



**SENTRAL
REIT**



CORPORATE PRESENTATION

10th Annual General Meeting

6 April 2022



IMPORTANT NOTICE

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in Sentral REIT (formerly known as MRCB-Quill REIT). The past performance of Sentral REIT is not necessarily indicative of the future performance of Sentral REIT.

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The information in this Announcement must not be published outside Malaysia.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 2021 ("FY2021")

Platinum Sentral



STABLE FY2021 FINANCIALS

Stable Financial Performance in FY2021



**RM160.6
million**

Realised
Revenue



**RM122.6
million**

Net
Property
Income



**RM84.5
million**

Realised
Net Income



7.41 sen

Distribution
per unit



**RM2.18
billion**

Total Assets



RM1.19

Net Asset
Value per
unit

- Realised Net Income increased by 4.4%.
- FY2021 DPU of 7.41 sen is 4.7% higher compared to the FY 2020 DPU of 7.08 sen.
- FY 2021 DPU includes the distribution of Quill Building 5 disposal gains.
- Rental collection for FY2021 remained healthy.



4.7% INCREASE IN FY2021 DPU OF 7.41 SEN

(RM'000)	(Audited) FY 2021	(Audited) FY 2020	Variance
Realised Revenue	160,645	165,692	-3.0%
Net Property Income	122,649	126,120	-2.8%
Realised Income	84,486	80,955	4.4%
EPU ¹	7.88 sen	7.55 sen	4.4%
Distributable Income	84,486	80,955	4.4%
Distributable Income Per Unit	7.88 sen	7.55 sen	4.4%
DPU ²	7.41 sen	7.08 sen	4.7%

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

2 DPU refers to Distribution Per Unit. FY 2021 DPU of 7.41 sen is 94 % of FY 2021 distributable income of RM84.5 million

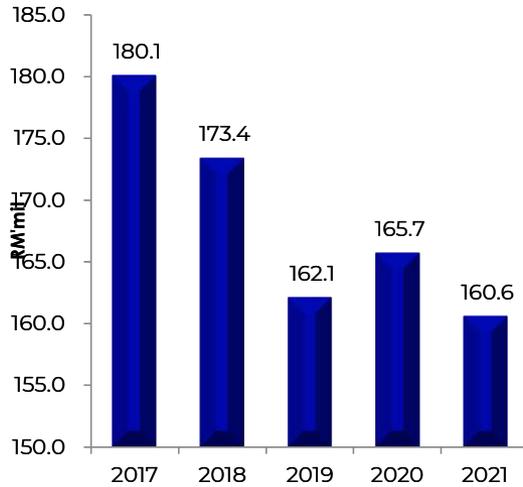


STABLE BALANCE SHEET

	Audited as at 31 Dec 2021 (RM'000)	Audited as at 31 Dec 2020 (RM'000)
Non-Current Assets	2,081,223	2,097,601
Current Assets	99,153	90,061
Asset Held for Sale	-	40,000
Total Assets	2,180,376	2,227,662
Current Liabilities	161,895	248,276
Non-Current Liabilities	700,615	655,885
Net Assets before Distribution	1,317,866	1,323,501
Final Distribution	(42,657)	(39,120)
Net Assets after Distribution	1,275,209	1,284,381
No of Units	1,071,783	1,071,783
NAV per Unit (RM) After final distribution	1.1898	1.1984

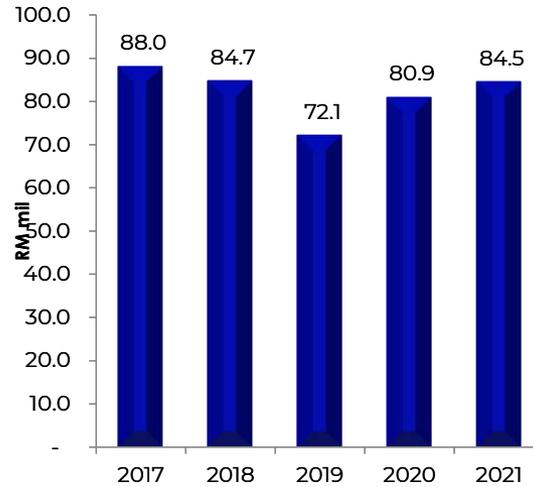


FINANCIAL PERFORMANCE SINCE LISTING



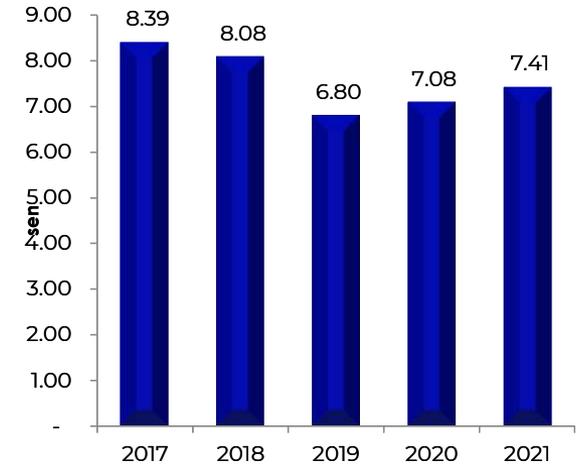
Realised Revenue

CAGR⁽¹⁾ : 11%



Distributable Income / Realised Net Income

CAGR⁽¹⁾ : 10%



DPU

CAGR⁽¹⁾ : 0.9%

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



Capital Management – FY2021



PRUDENT FY2021 CAPITAL MANAGEMENT

Capital Management Summary



**RM805.65
million**

Total
Borrowings



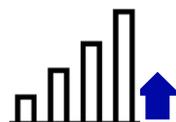
**3.55%
p.a.**

Average
Cost of
Debt



36.95%

Gearing Ratio



**3.16
years**

Average
Debt to
Maturity



3.90x

Interest
Coverage



**Fixed 44%
Float 56%**

Fixed /
Floating Rate
Composition

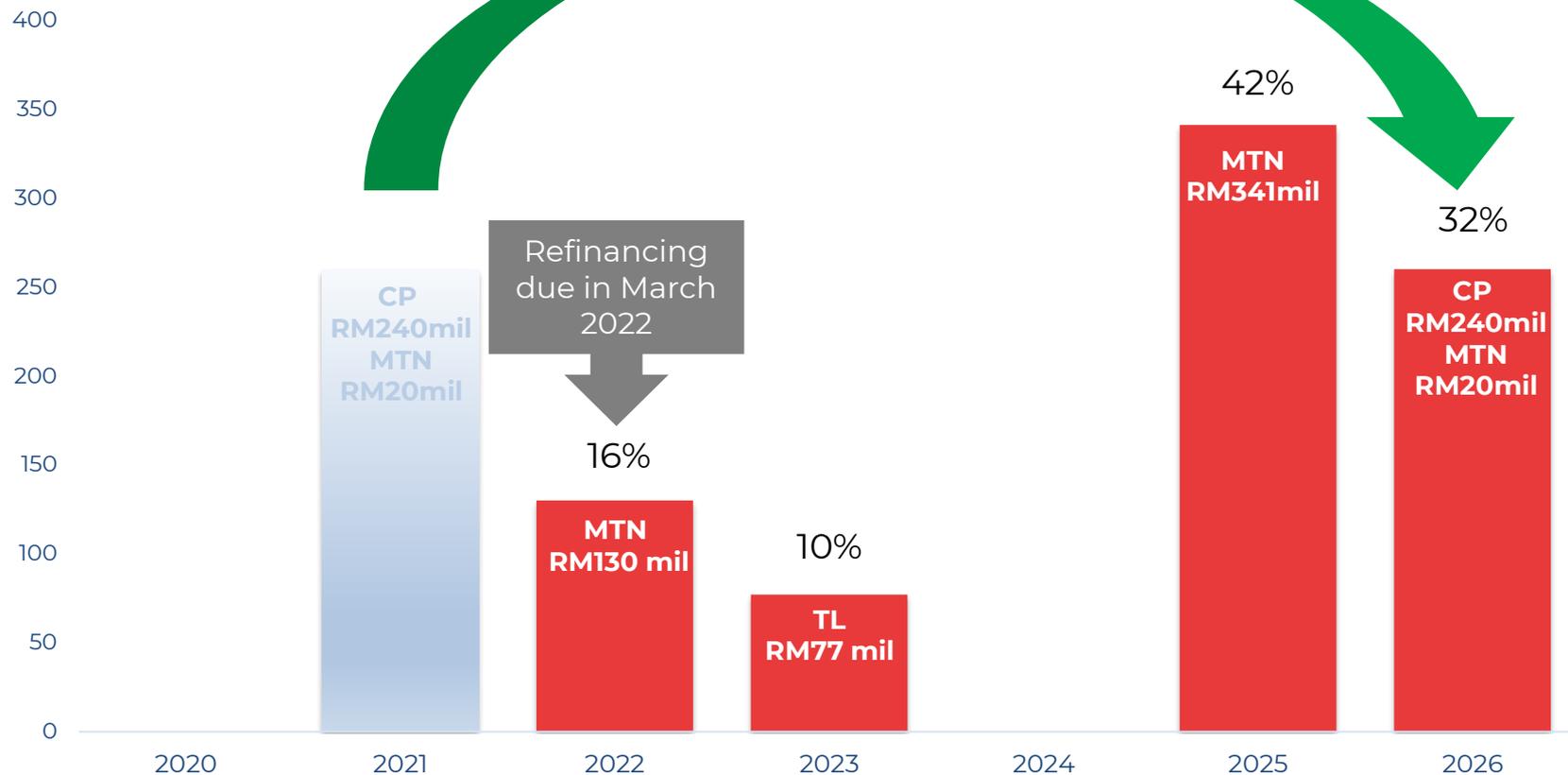
- Successfully debt refinancing in FY2021, extending the average term to maturity to 3.16 years.
- Reduced debt exposure in FY2021, reducing gearing ratio to 36.95% (FY2020: 37.94%).
- FY2021 average cost of debt remained competitive at 3.55% p.a. (FY2020: 3.99% p.a.).
- Balanced fixed / floating rate composition.



SUCCESSFUL DEBT REFINANCING IN 2021

Average debt to maturity : 3.16 years

RM(mil)



Note;

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

Portfolio Update @ 31 December 2021

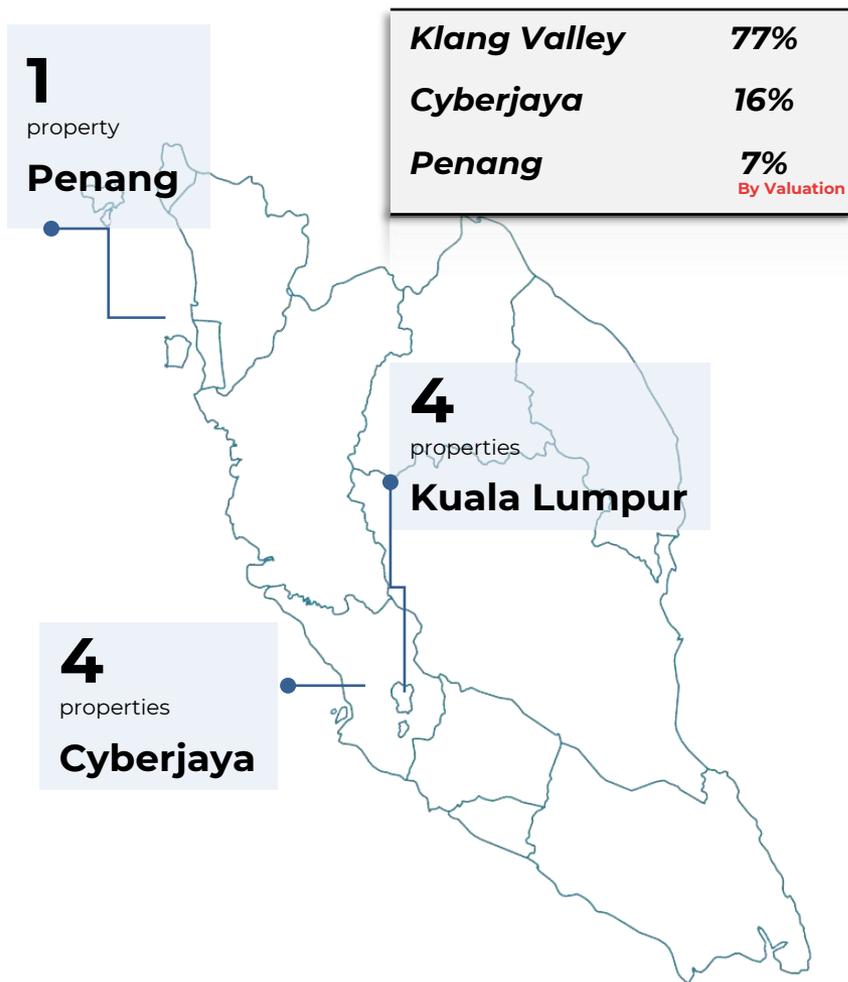


Quill Building 3 - BMW



FY2021 RESILIENT PROPERTY PORTFOLIO

9 COMMERCIAL PROPERTIES WELL LOCATED IN MALAYSIA

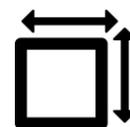


RM2.081 billion

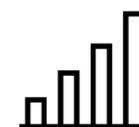
Property Value

66%

Renewal Rate



2.11 million sf
Net Lettable Area ("NLA")



3.78 years
Weighted Average Lease Expiry (WALE)



90%
Occupancy Rate



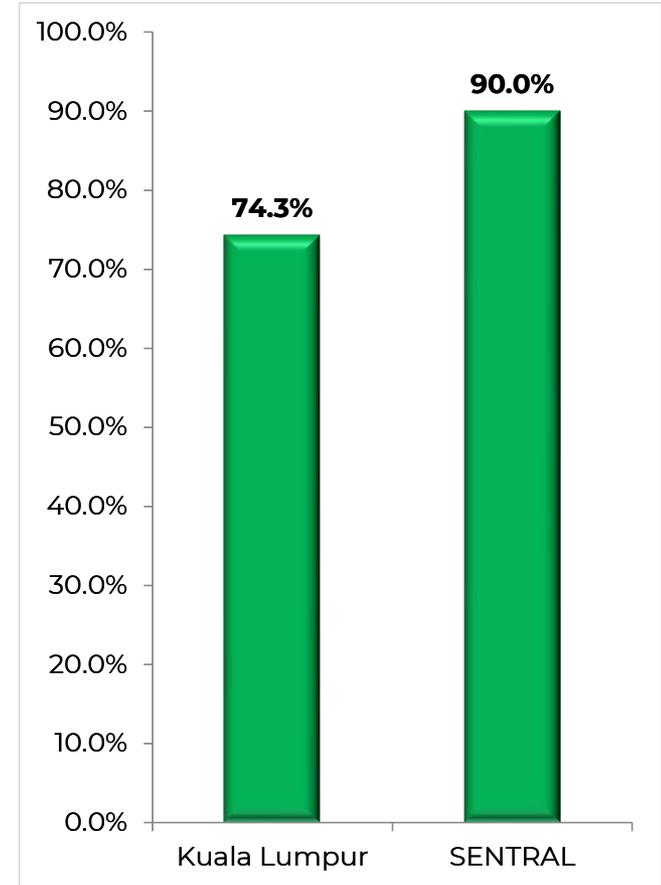
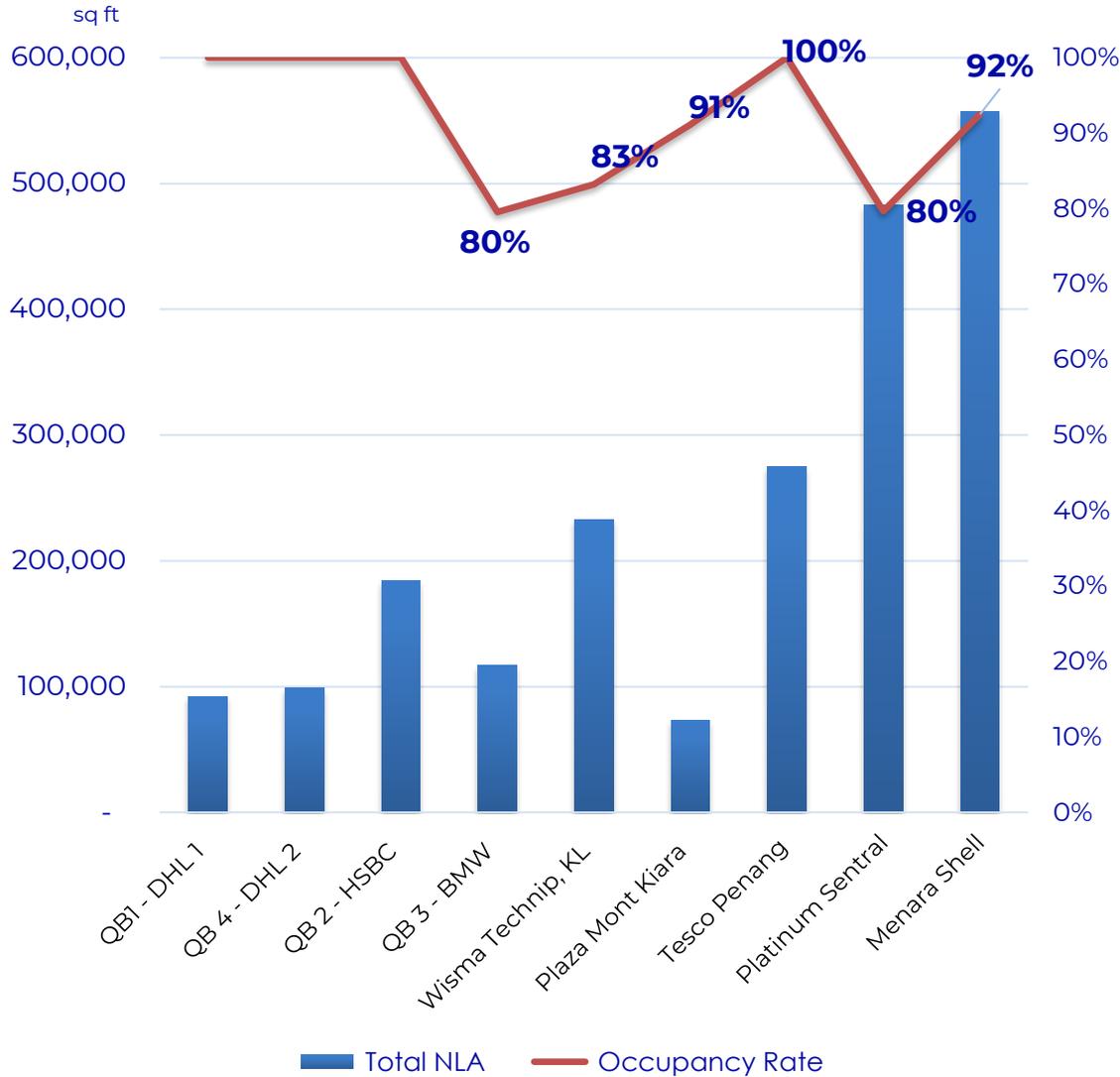
MARKET VALUATION 31 DECEMBER 2021

Name of Properties	Net Book Value as at 31 Dec 2021 (prior to Proposed Revaluation) (RM'000)	Market Valuation at as 31 Dec 2021 (RM'000)	Surplus /(Deficit) incorporated into fund (RM'000)	% increase / (decrease)	% of aggregate Appraised value
Quill Building 1- DHL 1 & Quill Building 4- DHL 2	135,000	135,000	-	-	6.5
Quill Building 2 - HSBC	123,000	119,000	(4,000)	(3.3)	5.7
Quill Building 3 - BMW	78,000	74,000	(4,000)	(5.1)	3.6
Wisma TechnipFMC	173,00	170,000	(3,000)	(1.7)	8.2
Part of Plaza Mont' Kiara	115,235	115,000	(235)	(0.2)	5.5
Tesco Building, Penang	140,000	140,000	-	-	6.7
Platinum Sentral	675,000	670,000	(5,000)	(0.7)	32.2
Menara Shell	657,466	658,000	534	0.1	31.6
Total Valuation	2,096,701	2,081,000	(15,701)	(0.7)	100.0



RESILIENT PORTFOLIO OCCUPANCY

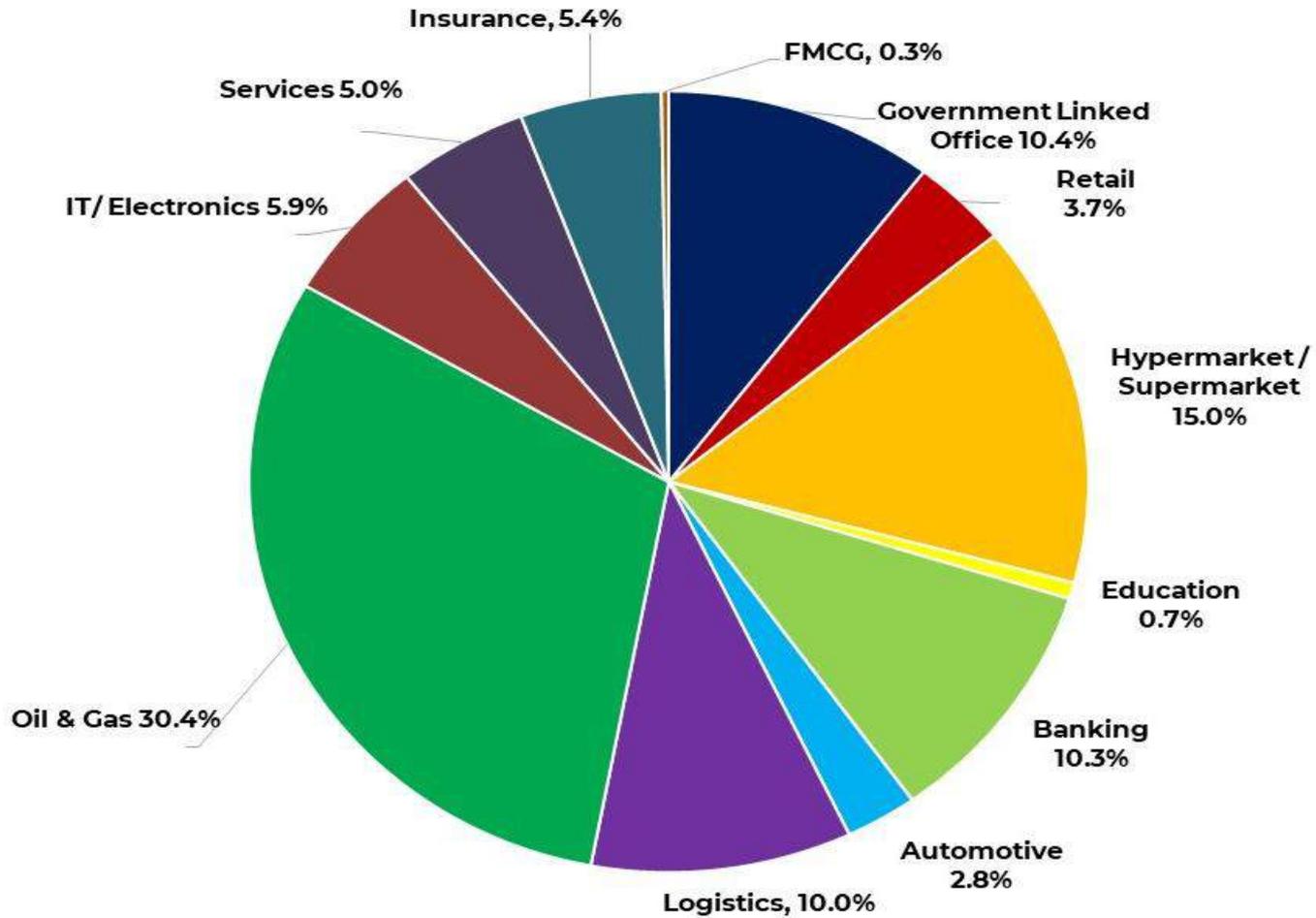
31 DECEMBER 2021: 90%



Extracted from the Property Market Overview 2021 prepared by Knight Frank Malaysia Sdn Bhd



WELL BALANCED PORTFOLIO



By NLA

Tenancy Mix

ESG Updates





COMMITMENT TO ESG EXCELLENCE

ENVIRONMENTAL

Energy and Carbon Footprint

Achieved target of 2% energy consumption reduction



16%

Reduction in energy consumption



15.7%

Reduction in GHG emissions

Water Management

Achieved target of 2% energy consumption reduction



6.3%

Reduction in water consumption

SOCIAL



Zero

Breach in customer data or privacy



RM1.77 million

Invested in Asset Enhancement Initiatives ("AEI")



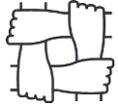
RM199,293

Invested to the community by SRM



25.7

Average training hours (SRM employees)



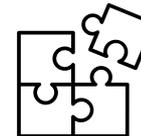
100%

Local procurement expenditure

GOVERNANCE



Zero fines pertaining non-compliance



Ensure procedures and business continuity plans are in place for Pandemic preparedness and resilience



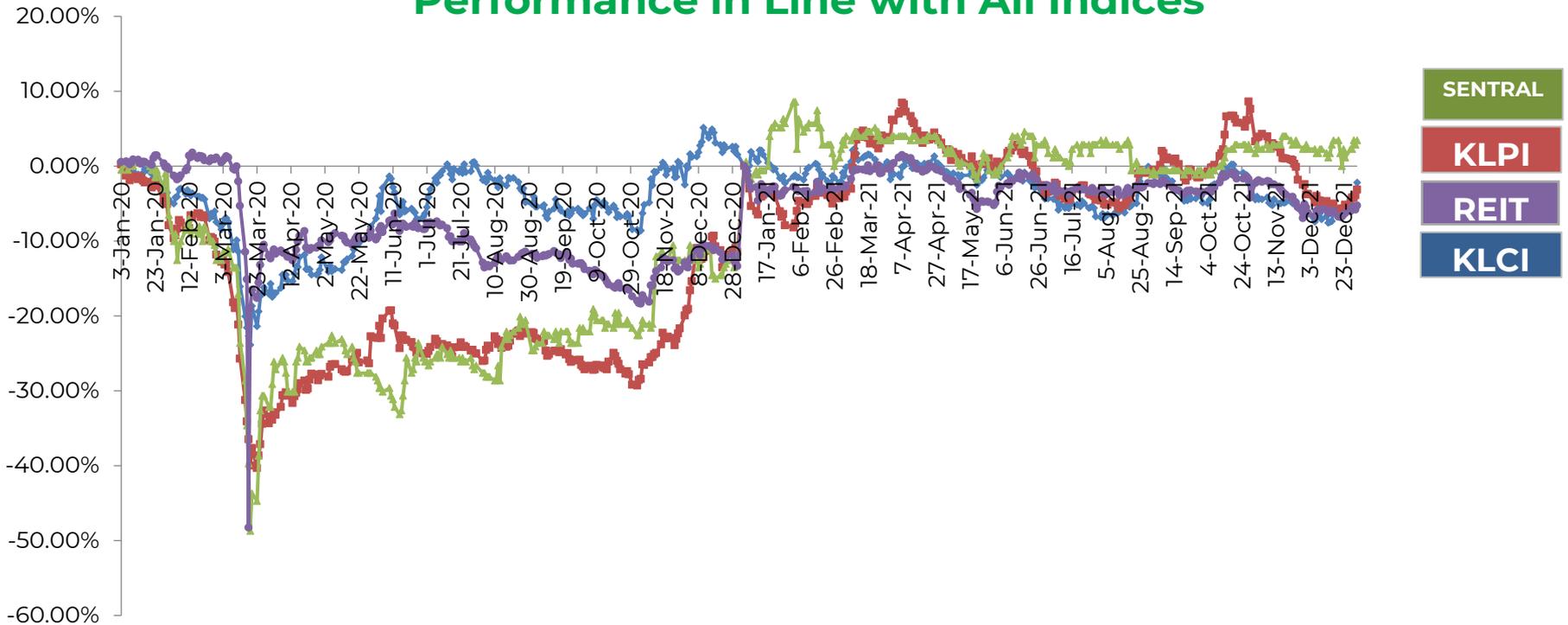
SENTRAL Unit Price Performance FY2021



SENTRAL UNIT PRICE PERFORMANCE

-Positive Total Returns in 2021

Comparative Trading Performance
Performance in Line with All Indices

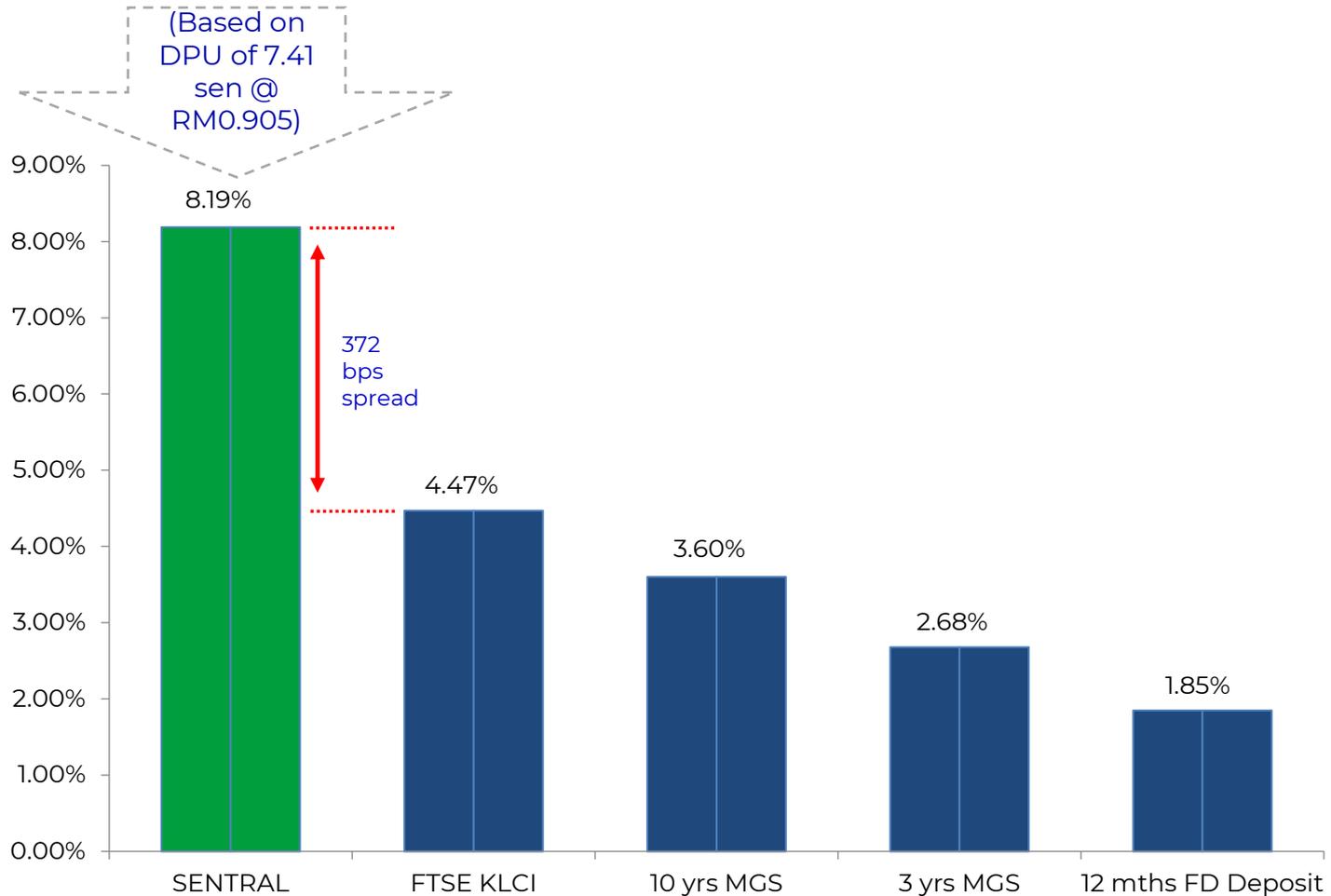


SENTRAL's Return on Investment	Capital Appreciation	Distribution Yield	Total Returns ¹
1 Jan 2021 – 31 Dec 2021	3.4%	8.19%	11.59%

1. Sum of distributions and capital appreciation for FY2020 over the closing unit price of RM0.875 on 31 December 2020.



ATTRACTIVE YIELD SPREADS



Source :

- 1) Rates for 3-yrs MGS & 10-yrs MGS rate was obtained from HSBC Daily Commentary Report dated 31 December 2021.
- 2) 12 months FD rate is from Maybank.
- 3) Dividend Yield of FTSE Bursa Malaysia KLCI as of 31 December 2021 is from Bloomberg.

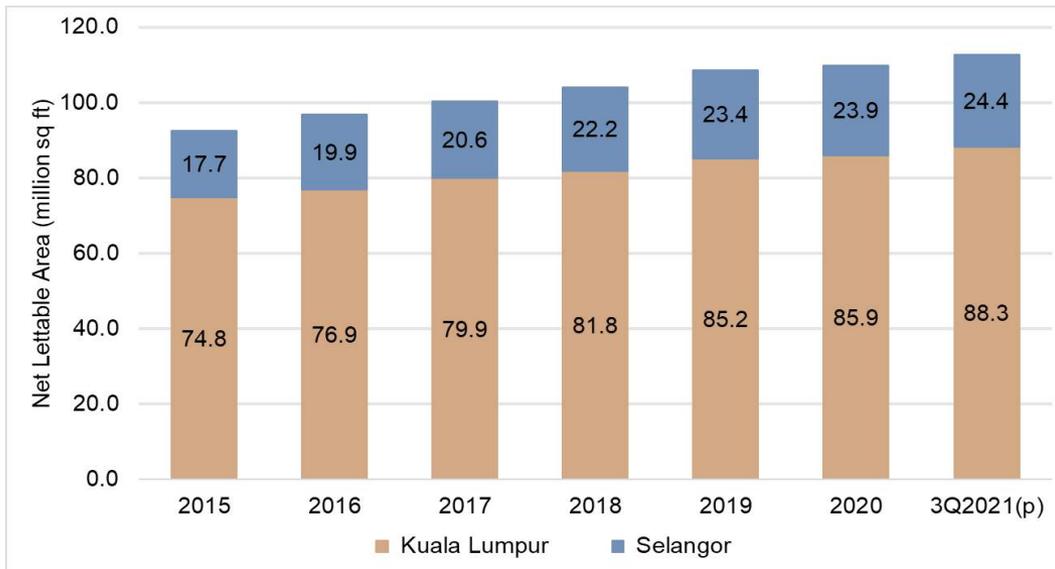
- 
- Office Market Outlook
 - Continuing Strategies



KLANG VALLEY OFFICE MARKET OUTLOOK

Extracted from the Property Market Overview 2021 prepared by Knight Frank
Malaysia Sdn Bhd for Sentral REIT

Greater KL / Klang Valley: Cumulative Supply of Purpose-Built Office Space, 2015 to 3Q2021^(p)



- Increase in office space supply.
- As of 3Q2021^(p), its cumulative existing supply stands at circa 112.7 million sq. ft.
- In the supply pipeline is circa 10.4 million sq. ft of space with scheduled completions by 2023.

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

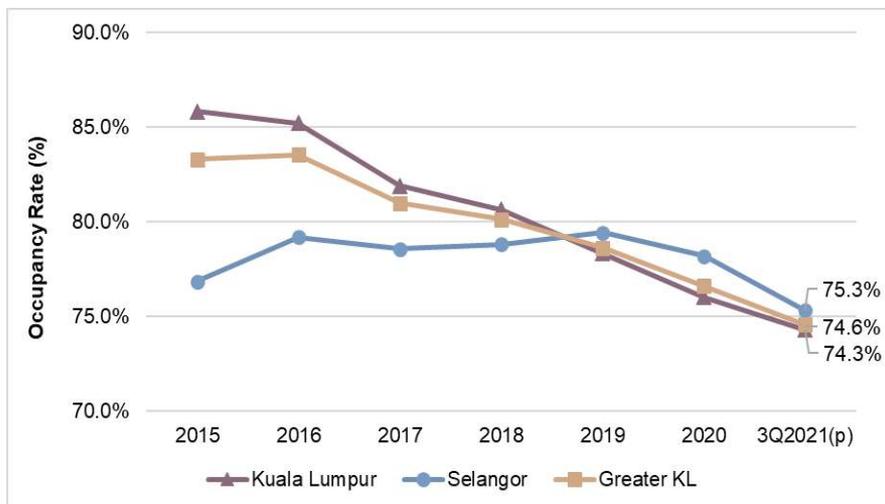


KLANG VALLEY OFFICE MARKET OUTLOOK

Extracted from the Property Market Overview 2021 prepared by Knight Frank

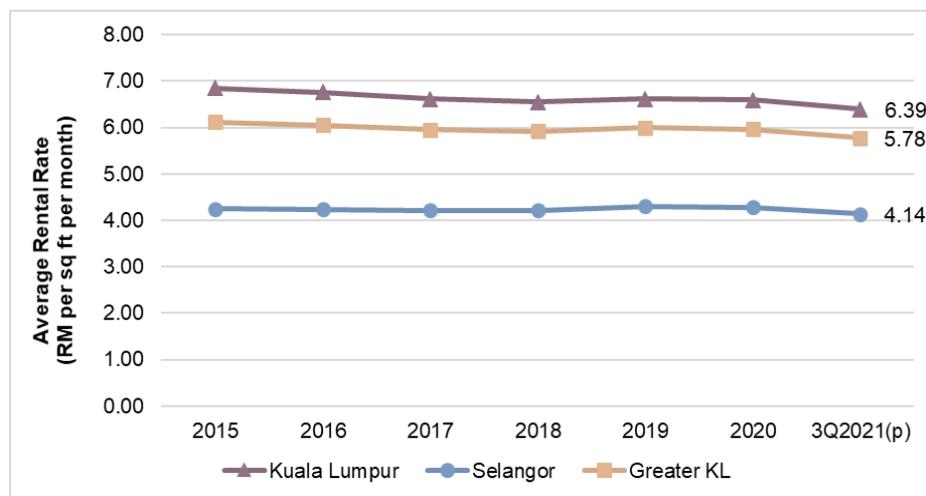
Malaysia Sdn Bhd for Sentral REIT

Occupancy Trend for Purpose-Built Office Space, 2015 to 3Q2021^(p)



- Declining occupancy rate for office space in Klang Valley.

Average Rental Rates, 2015 to 3Q2021^(p)



- Competitive rental rates.
- Scheduled completions of future office buildings.
- Increase competition in the tenant-led office market.

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

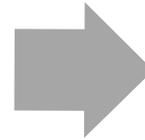
Office Market Outlook

- Physical office space remains important for purposes of collaboration and to ensure high productivity.
- The unprecedented pandemic has compelled many organisations to rethink their standard operating mode.
- Office space workspace will continue to evolve:
 - Remote and hybrid working models;
 - Embracing technology.
- In FY2022, the rental rates and occupancy levels of office buildings in Klang Valley will continue to experience downward pressure.



CONTINUING STRATEGIES

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



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



- ✓ Pursue accretive acquisitions.
- ✓ Portfolio rebalancing.



**SENTRAL
REIT**



Thank you

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Question and Answer*

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

1. What is increase or decrease in Rental Rates in FY2021 vs FY2020?

Rental rates have been stable for both years.

2. What is the Renewal Rate for FY2022 based on current market condition?

The Manager will make the necessary disclosure on the 2022 renewals in the respective quarter results announcements as and when the renewals are due.

3. Occupancy rate for Platinum Sentral was reported at 80% in FY2021 (pages 22-23 of AR) (1) What was the occupancy rate in FY2020? (2) What was the overall rental renewal growth or decline achieved in FY2021 ? (3) Has there any interest for the balance of the 20% Net Lettable Area still vacant?

Platinum Sentral occupancy in 2020 was 84% compared to 80% in 2021. It is noted that there were more active leasing enquiries towards the end of 2021. The Manager will provide more details on leasing updates in its quarterly results announcement.

4. Please confirm which property under Sentral contributes the most to the REIT.

Sentral REIT's KL Sentral properties provides higher contribution to the REIT.

5. Is HSBC moving out from Cyberjaya office to their new office at TRX?

HSBC's tenancy renewal is due in year 2022. The Manager will keep the unitholders updated on the renewal status during its quarterly results announcements.



Question & Answer Session

- 5. What's the Board's view on the coming 1-2 years real estate prospect?**
- 6. What is the outlook like for Sentral REIT in 2022? How will the headwinds of rising interest rates and trending hybrid work affect the REIT?**

While the Klang Valley office market is expected to face occupancy and rental rate pressures in the near term due to excess supply and expected increase in supply of office space, we are optimistic that the economic recovery this year will have a positive impact on the office market. The Manager believes that SENTRAL will be able to surpass these market challenges as it continues to intensify its efforts to sustain SENTRAL's revenue underpinned by its continuing strategies highlighted in slide 26 of the presentation.

A summary update on the KL Office Market is in slides 23 to 25 of the presentation.

- 7. With the increase in the cost of construction, e.g. lack of manpower, price increase in rebar, logistic costs, etc., would this allow our REIT to command higher rental income?**

In addition to cost of construction, the factors taken into consideration in determining rental rate include demand & supply, location and quality of building in terms of amenities and services.



Question & Answer Session

8. Will Sentral REIT be diversifying into other property sectors?

Based on SENTRAL's investment objective pursuant to the Trust Deed, SENTRAL's principal investment policy is to acquire and invest primarily in properties used or predominantly used for commercial purposes primarily in Malaysia. SENTRAL is able to consider all types of commercial properties in the event that there are opportunities to diversify in the future.

9. Current covid experience shows a lot of offices with low occupancy and people can work at home. How many of Sentral REIT tenancies will be expiring this year?

511,000 sq ft or 28% of SENTRAL's total NLA will be due in 2022, with majority of these leases due in the second half of 2022. The Manager will keep the unitholders updated on the renewal status during its quarterly results announcements.

10. Can SENTRAL REIT give some indication as to whether there are any acquisitions of new properties in the pipeline following the sale of Quill 5?

11. Any acquisition plan on new building to expand our portfolio in 2022?

SENTRAL is always on a lookout for good quality buildings that will potentially enhance the REIT's returns to its unitholders. This is an ongoing process and once the Manager has identified any potential asset(s) that meets its investment criteria, the Manager will make the necessary announcement at the appropriate time.



Question & Answer Session

12. With the mandate for new shares issuance, what will the Board to do with the new funds raised?

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;
- repay debt; and
- make capital expenditures

without requiring the time and financial expense of convening extraordinary general meetings. At this juncture, SENTRAL does not have any specific plans to utilise this mandate.

13. In the opinion of the Board, is this a good time for further property investment?

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)



Question & Answer Session

14. What is the average financing cost for the REIT'S property portfolio in FY2021 vs 2020? Has there been any financing facility or facilities that has been refinanced in FY2021 and if Yes, what were the amount involved?

The average financing cost in 2021 was 3.55% p.a. versus 3.99% in 2020. The Manager has successfully refinanced RM260 mil debt in 2021.

15. What will be the impact on the REIT's interest cost for every 25bps hike in OPR?

16. What will be the impact to the REIT's performance due to the upcoming rate hikes?

56% of SENTRAL's debt are on floating rate. Increase in interest cost arising from higher KLIBOR rate pursuant to the increase in OPR will have some impact on the overall financing cost of SENTRAL. Regular reviews will be carried out on the optimal mix of fixed and floating rate borrowings. If required, the Manager will enter into hedging transactions using interest rate swaps to convert the floating rate borrowing to fixed rate borrowings to mitigate exposure to a rising interest rate environment.



Question & Answer Session

17. Some of the director / board members are aged 60 years and above. Is it time for them to retire / relinquish their position?

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 and discussions 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.

18. Any bonus issue to be declared?

No proposal for bonus issue is being contemplated.