selected from 114 applications received. All students scored above 320 marks.
- The students were selected and have joined national and county schools countrywide.

VIPINGO DEVELOPMENT SEA WATER DESALINATION PLANT

The Vipingo Development sea water desalination plant installation is now complete. The

3 Million litre

capacity plant will supply reliable water to the development. The plant is now operational.



FY22/23 Outlook



Centum Real Estate

Market Need Outlook: Opportunity to Address a Quality Affordable Housing

The Housing Deficit in Kenya

- The total housing deficit in Kenya is estimated to be over 2 million units. According to World Bank, 244,000 units are required annually to fill this deficit, but the formal market is only able to supply 50,000 units per year.
- With an urbanization rate of 4.4% per annum in the country, the housing problem within the urban areas will become even more acute in the coming years.

The Rental and Sales Housing Markets in Nairobi

- The Kenya Housing and Population Census (2019) by the Kenya National Bureau of Statistics (KNBS) indicates that 90.6% of Nairobi households are tenants. Only 9.3% of Nairobi residents own their main residence as per the table below.

Tenure Type	Nairobi County	
	Households	%
Tenants	1,354,882	90.6%
Owners	138,976	9.3%
Total (Conventional Households)	1,494,676	

Source: JLL, KNBS 2019 Census

- In Nairobi, individuals are the main providers of rental units with a total of 87.4% of the offering, while private companies provide 7.2% and the public sector 5%.
- The table below indicates the form of ownership of owner-occupiers based on the 2019 census report. 30.8% of all households in Nairobi have purchased their dwelling units.

Mode of Acquisition	Nairobi County	
	Households	%
Purchased	42,794	30.8%
Constructed	74,616	53.7%
Inherited	21,566	15.5%
Total	138,976	100.0%

Source: KNBS 2019 census

- In many residential neighborhoods in the satellite towns and outskirts of the city, most of the stock is built for rental purposes exclusively, in the form of apartment blocks offering basic, compact units occupied at over 90%.

Centum Real Estate

Outlook | Looking Ahead (FY 2023)

Pillar	Outlook
Market Demand	• In Kenya, the estimated annual supply of residential units is 50,000 units per year against a growing demand of 250,000 units. • The unmet housing gap is expected to remain significantly high in key cities across East Africa for many years to come. • The strong residential demand will be driven and sustained by population growth, high urbanization and reduced houses hold size. • Centum RE is well positioned to capture the market opportunity and embark upon growth strategy for the residential business with an exciting line up of affordable housing projects under build to rent and sell across all our project site.
Residential Sales	• Looking ahead Centum RE will continue to focus on affordable & mid market housing market segment. • We expect to complete construction of an additional +300 homes within the next financial year and launch phase 2 affordable housing projects within the project sites • Pursue value creation through margin growth by re-imagining design, reducing construction timelines and supply chain review to source materials from COMESA region and take advantage of incentives.

Centum Real Estate

Outlook | Looking Ahead (FY 2023)

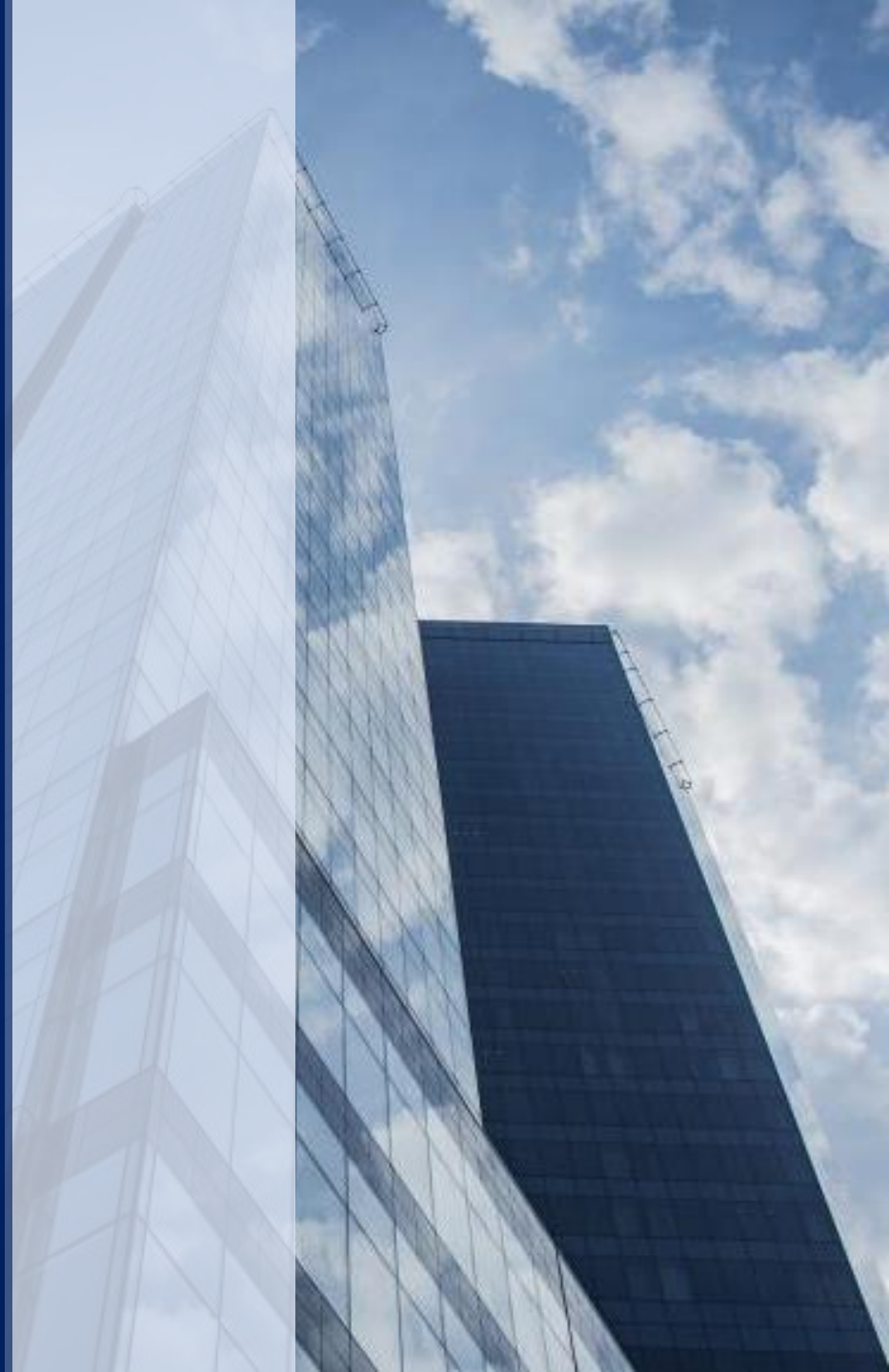
Pillar

Outlook

Development Rights

- We expect attractiveness of the development rights within our project sites to remain strong
- We expect development rights sales to be a key cash flow generator based on the level of expression interest received
- Cash generated will be utilised to fund the development of residential houses and meet the maturing debt obligations as they fall due

Q&A





Thank You

9th Floor South Tower, Two Rivers, Limuru Road
(Office) +254 20 2286000
(Office Mobile) +254 709 902 000
PO Box 10518 – 00100 Nairobi
<http://www.centum.co.ke>