



**SENTRAL
REIT**



CORPORATE PRESENTATION

11th Annual General Meeting

12 April 2023



IMPORTANT NOTICE

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This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitations) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses including employee wages, benefits and training, property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements which are based on the manager's current view of future events.

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The information in this Announcement must not be published outside Malaysia.



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OFFSHORE

Financial Results

Financial Year Ended
31 December 2022
("FY2022")

Platinum Sentral

Annual Presentation * April 2023



STABLE FY2022 FINANCIALS

Financial Performance in FY2022



**RM148.9
million**

Realised
Revenue



**RM114.7
million**

Net
Property
Income



**RM73.6
million**

Realised
Net Income



6.82sen

Distribution
per unit



**RM2.15
billion**

Total Assets



RM1.17

Net Asset
Value per
unit

- Net Property Income decreased by 6.5% mainly due to lower portfolio occupancy in Wisma Technip and Quill Building 2.
- FY2022 DPU of 6.82 sen is 8.0% lower compared to the FY 2021 DPU of 7.41 sen (which included the distribution of Quill Building 5 disposal gains).
- Rental collection for FY2022 remained healthy.
- No rental assistance provided in FY2022.



7.62% DPU YIELD – FY2022 DPU OF 6.82 SEN

(RM'000)	(Audited) FY 2022	(Audited) FY 2021	Variance
Realised Revenue	148,931	160,645	-7.3%
Net Property Income	114,696	122,649	-6.5%
Realised Income	73,625	84,486	-12.9%
EPU ¹	6.87 sen	7.88 sen	-12.9%*
Distributable Income	73,625	84,486	-12.9%
Distributable Income Per Unit	6.87 sen	7.88 sen	-12.9%*
DPU ²	6.82 sen	7.41 sen	-8.0%

1 EPU refers to Realised Earnings Per Unit (after manager's fees)

2 DPU refers to Distribution Per Unit. FY 2022 DPU of 6.82 sen is 99.3 % of FY 2022 distributable income of RM73.6 million

* Rounding differences

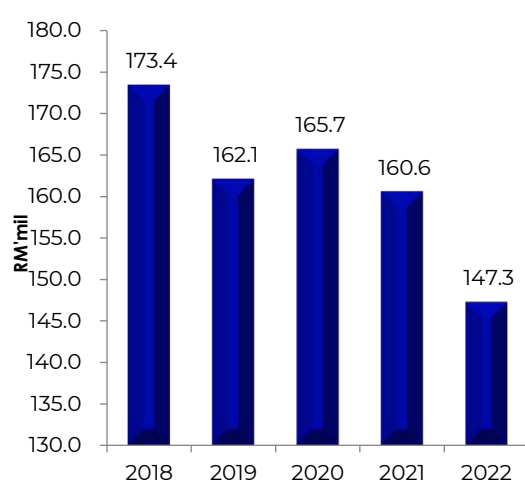


HEALTHY BALANCE SHEET

	Audited as at 31 Dec 2022 (RM'000)	Audited as at 31 Dec 2021 (RM'000)
Non-Current Assets	2,060,737	2,081,223
Current Assets	85,980	99,153
Total Assets	2,146,717	2,180,376
Current Liabilities	25,890	161,895
Non-Current Liabilities	829,785	700,615
Net Assets before Distribution	1,291,042	1,317,866
Final Distribution	(36,655)	(42,657)
Net Assets after Distribution	1,254,387	1,275,209
No of Units	1,071,783	1,071,783
NAV per Unit (RM) After final distribution	1.1704	1.1898

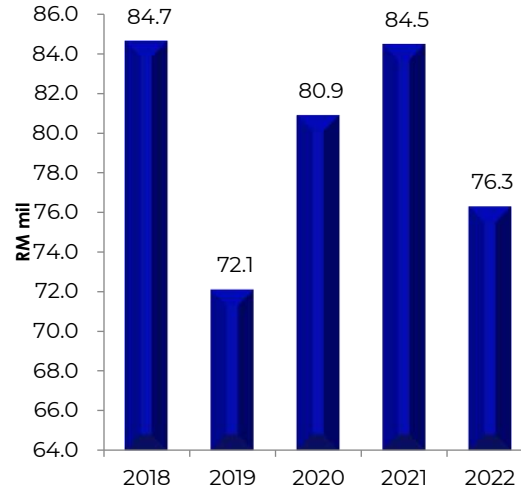


FINANCIAL PERFORMANCE OVER THE YEARS



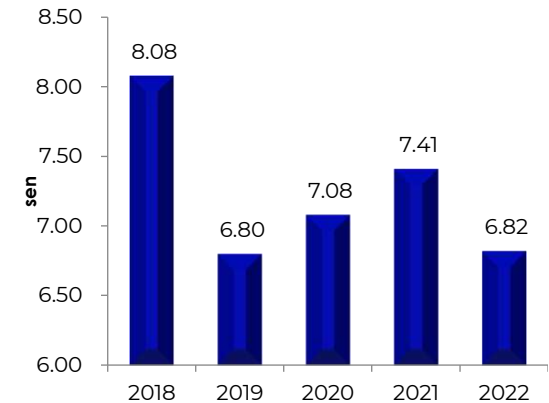
Realised Revenue

CAGR⁽¹⁾ : 10%



Distributable Income / Realised Net Income

CAGR⁽¹⁾ : 10%



DPU

CAGR⁽¹⁾ : 0.92%

Note:

(1) CAGR – Compound Annual Growth Rate since listing in 2007



Capital Management – FY2022

Quill Building 1 – DHL 1



PRUDENT CAPITAL MANAGEMENT FY2022

Capital Management Summary



**RM804.49
million**

Total
Borrowings



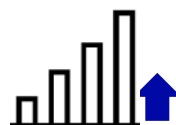
**3.62%
p.a.**

Average
Cost of
Debt



37.48%

Gearing Ratio



**3.30
years**

Average
Debt to
Maturity



3.56x

Interest
Coverage



**Fixed 34%
Float 66%**

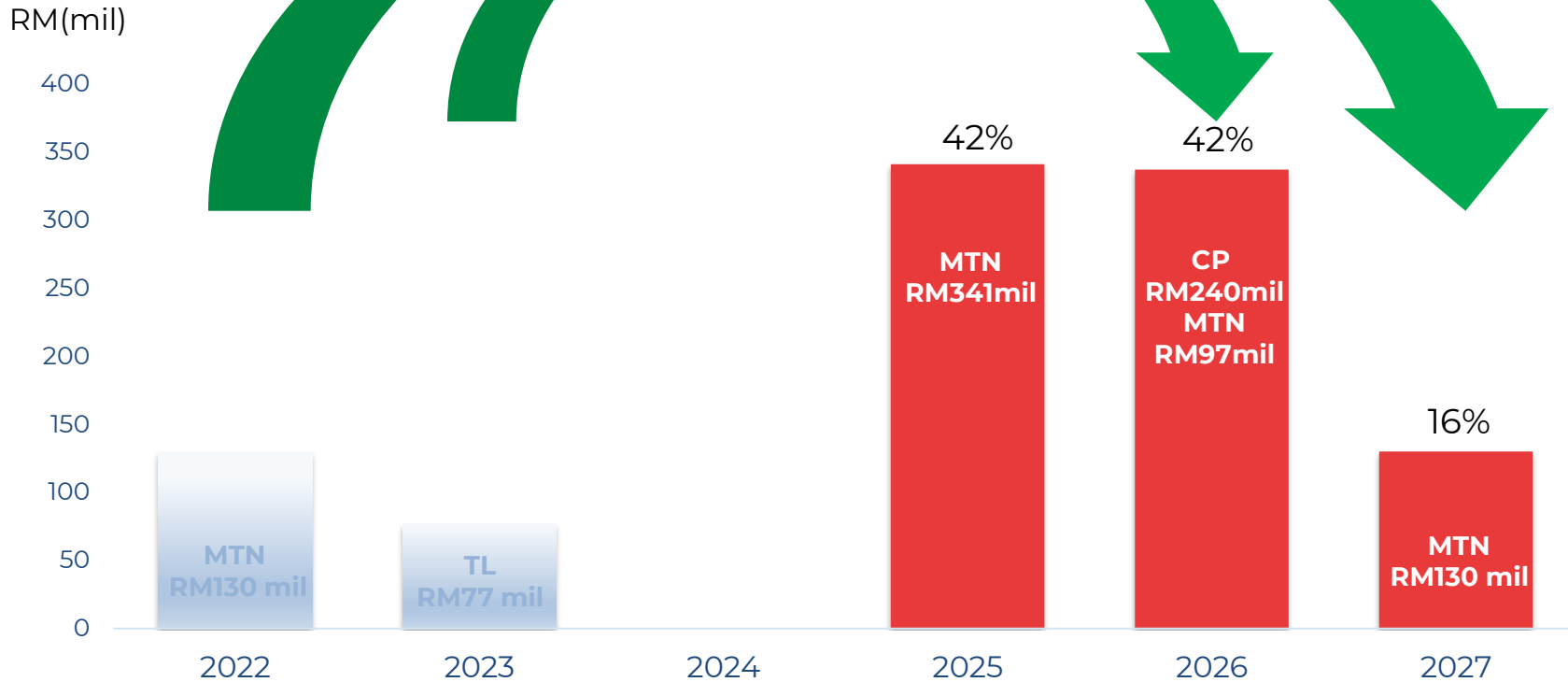
Fixed /
Floating Rate
Composition

- Successfully refinanced RM207 debt in March 2022, extending the average term to maturity to 3.3 years.
- FY2022 average cost of debt remained competitive at 3.62% p.a. (FY2021: 3.55% p.a.) despite the rising interest rate environment.
- Sustainable gearing ratio at 37.48%.



SUCCESSFUL DEBT REFINANCING IN 2022

Healthy Average Debt to Maturity : 3.30 years as at 4Q2022



Notes

1. MTN - Medium Term Notes
2. CP - Commercial Papers
3. TL - Term Loan

Portfolio Update @ 31 December 2022



BMW Group
Malaysia

Cyberjaya

Quill Building 3 - BMW



FY2022 RESILIENT PROPERTY PORTFOLIO

**9 COMMERCIAL PROPERTIES WELL LOCATED IN MALAYSIA
ANCHORED BY KL SENTRAL PROPERTIES**

1

property

Penang

- Lotuss Penang

4

properties

Kuala Lumpur

- Menara Shell
- Platinum Sentral
- Part of Plaza Mont' Kiara
- Wisma Technip

4

properties

Cyberjaya

- Quill Buildings
- Building 1 – DHL
- Building 4 – DHL
- Building 2
- Building 3 - BMW



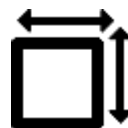
RM2.0607 billion

Property Value



77%

Occupancy Rate



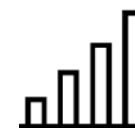
2.11 million sf

Net Lettable Area ("NLA")



41%

Renewal Rate



3.19 years

Weighted Average Lease Expiry (WALE)

Klang Valley 78%

Cyberjaya 15%

Penang 7%

By Valuation



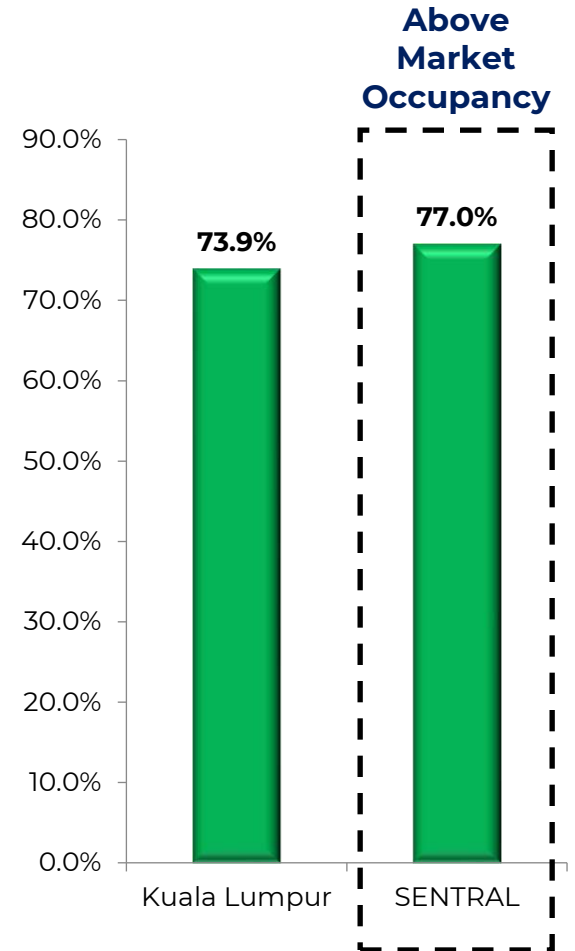
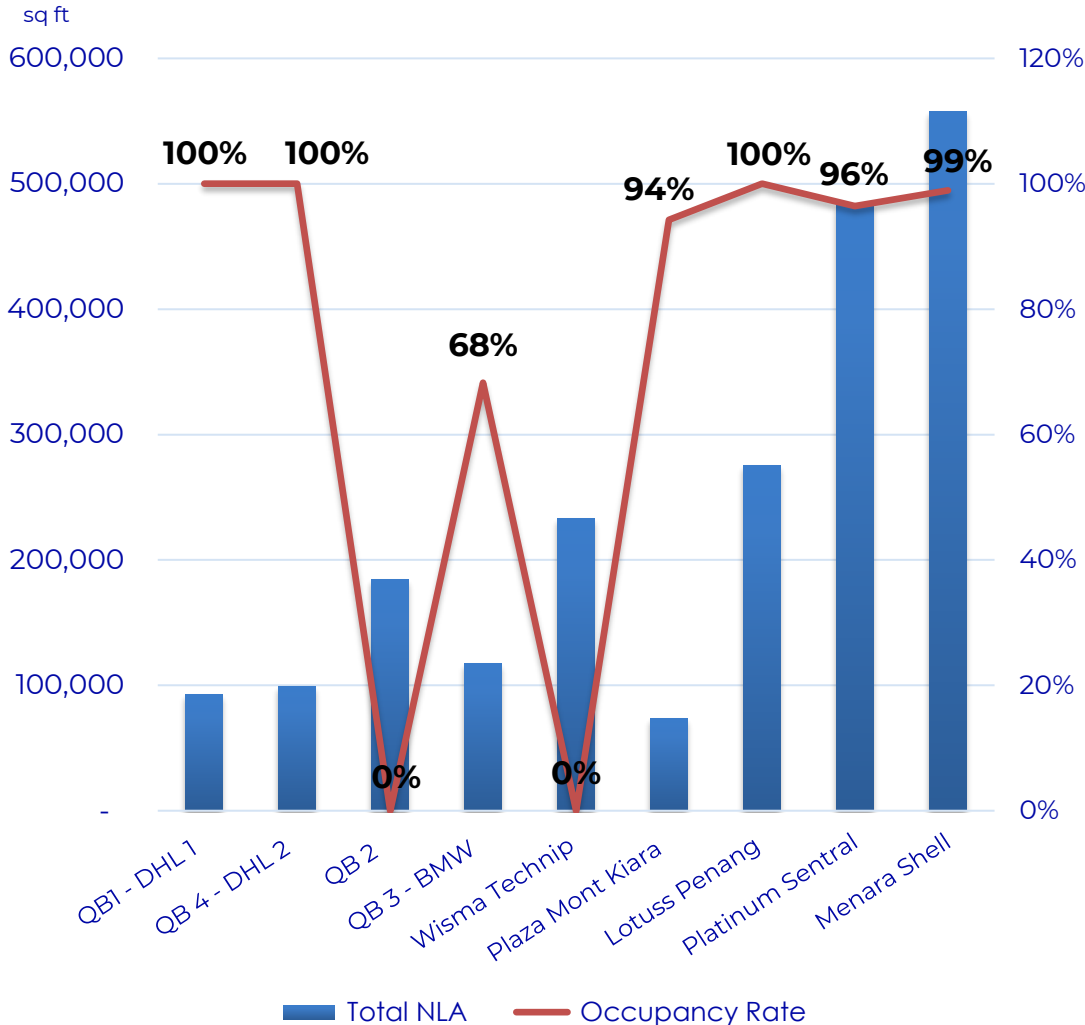
MARKET VALUATION 31 DECEMBER 2022

Name of Properties	Net Book Value as at 31 Dec 2022 (prior to Proposed Revaluation) ('000)	Market Valuation at as 31 Dec 2022 ('000)	Surplus /(Deficit) incorporated into fund ('000)	% increase / (decrease)	% of aggregate Appraised value
Quill Building 1- DHL1 & Quill Building 4- DHL 2	135,000	135,000	-	-	6.6
Quill Building 2- HSBC	119,000	108,000	(11,000)	(9.2)	5.2
Quill Building 3- BMW	74,000	71,000	(3,000)	(4.1)	3.4
Wisma Technip	173,000	153,700	(16,300)	(9.6)	7.5
Part of Plaza Mont' Kiara	115,000	113,000	(2,000)	(1.7)	5.5
Lotuss Building, Penang	140,000	140,000	-	-	6.8
Platinum Sentral	670,161	670,000	(161)	(0.0)	32.5
Menara Shell	661,447	670,000	8,553	1.8	32.5
Total Valuation	2,084,608	2,060,700	(23,908)	(1.0)	100.0



RESILIENT PORTFOLIO OCCUPANCY

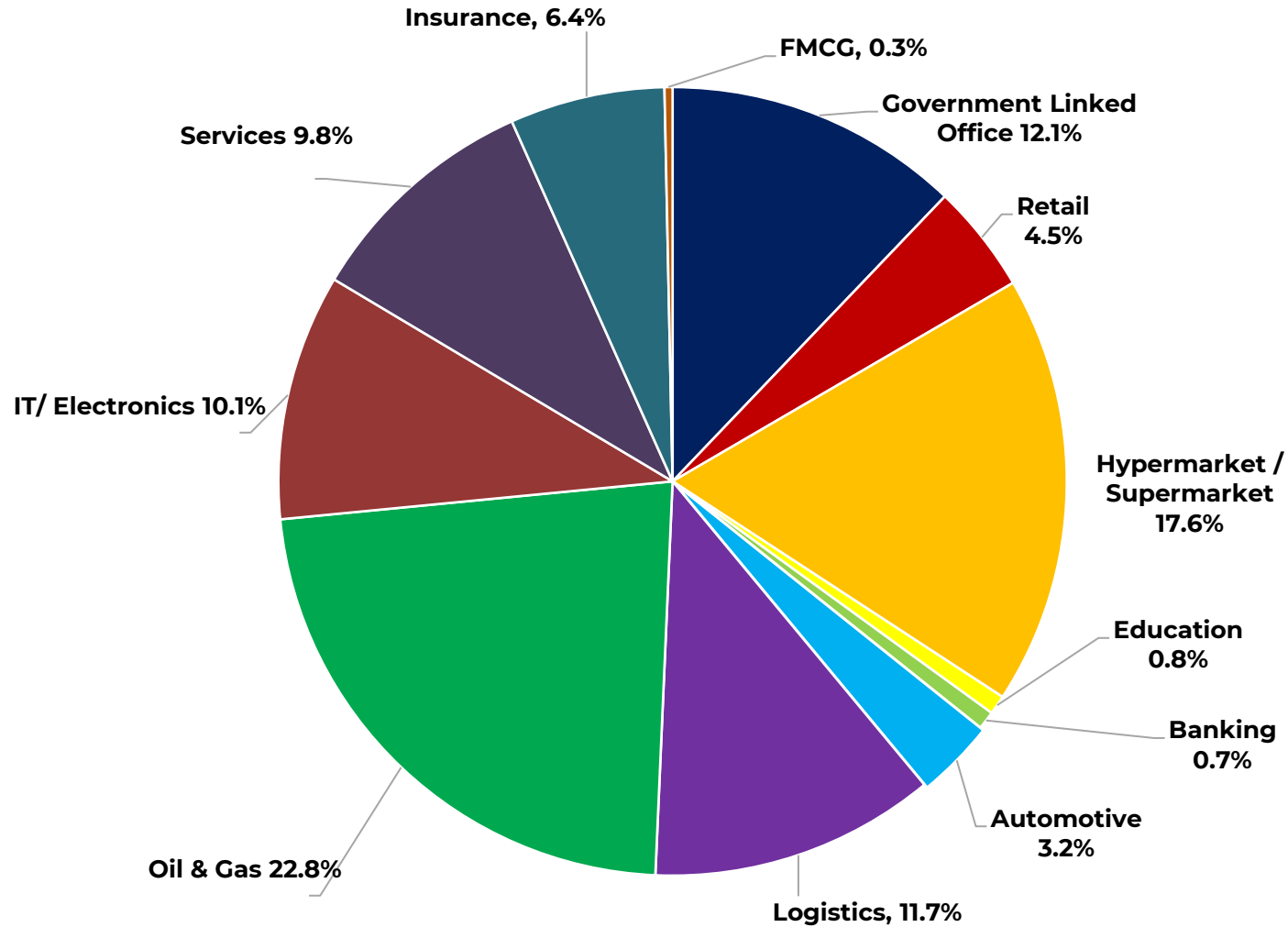
31 DECEMBER 2022: 77%



Extracted from the Property Market Overview 2022 prepared by Knight Frank Malaysia Sdn Bhd



DIVERSIFIED TENANT PORTFOLIO



By NLA

Well Balanced Tenancy Mix

ESG Updates





COMMITMENT TO ESG EXCELLENCE



ENVIRONMENTAL

Energy and Carbon Footprint

Achieved target of 2% energy consumption reduction



4.9%

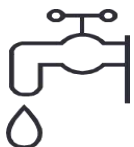
Reduction in energy consumption



4.9%

Reduction in GHG emissions

Water Management



0.92
m³/sqm

Total water use intensity

160,556
m³

Total water consumption



SOCIAL



Zero

Breach in customer data or privacy



RM3.5 million

Invested in Asset Enhancement Initiatives ("AEI")



RM131,000

Invested to the community by SRM



34.7

Average training hours (SRM employees)



95%

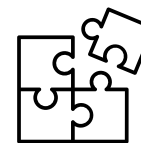
Local procurement expenditure



GOVERNANCE



Zero fines pertaining non-compliance



100% of our Board and employees received anti-corruption training



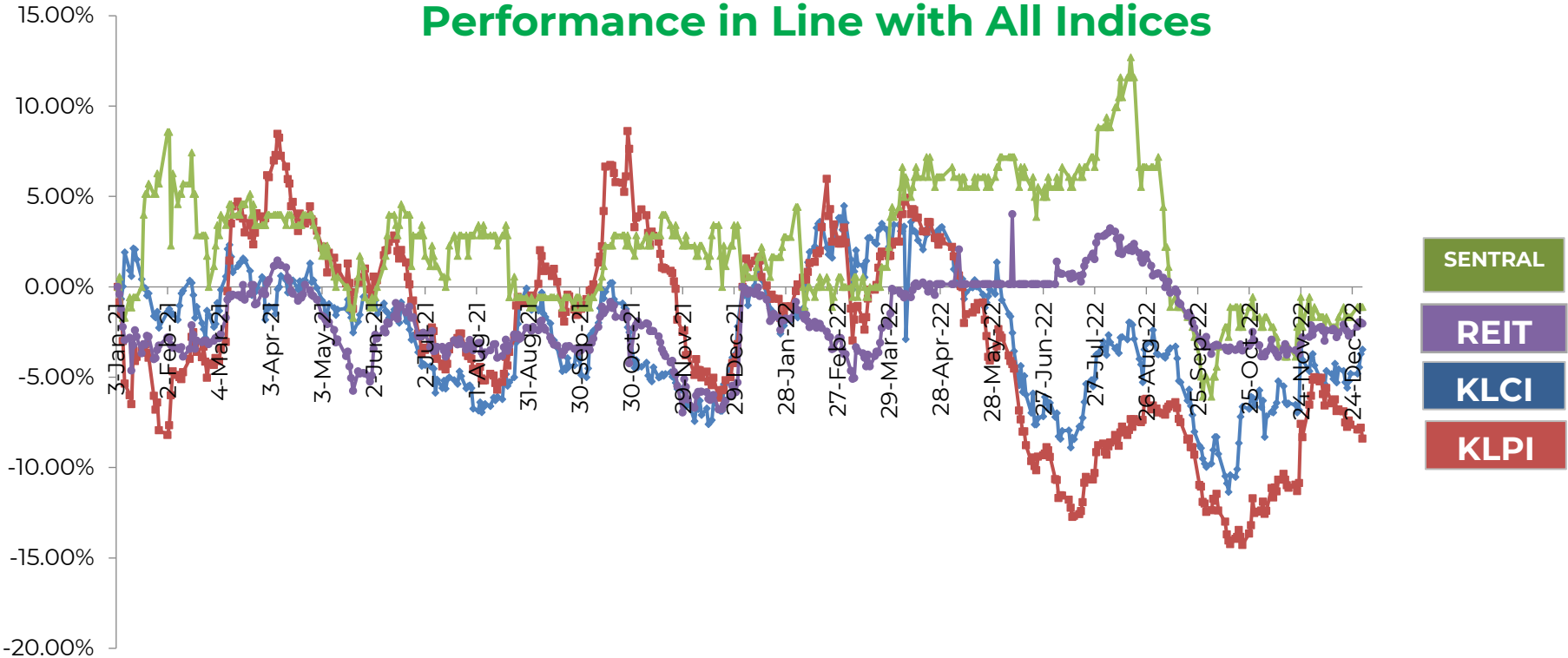
FY2022 SENTRAL Unit Price Performance



SENTRAL UNIT PRICE PERFORMANCE

- Positive Total Returns in 2022 Lead by Distribution Yield

Comparative Trading Performance
Performance in Line with All Indices

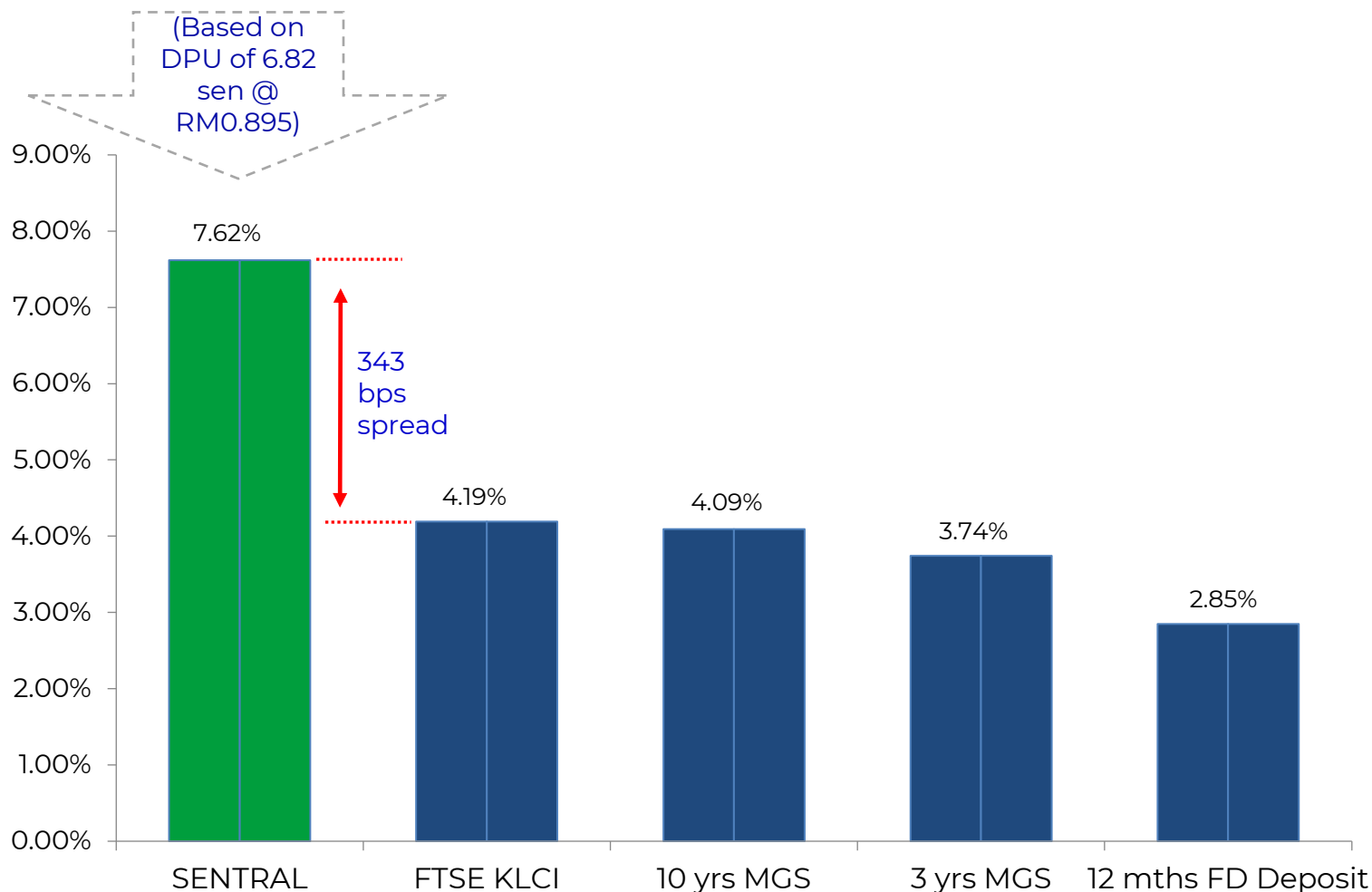


SENTRAL's Return on Investment	Capital Appreciation	Distribution Yield	Total Returns ¹
1 Jan 2022 – 31 Dec 2022	-1.1%	7.62%	6.52%

1. Sum of distributions and capital appreciation for FY2022 over the closing unit price of RM0.895 on 31 December 2022.



YIELD SPREADS STILL ATTRACTIVE AMIDST HIGHER BOND YIELDS



Source :

- 1) Rates for 3-yrs MGS & 10-yrs MGS rate was obtained from HSBC Daily Commentary Report dated 31 December 2022.
- 2) 12 months FD rate is from Maybank.
- 3) Dividend Yield of FTSE Bursa Malaysia KLCI as of 31 December 2022 is from Bloomberg.

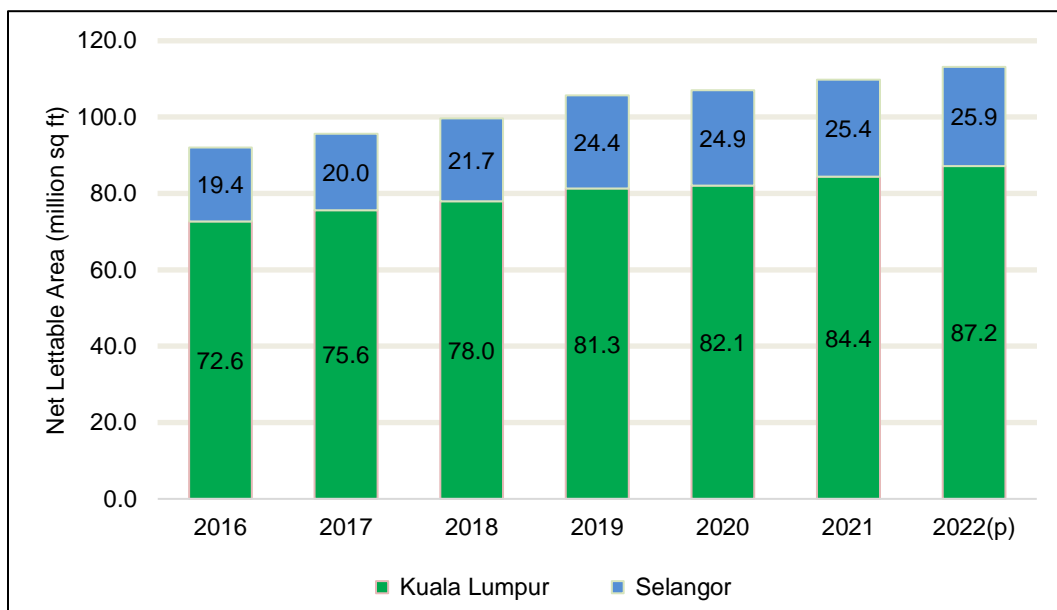
- 
- Office Market Outlook
 - Continuing Strategies



KLANG VALLEY OFFICE MARKET OUTLOOK

Extracted from the Property Market Overview 2022 prepared by
Knight Frank Malaysia Sdn Bhd for Sentral REIT

Greater KL / Klang Valley: Cumulative Supply of Purpose-Built Office Space, 2016 to 2022^(p)



Source: Knight Frank Research
Note: (p) = Preliminary data

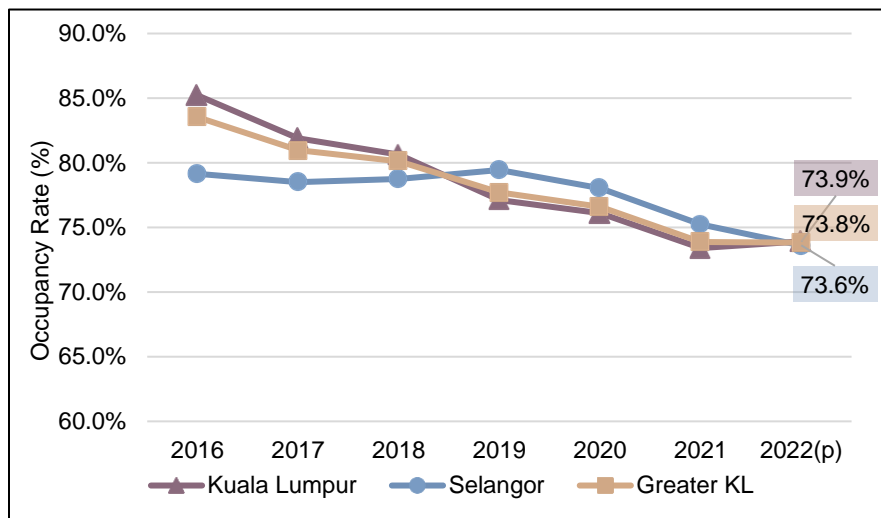
- Steady pace of new office space supply.
- As of 2022^(p), cumulative existing supply stands at circa 113.1 million sq. ft.
- In the supply pipeline is circa 5.5 million sq. ft of space with scheduled completions by end 2023.



KLANG VALLEY OFFICE MARKET OUTLOOK

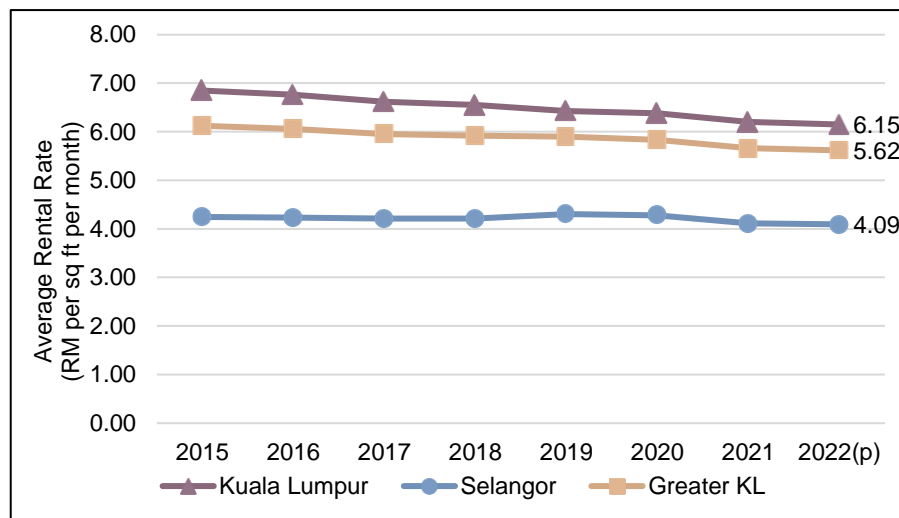
Extracted from the Property Market Overview 2022 prepared by
Knight Frank Malaysia Sdn Bhd for Sentral REIT

Occupancy Trend for Purpose-Built Office Space, 2016 to 2022^(p)



- Slight improvement in occupancy rate for office space in Kuala Lumpur 73.9% (2021: 73.4)

Average Rental Rates, 2016 to 2022^(p)



- Landlord to remain competitive rental rates for leasing strategy.
- Steady competition in the tenant-led office market with supply – demand gap

Office Market Outlook

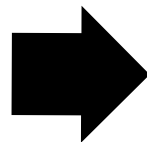
- Since 2022, office workers have gradually moved back to working in office. **Physical office space remains important** in current business operating models.
- Kuala Lumpur **office market is seen sustaining the pandemic** with landlords continuing to offer suitable incentives, flexible tenancy terms and space usage to meet tenant's business needs and remain competitive in the market.
- Office trends :
 - ✓ Corporates are embracing change in operating models. E.g. Hybrid models with office spaces evolving as important collaborative spaces;
 - ✓ Flight to quality in view of more incoming supply;
 - ✓ Expansion into move-in ready units; and
 - ✓ Key locations remains in high demand i.e. KL Fringe.
- Pressure on occupancy and rental rates in KL City in the short to mid-term while **KL Fringe is expected to remain stable** in 2022/2023 with businesses progressively recovering from the effects of COVID-19 pandemic.



2023 CONTINUING STRATEGIES

- ✓ Strong tenant relations and retention.
- ✓ Continuous building improvements.
- ✓ Cost efficiencies.

Proactive asset management to drive organic growth



Prudent capital management



- ✓ Maintain strong balance sheet
- ✓ Appropriate interest rate management.
- ✓ Managing cash-flow efficiently.

Prudent investment to deliver growth and diversification



- ✓ Pursue accretive acquisitions.
- ✓ Portfolio rebalancing through acquisition and divestment.



**SENTRAL
REIT**



Thank you

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(Fax : 603-2780 0098)
(Email : joyce.loh@sentralreit.com)



Questions and Answers*

Note:

* Kindly note that during the AGM, we have not listed and read all questions by the unitholders in verbatim as some questions are similar in nature and therefore have been grouped together for ease of answering.



Question & Answer Session

Leasing and Operations

1. **Quill Building 2 & Wisma Technip are vacant at the moment. Any prospective tenants found?**
2. **Are these 2 buildings being put up for sale? If No, what are the plans taken to increase the occupancy rate?**
 - Leasing efforts are on-going and given these properties are sizable comprising of 233,021 sf for Wisma Technip and 184,453 sf for QB2. The Manager expects a staggered duration time to lease out the properties. At this juncture, the Manager have had enquiries and site visit conduct from various sectors.
 - Yes, the Manager is open to opportunistic disposal subject to receiving a good and compelling offer.
 - The Manager will make the necessary updates on the status on the above said building during the quarterly financial results announcements.



Question & Answer Session

Leasing and Operations

3. What are your efforts to promote the properties with low occupancy such as Wisma Technip and Quill Building 2?

The Manager is taking a multi prong approach in marketing these properties to ensure that all options are considered in deriving income from these properties:

- Leasing efforts are on-going. At this juncture, the Manager have had enquiries and site visit conduct from various sectors.
- Repurposing the space to meet the requirements of various commercial requirements i.e., medical/ healthcare services, data centre, education etc.
- Disposal of properties to corporates who would like to own the building and use it for their own businesses or for investment purposes. Updates of the any divestments will be updated by SENTRAL vide its announcement to Bursa Malaysia.



Question & Answer Session

Leasing and Operations

- 4. The renewal rate of the leases in FY2022 dropped to 41% from 66% in FY2021. Since the end of FYE2022, as at 31 March 2023, has there been an improvement in the renewal rate of expired/expiring leases? As the strategy is to focus on tenant retention rate, have the renewed leases achieved positive rental increases?**
- 5. What are the strategies to improve the renewal rate as 41% is quite worrying. Any new potential tenants in 2023?**
 - Circa 148,000 sq ft or 7% of SENTRAL's total NLA will be due in 2023, with majority of these leases due in the second half of 2023.
 - Renewals for 2023 are manageable as proactive measure have been put in place for early renewals of some of the tenancies due in 2023. Focus in 2023 will be to intensify market efforts to lease out the existing vacant spaces in Cyberjaya and KL City Centre.
 - The Manager will make the necessary disclosure and updates on 1Q 2023 financial and leasing results in due course. The tentative release of results is on 11 May 2023.



Question & Answer Session

Operating Expenses

6. What is the impact of the government's move to reduce electricity subsidy in the early of the year on SENTRAL's operating cost?

Increase in utilities will affect the overall maintenance costs. While the Manager will look at various ways to manage cost effectively, we may also consider a reasonable increase in service charges which is part of the rental rate charged to the tenant. Some of SENTRAL's longer-term leases have pre-agreed step-up on service charges or sharing of cost between landlord and tenants. This will also help alleviate some of the inflationary pressure on SENTRAL.

7. What is the spending to repair buildings and car park management under SENTRAL's control? Is it increasing year to year?

- The current property operating expense is at a reasonable level and SENTRAL's net property income margins over the years have been stable at between 76% - 78%.
- On a year-on-year basis, some fluctuations in the property operating expenses may be observed. However, it is not expected to fluctuate significantly. Unit holders may refer to note 6 (page 190) of the FY2022 Annual Report for the breakdown.
- These items are mainly service contracts, maintenance & repairs, quit rent & assessment, insurance, property management fee etc.. Most of them are recurring expenses required to upkeep / maintain the building while some of them are ad-hoc, non-recurring repair and maintenance cost.



Question & Answer Session

Operating Expenses

8. Would there be any enhancement in the car parks? E.g installation of EV charging

Yes, periodic enhancement is planned for all SENTRAL's car park to ensure that safety and quality are maintained. Examples of enhancement initiatives done include installation of energy saving lightning, car park system upgrades, repainting of wall and directional signages. SENTRAL will also consider installation of EV charging bays in the future.

Investments

9. Any future expansion plans by Sentral REIT?

The Manager always on the lookout for good investment opportunities. The Manager's acquisition strategy focuses on good quality properties with strong recurring rental income and potential for revenue and capital growth. All acquisition opportunities will be evaluated against the following investment criteria:-

- Rental yield
- Occupancy and Tenancy Characteristics
- Location
- Value-adding Opportunities / potential AEI
- Built Quality
- Building and Facilities Specifications (MSC / Green building)
- Market Risk



Question & Answer Session

Board Composition and Remuneration

- 10. Do the Nomination and Remuneration Committee assess outsider candidates prior to decision to retain existing board members? Any interview process goes through?**

The Board will from time to time reassess the current Board composition with the aim to balance the skill set and experiences of the Board members as well as to enhance its independence configuration. Intricate deliberations will be done by the NRC and Board regarding the size and structure of the Board in tangent to the long-term aspirations and strategies of SENTRAL. Various sources will be considered in terms of candidate selection.

- 11. May I know if there is any increase on directors' fees and remuneration perks as compared with a year ago?**
- 12. How about overall bonuses pay-out to the staff in term of average number of months as comparable to precedent year**

SENTRAL is different from a listed company. SENTRAL is a trust and does not have its own board of directors. The remuneration of the directors and employees of the REIT Manager is paid by the REIT Manager and not by SENTRAL.



Question & Answer Session

Sustainability

13. Did the various compliance cost and ESG related framework affected company profitability and day to day business operation?

Incurring compliance cost is inevitable. However, we endeavour to ensure that cost is kept manageable through obtaining competitive quotes from consultants who assist SENTRAL on its compliance requirements.

14. The Sustainability Statement on Energy and Carbon Footprint identified the use of renewables such as solar energy as one of the carbon reduction initiative. However, there are no specific measure mentioned in the Sustainability Statement on how Sentral REIT carried out this initiative in FY2022. Appreciate some updates on this.

SENTRAL's approach in energy management include:

- Installation or upgrade to energy efficient air conditioning systems;
- Installation and improvements of building automation system ("BAS");
- Regular inspection of existing equipment to ensure they remain in good condition;
- Installation or replacement of solar power system; and
- Installation or replacement of conventional lighting with energy savings lighting (e.g. LED lighting).

While our goal was a 2% decrease from FY2021, SENTRAL were able to achieve a 4.9% decrease in energy consumption in FY2022, reducing 1,025,001 kWh of energy consumption.



Question & Answer Session

Others

15. How much to run this virtual AGM? Are directors and staff paid any fees or allowances for this AGM?

- The remuneration of the Directors and employees of the REIT Manager is paid by the REIT Manager and not SENTRAL. Directors and staff are not paid any fees or allowances for this AGM.
- The cost of virtual AGM is less compared to physical AGM as the AGM venue is at the REIT Manager's premises.

16. Please provide e-vouchers/e-wallet for attending this RPV as a token of appreciation.

SENTRAL apologize that we are unable to accede to your request. It is no longer a practice of SENTRAL to distribute door gifts to unitholders during AGMs.

17. Face to face interactions is an integral part of the investor relation function to allow direct engagement with the board members. Any plan to organize one to one shareholder engagement activity?

Yes, the Manager will continue to assess the situation and we will endeavour to conduct physical AGMs or unitholders' meetings in the coming years at the appropriate time.