



**SENTRAL  
REIT**



# **CORPORATE PRESENTATION**

## 2<sup>nd</sup> Quarter 2023 / 1H 2023 Financial Results

10 August 2023



# IMPORTANT NOTICE

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# CONTENTS

	<b>Slide No.</b>
• Financial Results	4
• Portfolio Update	10
• Investment Update	16
• Conclusion	27





# Financial Results

- 2Q 2023
- 1H 2023



# DECLARES DPU OF 3.19 SEN FOR 1H 2023

(RM'000)	(Unaudited) 1H 2023	(Unaudited) 1H 2022	Variance
Realised Revenue	76,089	76,353	-0.4%
Net Property Income	58,485	58,446	0.1%
Net Income <sup>1</sup>	35,297	38,811	-9.1%
Distributable Income <sup>3</sup>	35,297	38,811	-9.1%
EPU <sup>2</sup>	3.29 sen	3.62 sen	-9.1%
Distributable Income Per Unit	3.29 sen	3.62 sen	-9.1%
DPU <sup>4</sup>	3.19 sen	3.40 sen	-6.2%

1 Net Income refers to realised income after taxation (exclude gain from re-measurement of derivatives and revaluation surplus)

2 EPU refers to Realised Earnings Per Unit

3 Distributable Income refers to realised income after taxation adjusted for income previously not distributed

4 DPU refers to Distribution Per Unit



# SENTRAL RECORDS REALISED NET INCOME OF RM17.6 MILLION IN 2Q 2023

(RM'000)	(Unaudited) 2Q 2023	(Unaudited) 2Q 2022	Variance
Realised Revenue	<b>38,374</b>	37,052	3.6%
Net Property Income	<b>29,208</b>	27,936	4.6%
Net Income <sup>1</sup>	<b>17,632</b>	18,451	-4.4%*
Distributable Income <sup>3</sup>	<b>17,632</b>	18,451	-4.4%*
EPU <sup>2</sup>	<b>1.65 sen</b>	1.72 sen	-4.4%*
Distributable Income Per Unit	<b>1.65 sen</b>	1.72 sen	-4.4%*

1 Net Income refers to realised income after taxation (exclude gain from re-measurement of derivatives and revaluation surplus)

2 EPU refers to Realised Earnings Per Unit

3 Distributable Income refers to realised income after taxation adjusted for any income previously not distributed

\* Due to rounding



# TOTAL ASSETS – RM2.14 BILLION

## NAV PER UNIT – RM1.1714

	Unaudited as at 30 Sept 2022 (RM'000)	Audited as at 31 Dec 2022 (RM'000)	Unaudited as at 31 Mar 2023 (RM'000)	Unaudited as at 30 Jun 2023 (RM'000)
Non-Current Assets	2,083,068	2,060,737	2,063,720	2,066,229
Current Assets	68,179	85,980	60,414	78,016
<b>Total Assets</b>	<b>2,151,247</b>	<b>2,146,717</b>	<b>2,124,134</b>	<b>2,144,245</b>
Current Liabilities	22,340	25,890	24,341	26,322
Non-Current Liabilities	833,123	829,785	827,742	828,240
Net Assets before Distribution	1,295,784	1,291,042	1,272,051	1,289,683
Distribution	(18,205)*	(36,655)	(17,664)*	(34,190)
Net Assets after Distribution	1,277,579	1,254,387	1,254,387	1,255,493
No of Units	1,071,783	1,071,783	1,071,783	1,071,783
<b>NAV per Unit (RM)</b>	<b>1.1920</b>	<b>1.1704</b>	<b>1.1704</b>	<b>1.1714</b>

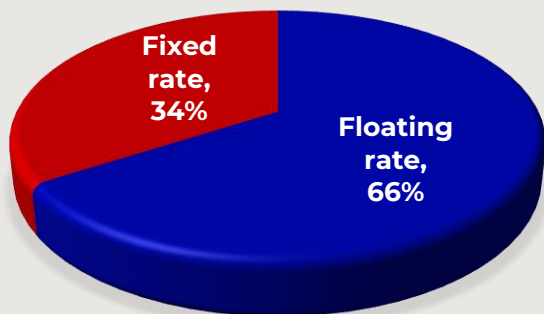
\* Assuming 100% of realised net income is provided for income distribution



# PRUDENT AND DISCIPLINED CAPITAL MANAGEMENT

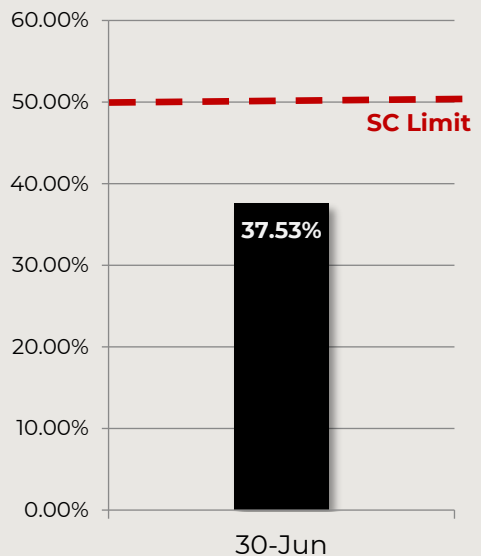
- ✓ No refinancing due in 2023. Next refinancing due in 2025
- ✓ Stable financial indicators

## Fixed and Floating Rate Composition



Total Debt: RM804.66 mil  
(1Q 2023: RM804.50 mil)

## Gearing Ratio



Below SC limit of 50%  
**Decrease**  
(1Q 2023 : 37.87%)

## Average Cost of Debt

**4.44%** pa

**No Change**  
(1Q 2023: 4.44% pa)

## Average Debt to Maturity

**2.80** years

**Decrease**  
(1Q 2023 3.05 years)

## Interest Coverage

**3.02x**  
**Decrease**  
(1Q 2023: 3.03x)



# HEALTHY DEBT MATURITY PROFILE

No Refinancing of Debt Due in 2023

RM(mil)

400  
350  
300  
250  
200  
150  
100  
50  
0

2023

2024

2025

2026

2027

42%

MTN  
RM341mil

42%

CP  
RM240mil  
MTN  
RM97mil

16%

MTN  
RM130 mil

Note:

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

# Portfolio Update as at 30 June 2023



Quill Building 3 - BMW





# PORTFOLIO OF QUALITY ASSETS – 30 JUNE 2023



**Quill Building 1**  
- DHL 1<sup>(b)</sup>



**Quill Building 4**  
- DHL 2<sup>(b)</sup>



**Menara Shell** <sup>(b)</sup>

**Portfolio  
Occupancy  
Rate:  
77%**

**Total NLA:  
2.11 mil sq ft**  
\*Excluding car park  
area



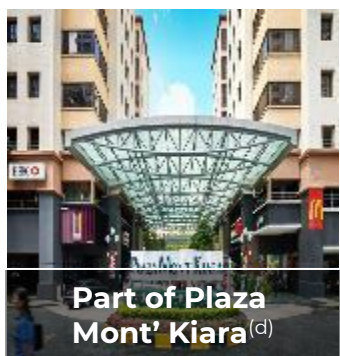
**Quill Building 3**  
- BMW<sup>(a)</sup>



**Quill Building 2** <sup>(a)</sup>

**Weighted  
Average  
Term to  
Expiry:  
3.13 years**

**Market Value  
of  
9 Properties:  
RM2.0607 bil**



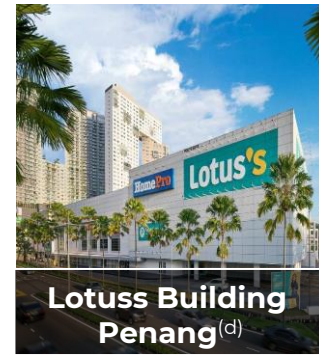
**Part of Plaza  
Mont' Kiara** <sup>(d)</sup>



**Wisma  
TechnipFMC** <sup>(a)</sup>



**Platinum Sentral**  
- KL Sentral <sup>(c)</sup>



**Lotuss Building  
Penang** <sup>(d)</sup>

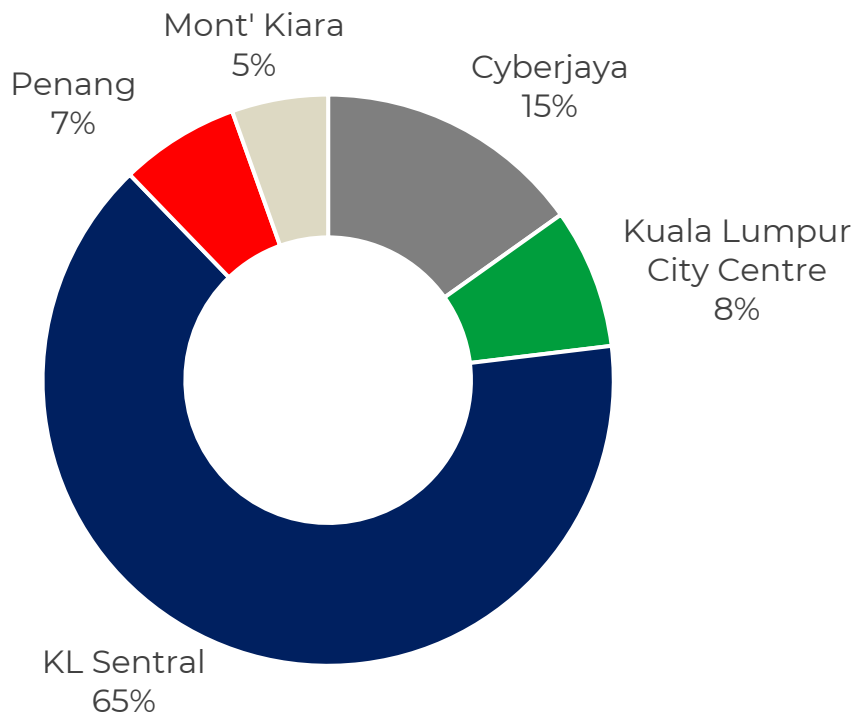
The Properties were valued by the following independent firm of professional valuers registered with the Board of Valuers, Appraisers, Estate Agents and Property Managers namely:

- a) Nawawi Tie Leung Property Consultants Sdn. Bhd
- b) CH Williams Talhar & Wong Sdn. Bhd
- c) Knight Frank Malaysia Sdn. Bhd
- d) IVPS Property Consultant Sdn. Bhd



# GEOGRAPHICAL DIVERSIFICATION

By Valuation



<b>Klang Valley</b>	<b>78%</b>
<b>Cyberjaya</b>	<b>15%</b>
<b>Penang</b>	<b>7%</b>

Notes:

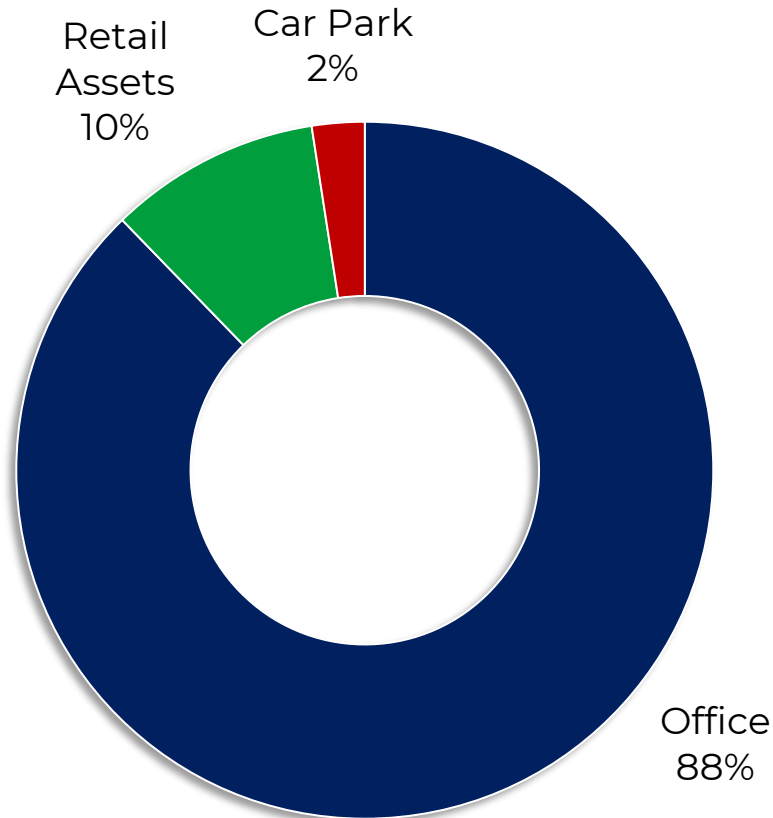
- (1) Klang Valley refers to Kuala Lumpur and Selangor State excluding Kuala Selangor, Sepang and Sabak Bernam.
- (2) The Properties were valued by Nawawi Tie Leung Property Consultants Sdn Bhd, CH Williams Talhar & Wong Sdn Bhd, Knight Frank Malaysia Sdn Bhd and IVPS Property Consultant Sdn Bhd, independent firm of professional valuers registered with the Board of Valuers, Appraisers, Estate Agents and Property Managers.





# DIVERSIFIED SEGMENTAL CONTRIBUTIONS

By Valuation



Notes:

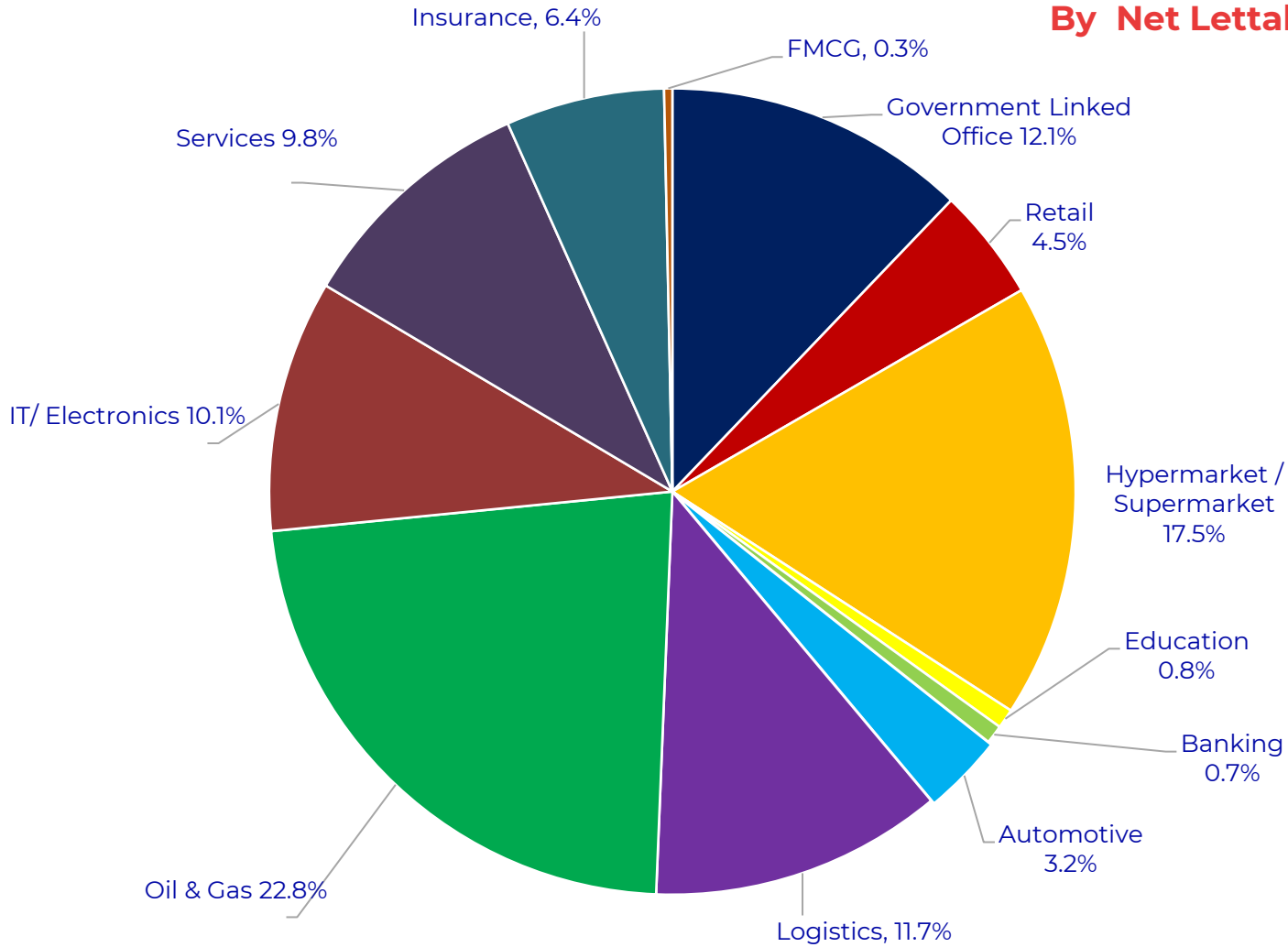
- (1) Office comprises Quill Buildings, Platinum Sentral, Wisma Technip and Menara Shell
- (2) Retail refers to retail portion of Plaza Mont' Kiara & Lotuss Building Penang
- (3) Car Park refers to car parking bays in Plaza Mont' Kiara
- (4) The Properties were valued by Nawawi Tie Leung Property Consultants Sdn Bhd, CH Williams Talhar & Wong Sdn Bhd, Knight Frank Malaysia Sdn Bhd and IVPS Property Consultant Sdn Bhd, independent firm of professional valuers registered with the Board of Valuers, Appraisers, Estate Agents and Property Managers.



# TENANT MIX

## Well Balanced Tenancy Mix

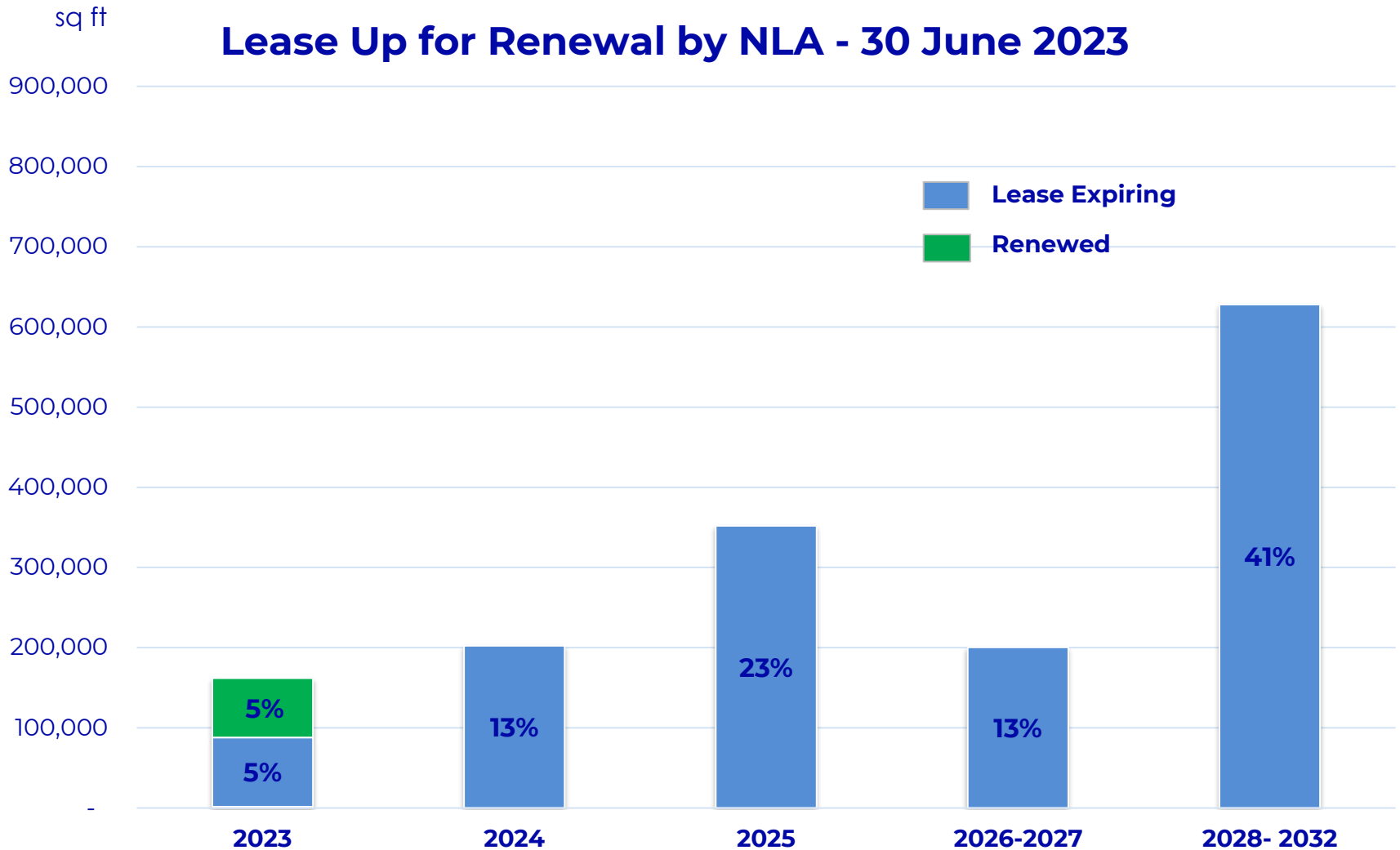
By Net Lettable Area






# LEASE EXPIRY PROFILE

## - 10% of Committed NLA due in 2023



*% of net lettable area that are due for renewal*  
Sentral REIT Presentation \*August 2023\*



# Investment Updates - Proposed Acquisition of Menara CelcomDigi

Quill Building 3 - BMW



# Overview of the Proposals

Proposals	Description
<b>Proposed Acquisition</b>	Proposed acquisition of Menara CelcomDigi (“ <b>Property</b> ”) by Maybank Trustees Berhad, acting solely in the capacity as Trustee for Sentral REIT (“ <b>SENTRAL</b> ”) from Puncak Wangi Sdn Bhd (“ <b>PWSB</b> ”), a wholly owned subsidiary of Malaysian Resources Corporation Berhad (“ <b>MRCB</b> ”) for a purchase consideration of RM450.0 million to be satisfied entirely in cash, which is intended to be funded via proceeds from the Proposed Placement and borrowings.
<b>Proposed Placement</b>	Proposed placement of up to 123,720,000 new units (“ <b>Units</b> ”) in SENTRAL (“ <b>Placement Units</b> ”) at an issue price to be determined by way of bookbuilding.
<b>Proposed Placement to MRCB</b>	Proposed placement to MRCB of up to 34,568,734 Placement Units at an issue price to be determined by way of bookbuilding pursuant to the Proposed Placement.



*Note:  
Kindly refer to SENTRAL's announcement dated 25 July 2023, for the full details of the Proposals.*

# Details of Menara CelcomDigi

<b>Address</b>	Menara CelcomDigi, No. 6, Persiaran Barat, Seksyen 52, PJ Sentral, 46200 Petaling Jaya, Selangor Darul Ehsan
<b>Legal Title</b>	HSD 277413, Lot No. PT 11, Seksyen 52, Town of Petaling Jaya, District of Petaling, State of Selangor
<b>Tenure</b>	Leasehold for a total lease period of 99 years expiring on 10 November 2110 (unexpired term of approximately 87 years)
<b>Age of Building</b>	Approximately 5 years
<b>Net Lettable Area</b>	450,000 sq. ft. (as per the lease agreement dated 20 January 2020 signed between PWSB and Celcom)
<b>Occupancy</b>	100% (single tenant)
<b>Car Park (lots)</b>	788 car parking bays 287 motorcycle parking bays
<b>Tenant</b>	Celcom Berhad (formerly Celcom Axiata Berhad)
<b>Property Use</b>	Lease to Celcom Berhad for 15 years commencing from 1 January 2020 and expiring on 31 December 2034, and an automatic extension of 2 further terms of 3 years each expiring on 31 December 2040 pursuant to the lease agreement dated 20 January 2020
<b>Green Building Compliance</b>	Leadership in Energy and Environmental Design (LEED) Core and Shell Gold Certification by the United States Green Building Council
<b>Valuation</b>	RM450 million (based on valuation certificate dated 20 July 2023 by CBRE WTW Valuation & Advisory Sdn Bhd)



**Menara CelcomDigi**

# Proposed Acquisition

## Estimated Total Funding Requirements

The Total Acquisition Cost shall be satisfied entirely in cash:



Funding Requirements	RM' million
Purchase Consideration	450.0
Transaction Cost <sup>1</sup>	4.8
<b>Total Acquisition Costs</b>	<b>454.8</b>

Note:

(1) The estimated expenses for the Proposals comprise professional fees, placement fees, fees payable to the relevant authorities, borrowing related cost, cost of convening the meeting of unitholders of SENTRAL ("Unitholders") and other incidental expenses..

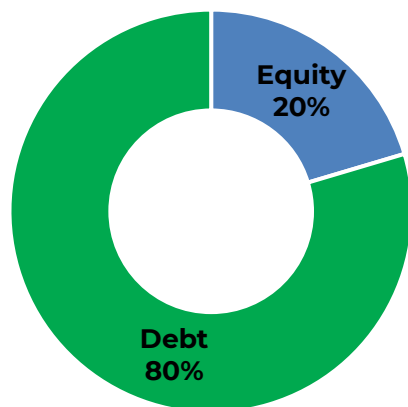
An additional cost representing the acquisition fee of 1.0% of the Acquisition Price due to the Manager amounting to RM4.5 million will be funded via internally generated funds of SENTRAL.



# Proposed Acquisition (cont'd)

## Proposed Funding Plan

- The Acquisition Price and the Transaction Cost relating to the Proposals will be funded through a combination of proceeds from the **(1) Proposed Placement** and **(2) Borrowings**.
- The actual breakdown of funding has not been determined at this juncture and will be dependent upon, among others, the actual placement size and the issue price of the Placement Units after the bookbuilding exercise.
- Assuming certain parameters on the Proposed Placement, the Total Acquisition Cost will be funded as follows:



Source of funds	RM' million
Proposed Placement	92.8
Borrowings	362.0
<b>Total</b>	<b>454.8</b>





# Proposed Placement

<b>Placement Size</b>	<ul style="list-style-type: none"><li>Up to 123,720,000 Placement Units, representing approximately 11.5% of the existing units in circulation as at last practical date (3 July 2023)</li></ul>
<b>Basis of Determining the Actual Placement Size</b>	<ul style="list-style-type: none"><li>Based on the optimal debt to equity ratio taking into consideration the expected effects on the earnings</li></ul>
<b>Issue Price</b>	<ul style="list-style-type: none"><li>Based on the bookbuilding price, with the Placement Units placed at no more than 10.0% discount to the 5-day VWAP of the units immediately prior to the price-fixing date</li></ul>
<b>Participation from Existing Major Unitholders</b>	<ul style="list-style-type: none"><li>MRCB undertakes to subscribe up to 34,568,734 Placement Units to maintain its unitholding in SENTRAL at the issue price to be determined by way of bookbuilding, as part of the Proposed Placement.</li></ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"><li>To part settle the Total Acquisition Cost</li></ul>



# Rationale for the Proposed Acquisition and Proposed Placement

1

## **Quality office building within a satellite city with good connectivity**

- Strategically located in a prime commercial hub within Petaling Jaya New Town in Petaling Jaya, Selangor which comprises mainly office buildings, hotels, government offices, shopping mall, shop/offices and hypermarket.
- Good connectivity to Kuala Lumpur, with convenient access to LRT Kelana Jaya Line from the nearby Taman Jaya LRT Station and the Federal Highway.

2

## **Augments SENTRAL's green footprint**

- The Property is certified as a LEED Gold Green building in November 2020.
- Further augments SENTRAL's green footprint and boost SENTRAL's existing portfolio of green buildings and buildings with green features such as Menara Shell and Platinum Sentral.

3

## **Fully occupied with a long-term lease by Celcom with built-in rental escalation clauses and renewal options**

- Celcom entered into a 15-year lease of the Property, with an automatic extension of 2 terms of 3 years each up to December 2040.
- The long-term lease with rental reversions will provide income stability and resilience to SENTRAL's portfolio.



# Rationale for the Proposed Acquisition and Proposed Placement (cont'd)

4

## **Increases total asset size and portfolio geographical diversification**

- The Proposed Acquisition will further strengthen SENTRAL's position as a sizeable and geographically diversified commercial real estate investment trust.
- For illustrative purposes only, post the Proposed Acquisition, SENTRAL's total asset size will increase from approximately RM2.1 billion to approximately RM2.6 billion.

5

## **DPU yield is expected to be neutral or mildly accretive but it will enhance SENTRAL's distribution and improve total Unitholders' return in the long-run**

- The Proposed Acquisition is expected to be DPU yield-neutral or mildly accretive on a pro forma basis.
- The Manager expects the DPU yield to increase moving forward through its active asset management strategies to improve the NPI of its current portfolio and the Property.

6

## **Further enhances and rebalances SENTRAL's portfolio**

- Post the Proposed Acquisition, the fully occupied Property will uplift the overall SENTRAL's portfolio's weighted average lease to expiry (WALE) (by NLA) by 1.6 years, from 3.3 years (for the 4<sup>th</sup> quarter of 2022) to 4.9 years on a pro forma basis.
- The portfolio occupancy rate (by NLA) will increase by 4.0%, from 77.2% (for the 4<sup>th</sup> quarter of 2022) to 81.2% on a pro forma basis.
- Expected to further strengthen and improve the quality of SENTRAL's tenant base with the addition of a high quality and established tenant in the telecommunications sector.



# Rationale for the Proposed Acquisition and Proposed Placement (cont'd)

## 7

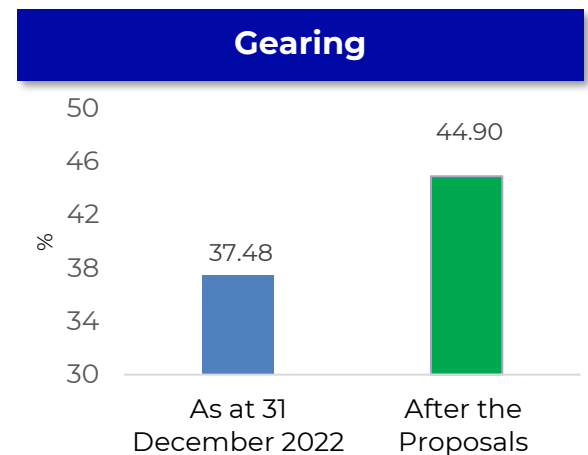
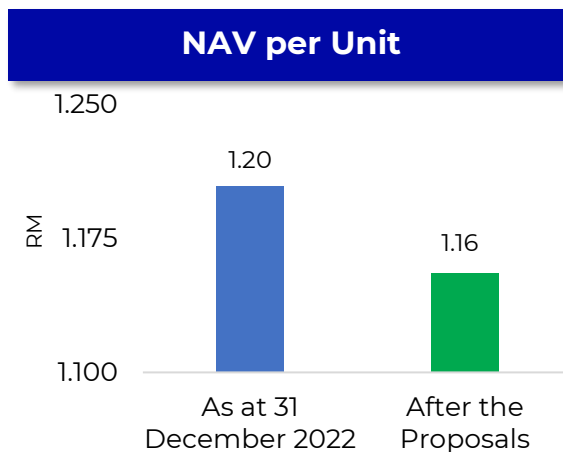
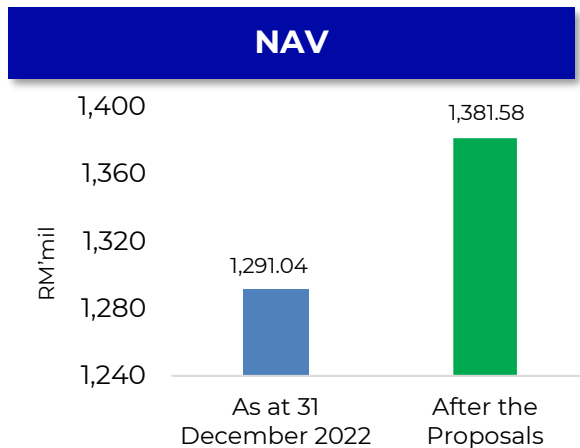
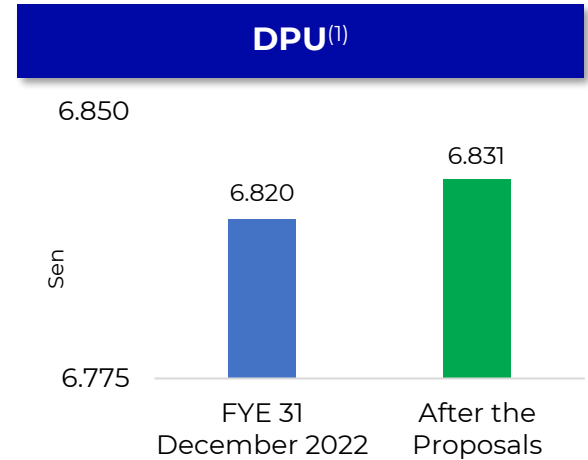
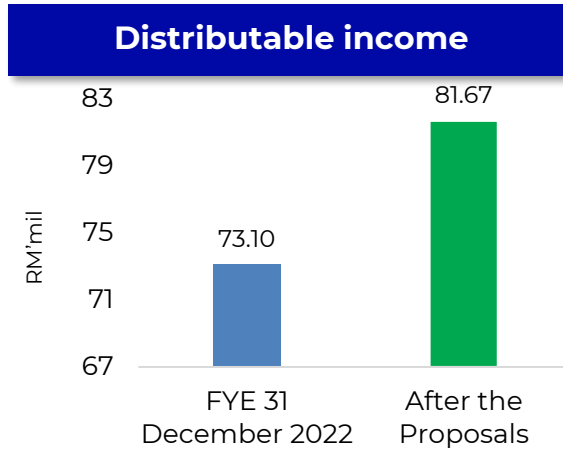
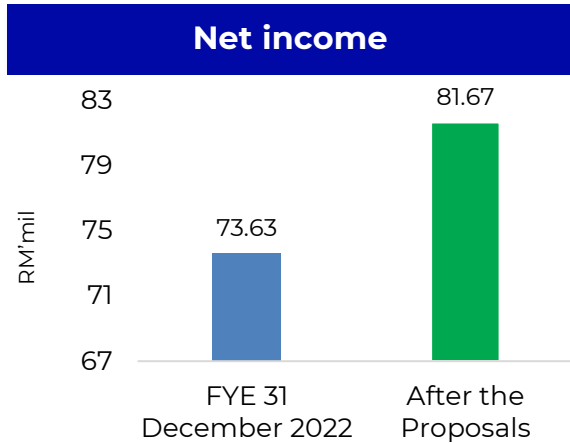
### **The Proposed Placement is the most appropriate means to raise funds to partly fund the Proposed Acquisition**

- Allow the Manager to raise funds expeditiously and cost effectively as compared with other fund-raising exercises.
- Allow SENTRAL to potentially attract more local and/or foreign investors to invest in SENTRAL, thereby potentially widening its Unitholders' base.
- Allow the Manager to optimise SENTRAL's returns while maintaining its gearing at a healthy level as well as to maintain sufficient headroom for SENTRAL to undertake future acquisitions.
- Increase the total Units in issue which in turn may improve the trading liquidity of the Units.





# Pro Forma Effects



**Note:**

(1) The pro forma DPU after the Proposals is arrived at assuming a 100% payout ratio. For information purposes, the Manager only declared and paid approximately 99.3% of the total realised net income of SENTRAL for the FYE 31 December 2022. Notwithstanding that, the Manager does intend to distribute at least 90.0% of the total realised net income of SENTRAL for each financial year.



# Pro Forma Effects (cont'd)

## Unitholders' Capital and Substantial Unitholders' Unitholdings

	LPD of Announcement	To be issue under the Proposed Placement	Enlarged units in circulation
No. of Units ('000)	1,071,783,000	123,720,000 <sup>1</sup>	1,195,503,000

Substantial Unitholders	As at the LPD				After the Proposed Placement			
	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
MRCB <sup>2</sup>	299,468	27.9	-	-	334,037	27.9	-	-
EPF	128,626	12.0	-	-	128,626	10.7	-	-
CapitaLand Integrated Commercial Trust	117,040	10.9	-	-	117,040	9.8	-	-
Quill Land Sdn Bhd	59,040	5.5	-	-	59,040	4.9	-	-

Note:

- For illustrative purposes, assuming the maximum number of 123,720,000 Placement Units are issued at an issue price of RM0.75 per Placement Unit, representing a discount of approximately 10.0% to the VWAP of the units up to and including 21 July 2023 of RM0.83.
- The pro forma effects above are prepared assuming that only MRCB subscribes to the Proposed Placement to maintain its unitholding of 27.9%.

# Conclusion





# 1H 2023 IN SUMMARY

## 1H 2023: SENTRAL Declares DPU of 3.19 sen

- Achieved 1H 2023 realised EPU of 3.29 sen, 9.1% lower from the 1H 2022 realised EPU of 3.62 sen, mainly due higher finance cost and utilities expenses
- Declares DPU of 3.19 sen in 1H 2023 (3.40 sen declared in 1H 2022)
- Approximately 162,000 sq. ft. or 10% of its total committed net lettable area (“NLA”) are due for renewal in 2023. Of these NLA, 47% fall in 1H 2023. SENTRAL achieved a renewal rate of 98% for these NLA due in 1H 2023
- SENTRAL’s portfolio occupancy rate as at 30 June 2023 was 77.0%
- The SPA for the Proposed Acquisition was executed on 25 July 2023

## Year 2023 Prospects – Ongoing Strategies

- Proactive asset management strategies to focus on tenant relations and continuous building improvements
- Prudent capital management strategies
- Active portfolio management through exploring yield accretive acquisitions and divestment opportunities
- Managing cash flow and exercising financial discipline





**SENTRAL  
REIT**



# Thank you

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