



**SENTRAL
REIT**



CORPORATE PRESENTATION

12th Annual General Meeting

3 April 2024



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The information in this presentation must not be published outside Malaysia.



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Financial Results

Financial Year Ended
31 December 2023
("FY2023")

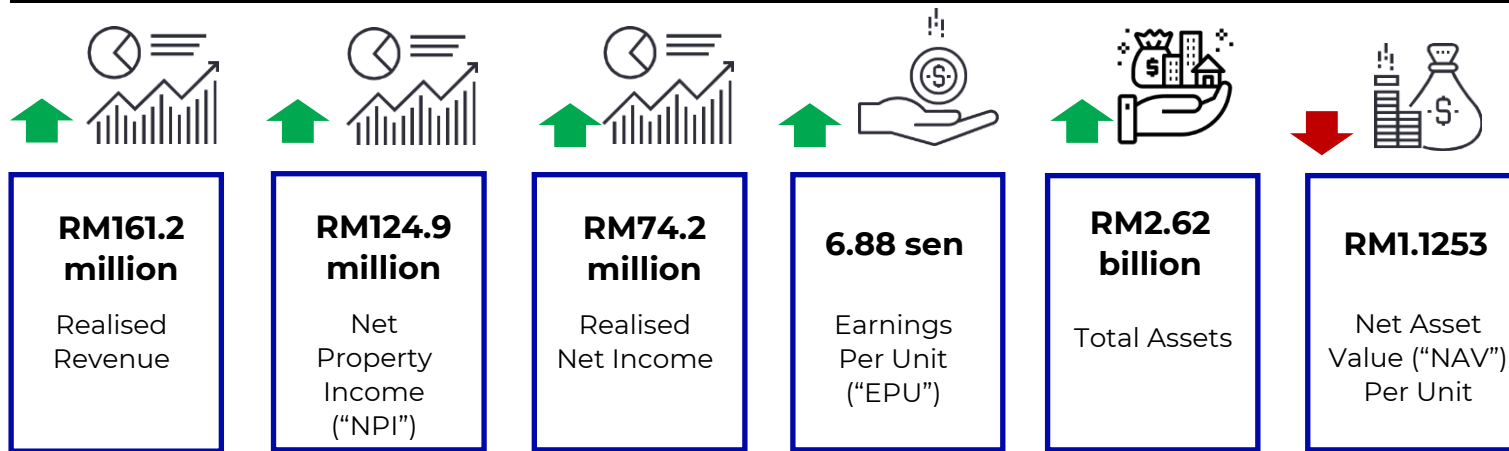
Central REIT Presentation *April 2024*

Platinum Sentral



RESILIENT FY2023 FINANCIALS

Financial Performance in FY2023



- Higher Realised Revenue from Platinum Sentral, Menara Shell on the back of higher occupancy and the newly acquired Menara CelcomDigi in December 2023.
- Improved FY2023 NPI margin of 77.5% compared to 77% in FY2023.
- Marginal increase in FY2023 EPU of 6.88 sen compared to FY2022 EPU of 6.87 sen.
- FY2023 Distribution Per Unit ("DPU") of 6.68 sen is 2.0% lower compared to the FY 2022 DPU of 6.82 sen based on a lower distribution payout ratio of 97.6% (FY2022: 99.3%).
- Rental collection for FY2023 remained healthy.
- 21.9% growth in Total Assets with the completion of the Menara CelcomDigi acquisition in December 2023.



8.51% DPU YIELD – FY2023 DPU OF 6.68 SEN

(RM'000)	(Audited) FY 2023	(Audited) FY 2022	Variance
Realised Revenue	161,151	148,931	8.2%
Net Property Income	124,867	114,696	8.9%
Realised Income	74,221	73,625	0.8%
EPU	6.88 sen	6.87 sen	0.1%
Distributable Income	74,221	73,625	0.8%
Distributable Income Per Unit	6.88 sen	6.87 sen	0.1%
DPU	6.68 sen ²	6.82 sen ¹	-2.0%

1 FY2022 DPU of 6.82 sen is 99.3 % of FY2022 distributable income of RM73.6 million

2 FY2023 DPU of 6.68 sen is 97.6% of FY2023 distributable income of RM74.2 million



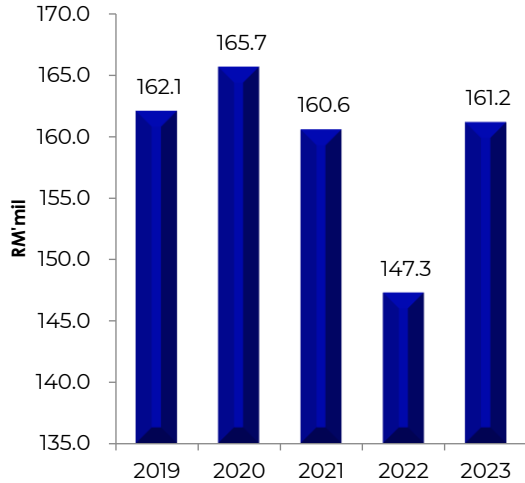
22% GROWTH IN TOTAL ASSETS

	Audited as at 31 Dec 2023 (RM'000)	Audited as at 31 Dec 2022 (RM'000)
Non-Current Assets	2,521,512	2,060,737
Current Assets	94,533	85,980
Total Assets	2,616,044	2,146,717
Current Liabilities	55,751	25,890
Non-Current Liabilities	1,206,831	829,785
Net Assets before Distribution	1,353,462	1,291,042
Final Distribution	(8,129)	(36,655)
Net Assets after Distribution	1,345,333	1,254,387
No of Units	1,195,503 ¹	1,071,783
NAV per Unit (RM) After final distribution	1.1253	1.1704

1 Increased fund size of 1.195 billion units from 1.072 billion units after the completion of the placement exercise of up to 123,720,000 units on 8 December 2023

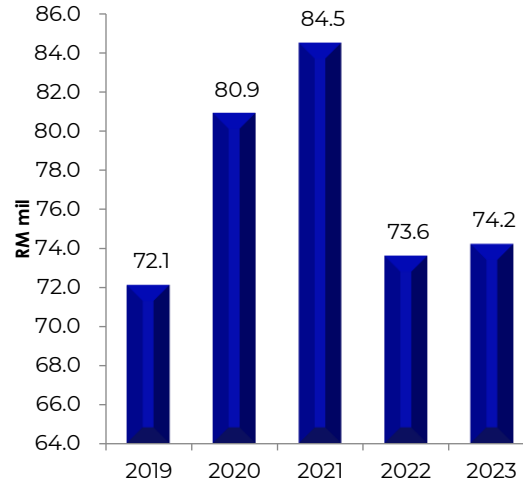


FINANCIAL PERFORMANCE OVER THE YEARS



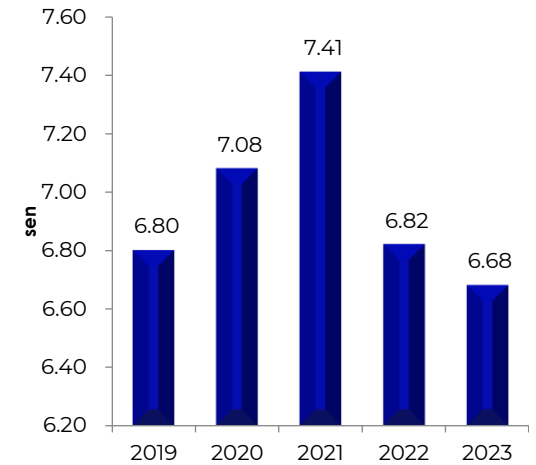
Realised Revenue

CAGR⁽¹⁾ : 10%



Distributable Income / Realised Net Income

CAGR¹ : 8%



DPU

CAGR⁽¹⁾ : 0.2%

1. CAGR – Compound Annual Growth Rate since listing in 2007



Capital Management – FY2023

Menara CelcomDigi

Sentral REIT Presentation *April 2024*



PRUDENT CAPITAL MANAGEMENT FY2023

Capital Management Summary



**RM1,165.1
million**

Total
Borrowings



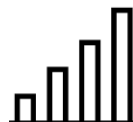
**4.40%
p.a.**

Average
Cost of
Debt



44.54%

Gearing Ratio



**4.40
years**

Average
Debt to
Maturity



3.07 x

Interest
Coverage



**Fixed 24%
Float 76%**

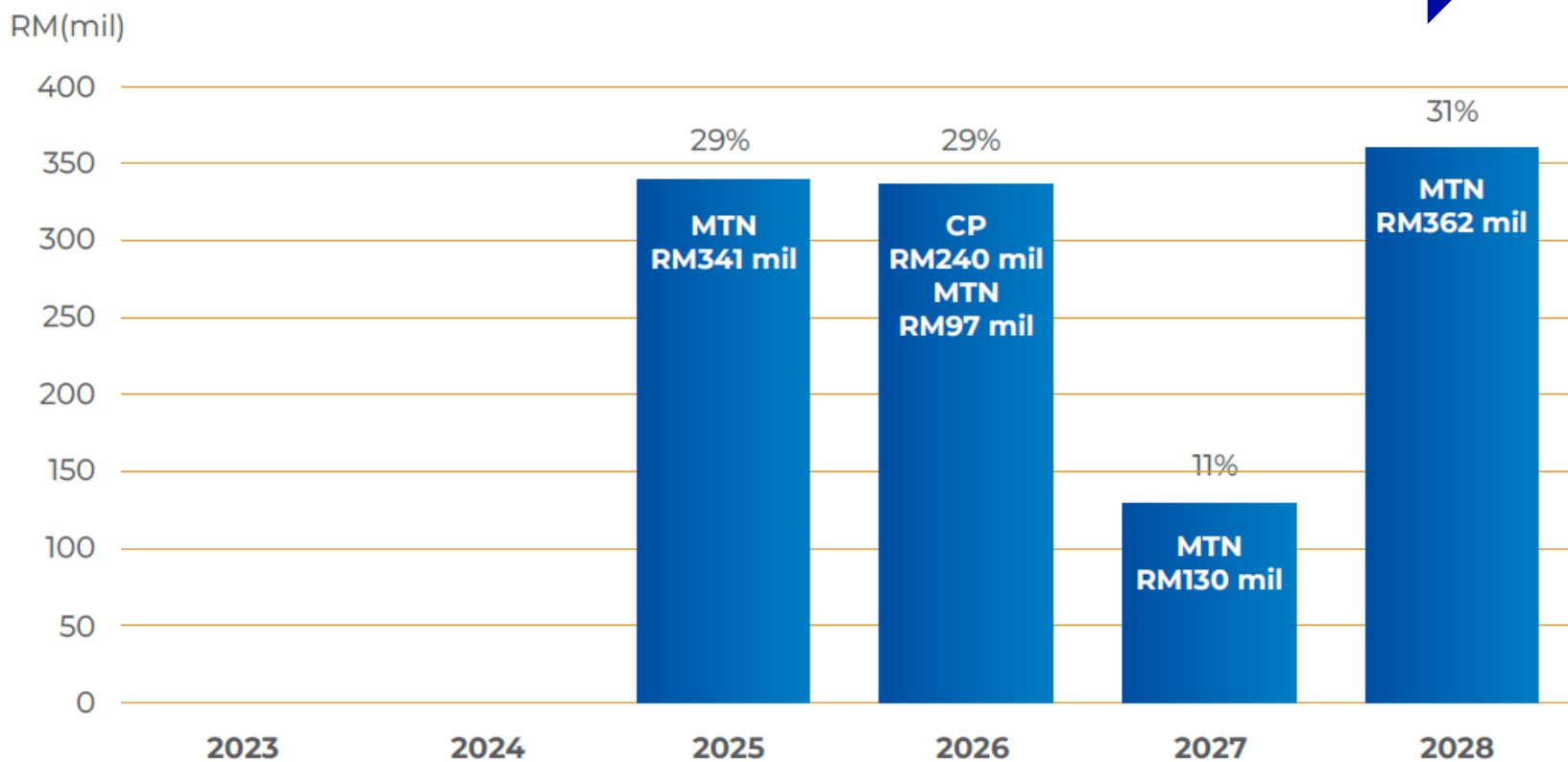
Fixed /
Floating Rate
Composition

- Successfully part financed the acquisition of Menara CelcomDigi via issuance of RM362 mil nominal value debt in December 2023, extending the average term to maturity to 4.40 years.
- FY2023 average cost of debt remained competitive at 4.40% p.a. (FY2022: 3.62% p.a.) despite the rising interest rate environment.
- Gearing ratio at 44.54% within the Listed REITs Guidelines requirement where borrowings must not exceed of 50% of the total asset value.



WELL BALANCED DEBT MATURITY PROFILE

Healthy Average Debt to Maturity : 4.40 years in 4Q2023



Notes

1. MTN - Medium Term Notes
2. CP - Commercial Papers



Portfolio Update @ 31 December 2023



HEALTHY PORTFOLIO GROWTH

10 COMMERCIAL PROPERTIES WELL LOCATED IN MALAYSIA

ANCHORED BY KL SENTRAL PROPERTIES

1

property

Penang

- Lotuss Penang

Klang Valley	82%
Cyberjaya	13%
Penang	5%

By Valuation

4

properties

Kuala Lumpur

- Menara Shell (KL Sentral)
- Platinum Sentral (KL Sentral)
- Part of Plaza Mont' Kiara
- Wisma Sentral Inai

4

properties

Cyberjaya

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

1

property

Petaling Jaya

- Menara CelcomDigi

NEW



RM2.521 billion

Property Value



89%

Occupancy Rate



2.57 million sf

Net Lettable Area ("NLA")



82.4%

Renewal Rate



5.65 years

Weighted Average Lease Expiry (WALE)



MARKET VALUATION – 31 DECEMBER 2023

Name of Properties	Valuation as at 31 Dec 2023 (RM'000)	Valuation as at 31 Dec 2022 (RM'000)	% of Investment (%)
Sentral Building 1-DHL 1 and Sentral Building 2-DHL 2 ¹	135,000	135,000	5.3
Sentral Building 3-BMW ²	71,000	71,000	2.8
Sentral Building 4 ³	108,000	108,000	4.3
Wisma Sentral Inai ⁴	154,000	153,700	6.1
Part of Plaza Mont' Kiara	113,000	113,000	4.5
Lotuss Building Penang	145,000	140,000	5.8
Platinum Sentral	673,000	670,000	26.7
Menara Shell	672,500	670,000	26.7
Menara CelcomDigi ⁵	450,000	-	17.8
Total Investment Properties	2,521,500	2,060,700	100.0

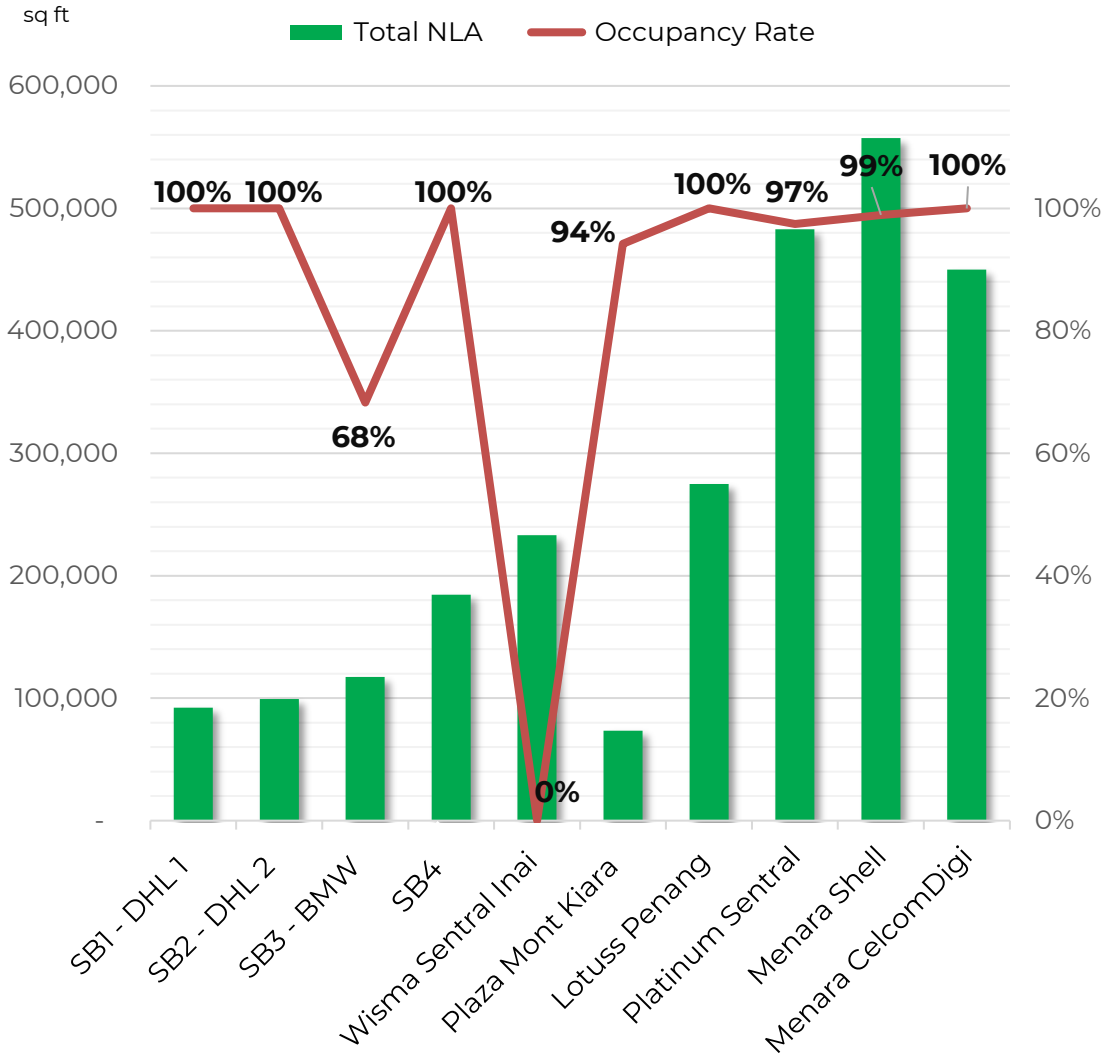
Notes:

1. Formerly known as Quill Building 1 -DHL 1 and Quill Building 2-DHL 2
2. Formerly known as Quill Building 3-BMW
3. Formerly known as Quill Building 2 – HSBC
4. Formerly known as Wisma TechnipFMC
5. The acquisition of Menara CelcomDigi was completed on 11 December 2023

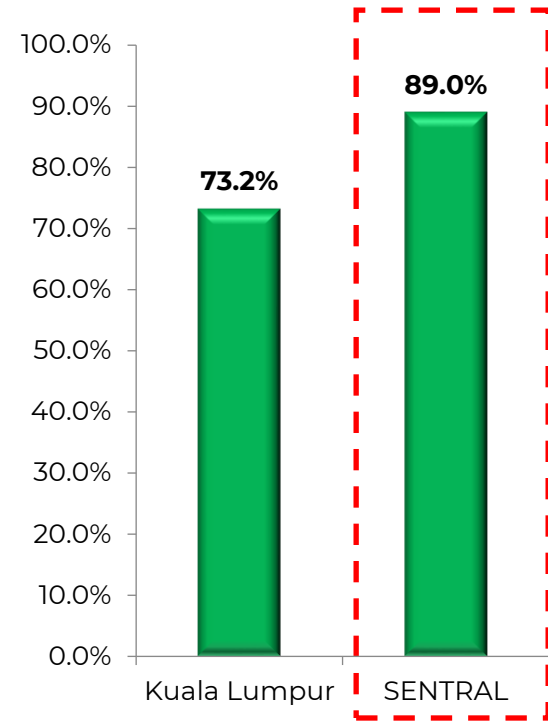


HIGHER PORTFOLIO OCCUPANCY

31 DECEMBER 2023: 89%



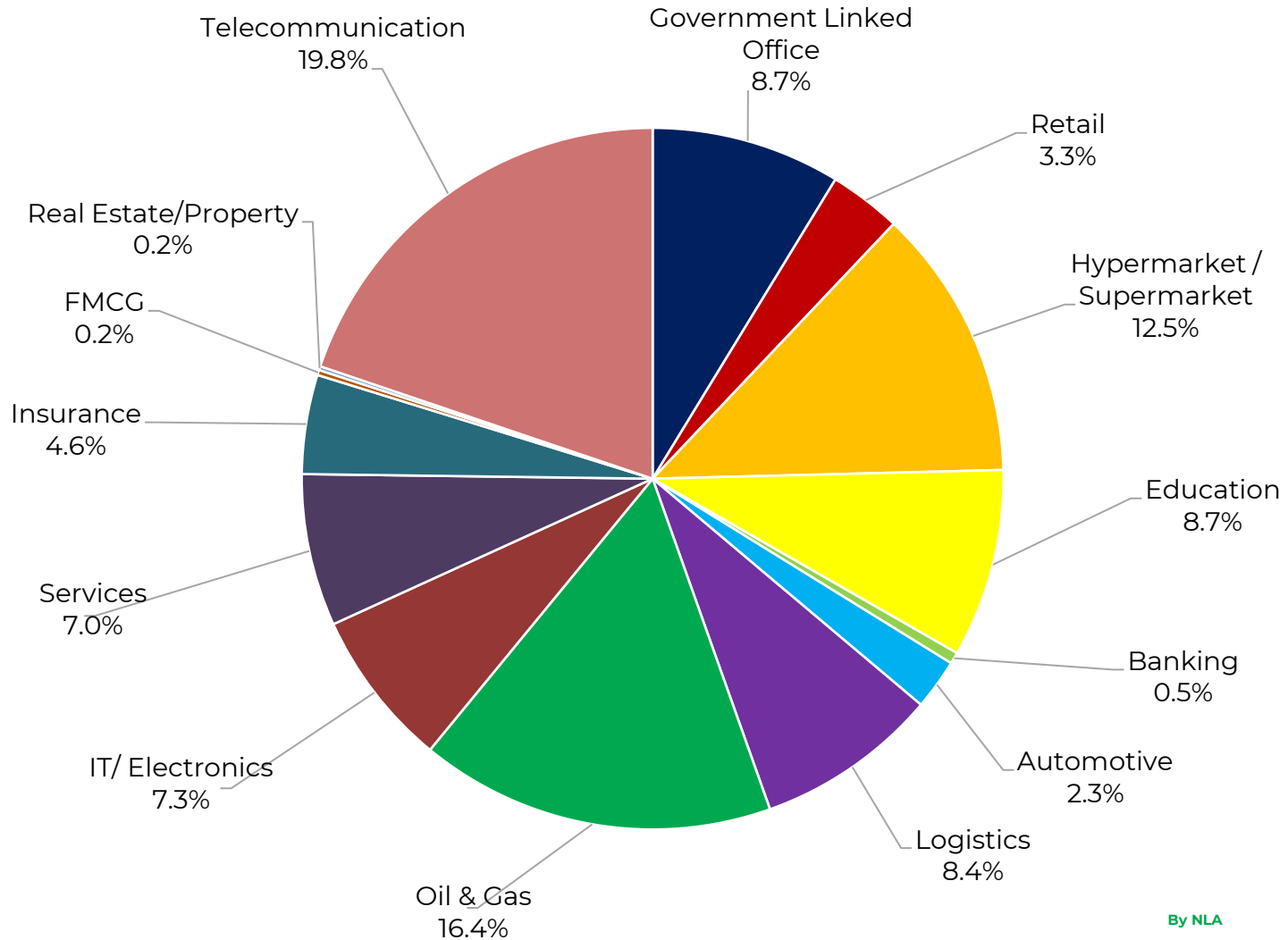
**Above
Market
Occupancy**



Extracted from the Property Market Overview 2023 prepared by Knight Frank Malaysia Sdn Bhd



DIVERSIFIED & WELL-BALANCED TENANT PORTFOLIO





ESG Updates





COMMITMENT TO ESG EXCELLENCE

ENVIRONMENTAL

TCFD Progress in 2023 to adopt Taskforce on Climate-related Financial Disclosures (TCFD) reporting and recommendations

Achieved target of 2% energy consumption reduction – 4% reduction compared to FY2022

Achieved target of 2% water consumption reduction – 18% reduction compared to FY2022

Inclusion of Menara CelcomDigi in its portfolio since December 2023 has increased the percentage of SENTRAL's green buildings from 65.0% to 71.2% and 49.2% to 58.2% in terms of portfolio valuation and NLA, respectively

SOCIAL




Zero breach in customer data or privacy

RM2.84 mil invested in Asset Enhancement Initiatives

RM197,368 invested to the community

36.2 average training hours

91% local procurement

Zero fatality at workplace

GOVERNANCE



SENTRAL continues to uphold strong corporate governance as well as high standards of ethical business conduct

Zero fines pertaining non-compliance

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

Zero confirmed incidents of corruption and action taken

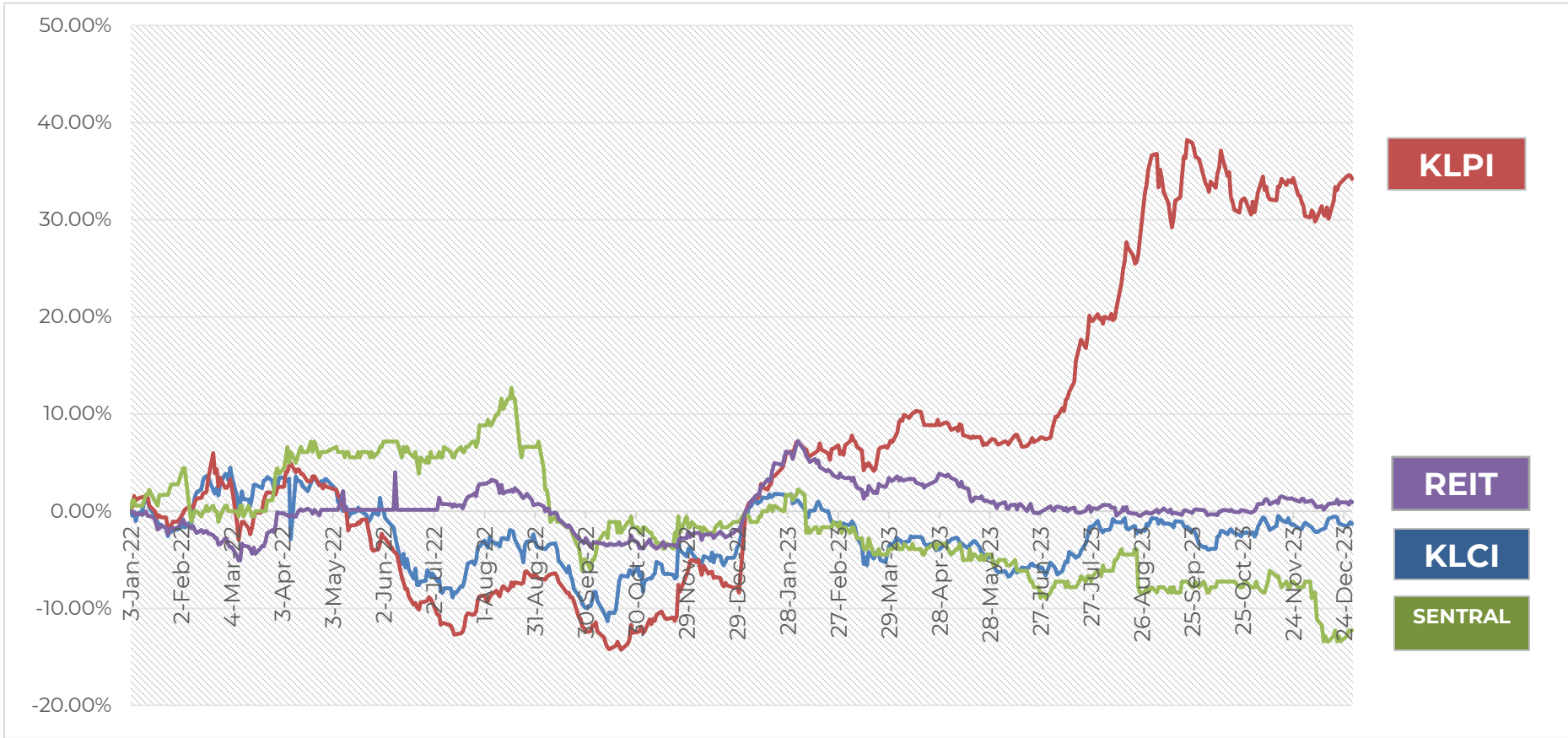
100% operations under management assessed for corruption-related risks



FY2023 SENTRAL Unit Price Performance



SENTRAL UNIT PRICE PERFORMANCE



SENTRAL's Return on Investment

1 Jan 2023 – 31 Dec 2023

Capital Appreciation

-13.26%

Distribution Yield

8.51%

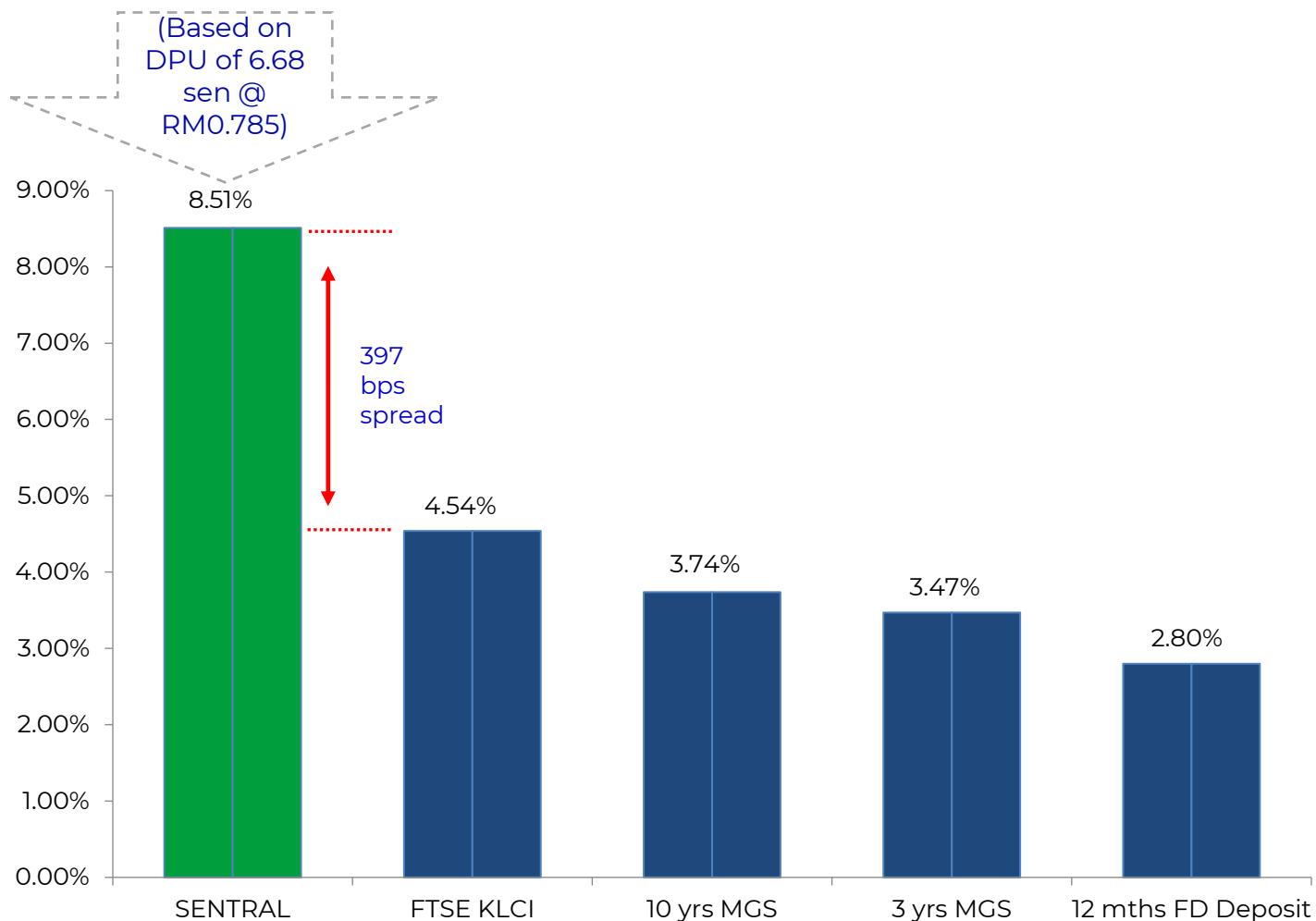
Total Returns¹

-4.75%

1. Sum of distributions and capital appreciation for FY2023 over the closing unit price of RM0.785 on 29 December 2023



ATTRACTIVE YIELD SPREADS AMIDST HIGHER BOND YIELDS



Source :

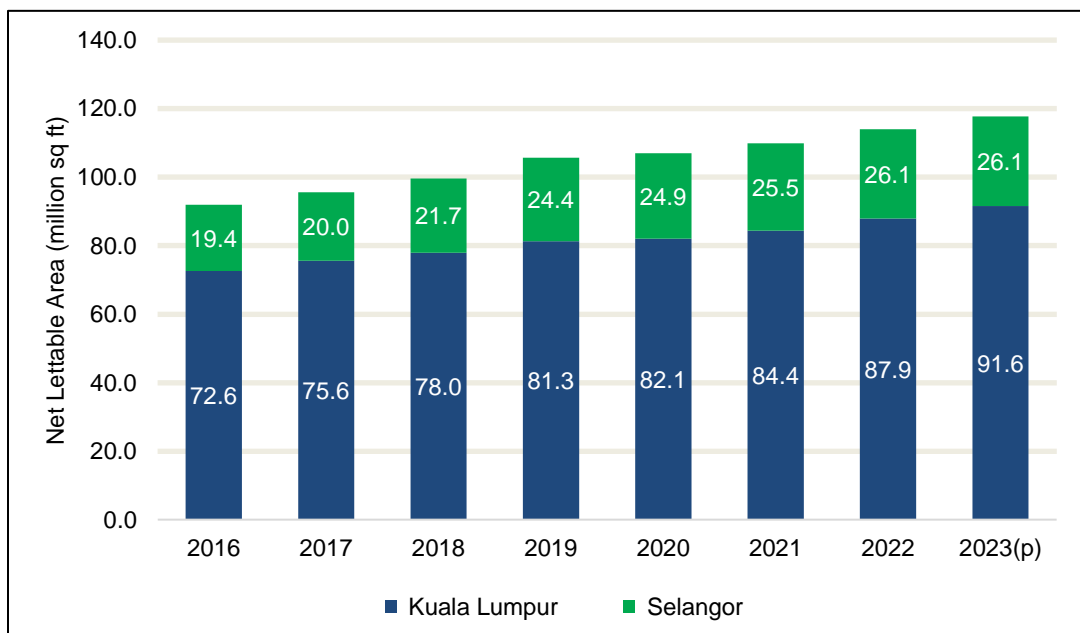
- 1) Rates for 3-yrs MGS & 10-yrs MGS rate was obtained from HSBC Daily Commentary Report dated 29 December 2023.
- 2) 12 months FD rate is from Maybank.
- 3) Dividend Yield of FTSE Bursa Malaysia KLCI as of 29 December 2023 is from Bloomberg.

- 
- Office Market Outlook
 - Continuing Strategies

KLANG VALLEY OFFICE MARKET OUTLOOK

Extracted from the Property Market Overview 2023 prepared by
Knight Frank Malaysia Sdn Bhd for Sentral REIT

Greater KL / Klang Valley: Cumulative Supply of Purpose-Built Office Space, 2016 to 2023^(p)



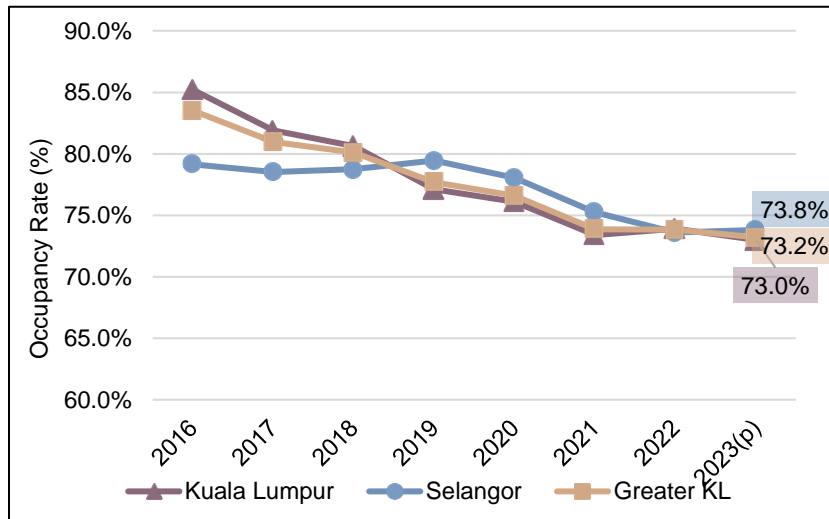
- Steady pace of new office space supply.
- As of 2023^(p), cumulative existing supply stands at circa 117.7 million sq. ft.
- In the supply pipeline is circa 1.7 million sq. ft of space with scheduled completions by end 2024, mainly in Kuala Lumpur.

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

KLANG VALLEY OFFICE MARKET OUTLOOK

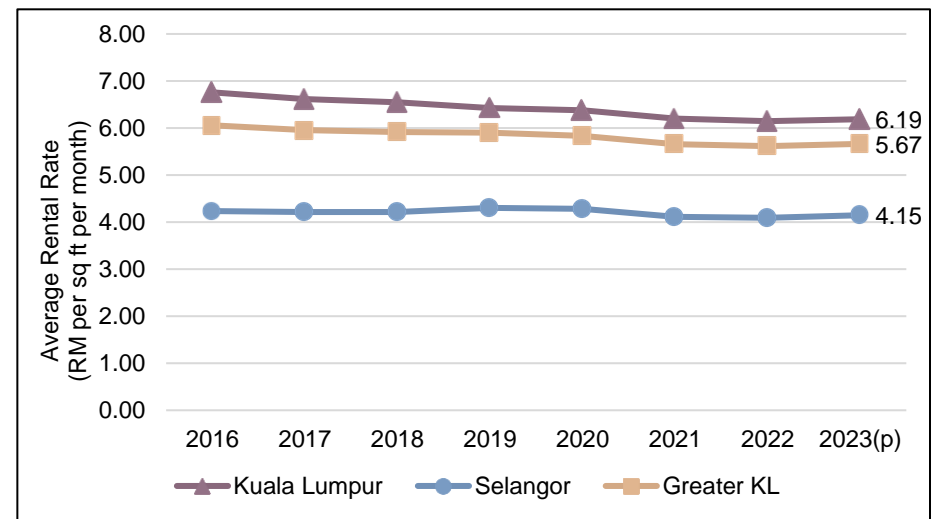
Extracted from the Property Market Overview 2023 prepared by
Knight Frank Malaysia Sdn Bhd for Sentral REIT

Occupancy Trend for Purpose-Built Office Space, 2016 to 2023^(p)



- Slight decline in occupancy rate for office space in Greater Kuala Lumpur 73.2% (2022: 73.9%).

Average Rental Rates, 2016 to 2023^(p)



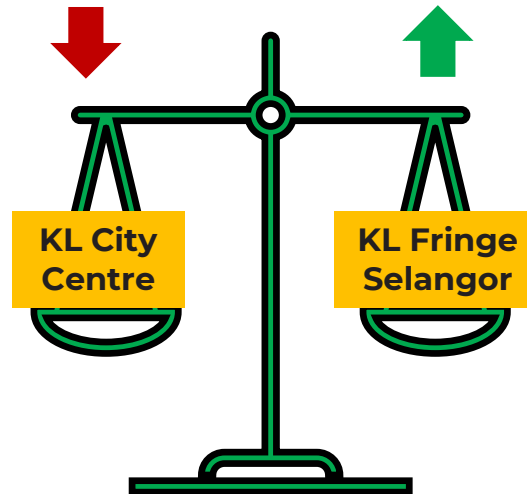
- Both Kuala Lumpur and Selangor recorded marginal increase in rental rates.
- Steady competition in the tenant-led office market with supply – demand gap.

Office Market Outlook

- Uptake in business activities with resumption of activities in the office. **Physical office space remains important** in current business operating models.
- **Tenant-led office market** 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.

▪ Market demand

- Higher incoming supply and the prevailing "flight to quality" trend
- Supply-demand gap will exert downward pressure on both occupancy and rental levels.

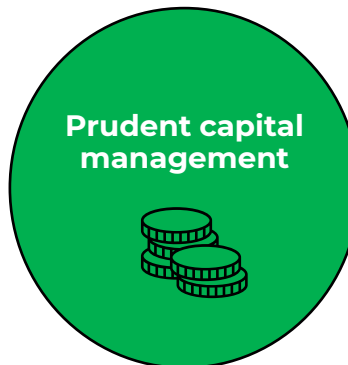


- Stable demand attributed to its established location, comprehensive infrastructure and limited incoming supply of Grade A offices.
- Both rental and occupancy levels are expected to be stable by the presence of sustained demand.



CONTINUING STRATEGIES

- ✓ Strong tenant relation and retention
- ✓ Continuous building improvements
- ✓ Cost efficiencies

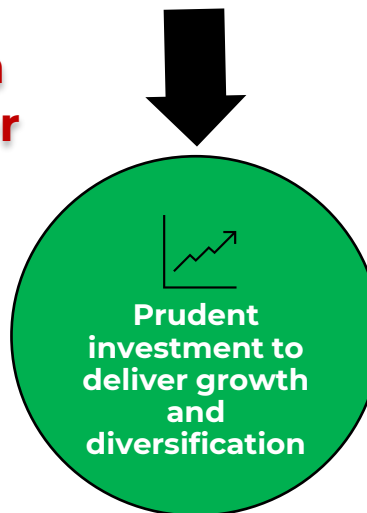


- ✓ Maintain strong balance sheet
- ✓ Appropriate interest rate management
- ✓ Managing cash-flow efficiently

- ✓ Align reporting with TCFD
- ✓ Green building initiatives
- ✓ Ensure strong corporate governance
- ✓ Nurture our people



Creating Long-Term Stakeholder Value



- ✓ 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

Financials

- 1. SENTRAL recorded gross revenue of RM46.7 million in 4Q 2023, an increase of approximately RM10.3 million or 28.2% compared to 4Q 2022. The increase was mainly due to higher revenue generated from Platinum Sentral, Menara CelcomDigi and Menara Shell; and impact of revenue straight-lining over the lease term pursuant to requirements of MFRS 16 Leases. Can you please elaborate on how this 28% jump in revenue was achieved?**

The increase of SENTRAL's revenue is mainly due to the following:

Platinum Sentral	Higher occupancy and full year rental contribution from new leases acquired at the end of 2022 and step-up rental for long term leases.
Menara Shell	Step up rental from long term lease and higher recoverable income due to tenants operating pass the normal business hours.
Menara CelcomDigi	Revenue contribution from 11 Dec 2023 after the completion of the acquisition.



Question & Answer Session

Financials (cont'd)

- 2. The FY2023 DPU was 6.68 sen. What is your DPU forecast for FY2024? Will it be lower or higher?**

The DPU will be dependent on the performance of SENTRAL. At this juncture, the Manager is unable to share future distribution projections, in compliance with Bursa's Listing Requirements.

Finance Cost

- 3. The finance cost incurred in FY2023 was RM38.074 million which is an increase of 24% compared to FY2022. The additional borrowings raised for Menara CelcomDigi was only raised in Dec 2023. Why is there such a substantial increase in finance cost in FY2023?**

The FY2023 average cost of debt was higher at 4.40% p.a. compared to 3.62% p.a. in FY2022 due to the increase in the KLIBOR locked in during the year for its floating rate debt.

SENTRAL's floating to fixed debt composition was at 76% and 24% respectively in FY2023, with a higher composition of floating debt after the inclusion of the RM362 mil new debt issued to part finance the acquisition of Menara CelcomDigi.



Question & Answer Session

Finance Cost (cont'd)

4. What is the limit on SENTRAL's gearing level while it continues to acquire more buildings?

The current gearing level of 44.54% is below the Securities Commission's Listed REIT Guidelines' requirement that total borrowings for a REIT should not exceed 50% of the total asset value.

In the longer term, the Manager remains comfortable with a gearing ratio ranging between 35% to 40%. This will be achieved through the following which will help SENTRAL to re-align its capital and debt positions:

- On-going investment initiatives that will widen SENTRAL's asset base, which will be tied to appropriate funding strategies that considers the acquisition accretion and gearing ratio parameters; and
- Divestment initiatives which will allow SENTRAL to recycle capital or pare down borrowings.

5. Any plan to convert SENTRAL's loan facilities into a sustainability linked loan facility?

The Manager will consider implementing sustainability linked debt programmes for SENTRAL's new debt and for the refinancing of existing debt when they are due.



Question & Answer Session

Operating Expenses

6. In view of the recent increase in SST, what is the impact on SENTRAL's operating cost and profitability?

The increase in SST from 6% to 8% will impact SENTRAL's operational cost as well as other businesses alike which is beyond our control.

However, the Manager has been conducting regular reviews of SENTRAL's operational cost for each building. While we 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.

Kindly note that 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 help to alleviate some of the inflationary pressure on SENTRAL.



Question & Answer Session

Market Updates

7. Any reason(s) for the downward movement in SENTRAL's unit price?

SENTRAL's unit price is subject to market fluctuations and other external factors. The movement of SENTRAL unit price is determined by market forces and not within the Manager's control.

SENTRAL's unit price trading performance during the year was within a stable range with the unit price opening at RM0.905 in the beginning of the year and with a low of RM0.775 in December 2023 before stabilising at RM0.785 on 29 December 2023.

Our focus as the Manager of SENTRAL will be managing the operations of SENTRAL effectively. We will continue to focus on delivering long-term sustainable returns to unitholders.

Strategy

8. Does the Manager have any plans to diversify into other asset classes?

SENTRAL's strategy is to explore acquisition opportunities that would enhance the quality of SENTRAL's portfolio and generate higher returns to unitholders within Malaysia.

The current investment objective of SENTRAL is to acquire and invest primarily in properties used or invest primarily in properties used, or predominantly used, for commercial purposes primarily in Malaysia, and therefore allows the REIT to diversify, if required.



Question & Answer Session

Strategy (cont'd)

9. What is SENTRAL's 5 years strategy to improve occupancy rate and revenue performance?

SENTRAL is taking a multi-prong approach in its portfolio management strategy to improve portfolio occupancy and revenue performance. Holistic enhancements to the current portfolio taking into consideration:

- Strong tenant relation and retention strategies and active marketing for the portfolio of properties;
- Asset enhancement initiatives to incorporate potential new tenants' requirements such as additional facilities and/or repurposing of the usage of the premises to fit their operational needs;
- Green building initiatives where gap analysis are being conducted on some of the older buildings within the portfolio to determine the viability of converting these buildings to green buildings or enhancing them with relevant green features deemed important to tenants;
- Evaluate opportunistic divestment should the terms and conditions of the divestment be in the best interest of SENTRAL to recycle capital for SENTRAL's acquisition pipeline.



Question & Answer Session

Strategy (cont'd)

10. What's the Board's view on the current property and rental trend, considering the new office space, such as Exchange 106, PNB 118 etc coming on stream?

- The Klang Valley office and retail markets are expected to remain challenging. While leasing activities have picked up momentum in 2023 in comparison to the previous year, the office segment continues to be pressured by the change in working arrangements and the oversupply conditions in selected areas within Klang Valley especially the KL City Centre.
- While the flexible or hybrid work arrangements have become a permanent operating mode for some corporates, the Manager believes that this new norm will not eliminate the importance of office space. Many companies will still want to retain a physical presence in key locations within the city centre, or in key business districts such as KL Sentral which has remained in high demand. Sentral's anchor properties in KL Sentral (Platinum Sentral and Menara Shell) and PJ Sentral (Menara CelcomDigi) are expected to be in stable demand.
- SENTRAL will continue to focus on asset management and leasing strategies that are centered on cost optimisation and tenant retention in the current operating environment. Efforts will be intensified to market the available office spaces under the portfolio with the focus on bringing in new tenants from the IT, e-commerce, serviced office and shared services sectors.



Question & Answer Session

Proposed Authority to Allot and Issue New SENTRAL Units (“Ordinary Resolution “)

11. What is the purpose of the new unit allotment?

12. How is the 20% limit on total number of issued units derived for the purposes of this equity financing?"

The purpose of the Ordinary Resolution is to seek a general mandate from unitholders to authorise the Manager to issue and allot new units. The general mandate is a mandate often sought by listed issuers to give them flexibility and efficiency to raise capital to grow the business through:-

- Property acquisitions;
- Repayment of debt; and
- Capital expenditures.

in a timely manner and to reduce financial expense of convening extraordinary general meetings.

The 20% limit is provided and allowed under the Bursa Listing Requirements. The aggregate number of the new units to be issued, when aggregated with the number of units issued during the preceding 12 months shall not exceed 20% of the total number of units issued of SENTRAL for the time being.



Question & Answer Session

Others

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

The Manager apologize that we are unable to accede to your request. There will be no distribution of door gifts to unitholders during this AGM.

14. Will SENTRAL be holding physical AGMs in the future?

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.