



**SENTRAL
REIT**

2022

ANNUAL REPORT



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CORPORATE INFORMATION

MANAGER

Sentral REIT Management Sdn. Bhd.
(Company No. 200601017500 (737252-X))
(Incorporated in Malaysia)

REGISTERED ADDRESS OF THE MANAGER

Level 33A, Menara NU 2,
No. 203, Jalan Tun Sambanthan,
Kuala Lumpur Sentral,
50470 Kuala Lumpur.

Telephone No. : 603-2786 8080
Facsimile No. : 603-2780 7668

PRINCIPAL PLACE OF BUSINESS OF THE MANAGER

Level 35, Menara NU 2,
No. 203, Jalan Tun Sambanthan,
Kuala Lumpur Sentral,
50470 Kuala Lumpur.

Telephone No. : 603-2786 8080
Facsimile No. : 603-2780 7988

BOARD OF DIRECTORS OF THE MANAGER

*Non-Independent
Non-Executive Directors*
Tan Sri Saw Choo Boon
(Chairman)
Ann Wan Tee
Kwan Joon Hoe

*Independent
Non-Executive Directors*
Datuk Dr. Roslan bin A. Ghaffar
Datuk Kamalul Arifin bin
Othman
Frances Po Yih Ming

SECRETARY OF THE MANAGER

Mohamed Noor Rahim bin
Yahaya
(MAICSA 0866820)
(SSM PC NO. 202008002339)

Ho Ngan Chui
(MAICSA 7014785)
(SSM PC NO. 202008001773)

BANKERS

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

WEBSITE

<https://sentralreit.com>

TRUSTEE

Maybank Trustees Berhad
8th Floor, Menara Maybank,
100, Jalan Tun Perak,
50050 Kuala Lumpur, Malaysia.

Telephone No. : 603-2078 8363
Facsimile No. : 603-2070 9387

PROPERTY MANAGER

Zaharin Nexcap Property
Consultants Sdn. Bhd.
Suite 23-5, Oval Tower
Damansara,
Menara Permata Damansara,
No. 685, Jalan Damansara,
60000 Kuala Lumpur.

Telephone No. : 603-7733 2122
Facsimile No. : 603-7733 2103

REGISTRAR

Boardroom Share Registrars
Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

Telephone No. : 603-7890 4700
Facsimile No. : 603-7890 4670

AUDITOR

Ernst & Young PLT
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur, Malaysia.

Telephone No. : 603-7495 8000
Facsimile No. : 603-2095 5332

TAX AGENT

Ernst & Young Tax Consultants
Sdn. Bhd.
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur, Malaysia.

Telephone No. : 603-7495 8000
Facsimile No. : 603-2095 5332/
7043

INTERNAL AUDITOR

BDO Governance Advisory
Sdn. Bhd.
Level 8, BDO @ Menara CenTARa,
360 Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur, Malaysia.

Telephone No. : 603-2616 2888
Facsimile No. : 603-2616 2829

SALIENT FEATURES OF SENTRAL REIT (“SENTRAL”)

Category of Fund	Real Estate Investment Trust
Type of Fund	Income and growth
Termination Date / Duration of the Fund	The earlier of: <ul style="list-style-type: none"> a) The occurrence of any events listed in clause 26.2 of the Restated Deed of Trust dated 2 December 2019 as supplemented by the Supplemental Deed dated 24 December 2020; or b) The expiration of a period of twenty one (21) years after the death of the last survivor of the issue now living of his majesty, the current Yang Di Pertuan Agung in Malaysia or until such further period as the law may permit
Approved Fund Size	1,100,000,000
Investment Objective	To acquire and invest in commercial properties primarily in Malaysia with a view to provide long term growth and sustainable distribution of income to unitholders and to achieve long term growth in net asset value per unit of SENTRAL
Distribution Policy	Semi-annual distribution
Manager’s Fee	<ul style="list-style-type: none"> • Base fee: 0.4% per annum of the total asset value (“TAV”) • Performance fee: 3% per annum of the net investment income • Acquisition fee: 1% of the acquisition price • Divestment fee: 0.5% of the disposal price
Trustee’s Fee	0.03% per annum on the RM2.5 billion of the TAV and 0.02% per annum on the TAV in excess of RM2.5 billion
Financial Year End	31 December
Board Lot	100 units per board lot
Listing	Main Market of Bursa Malaysia Securities Berhad
Stock Name	SENTRAL
Stock Code	5123
Date of Listing	8 January 2007

TRUST STRUCTURE

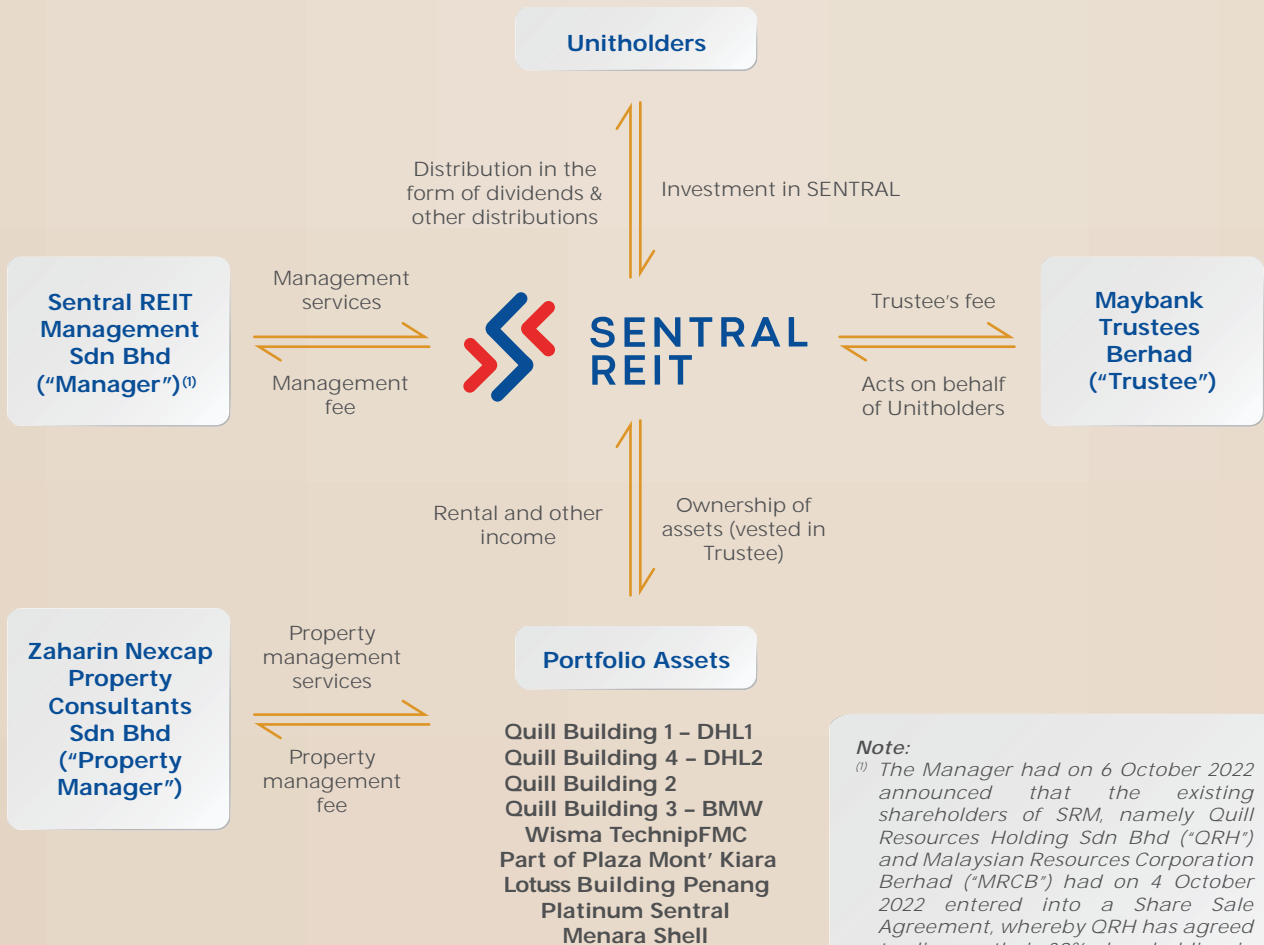
Background of SENTRAL

- Listed as Quill Capita Trust on 8 January 2007.
- Changed its name to MRCB-Quill REIT effective on 14 April 2015 following a change in sponsors.
- Changed its name to SENTRAL following a rebranding exercise on 11 January 2021.

Investment Objective

To acquire and invest in commercial properties primarily in Malaysia with a view to provide long-term growth and sustainable distribution of income to unitholders to achieve long-term growth in the net asset value ("NAV") per unit.

SENTRAL Structure



Note:

⁽¹⁾ The Manager had on 6 October 2022 announced that the existing shareholders of SRM, namely Quill Resources Holding Sdn Bhd ("QRH") and Malaysian Resources Corporation Berhad ("MRCB") had on 4 October 2022 entered into a Share Sale Agreement, whereby QRH has agreed to dispose their 39% shareholding in SRM to MRCB. The disposal exercise was completed on 19 January 2023 with the new shareholding of the Manager comprising of MRCB (80%) and Global Jejaka Sdn Bhd (20%).

ORGANISATION STRUCTURE OF THE MANAGER



PROFILE OF DIRECTORS OF THE MANAGER



TAN SRI SAW CHOO BOON
*Chairman and
Non-Independent
Non-Executive Director*

Nationality/Age/Gender
Malaysian/77/Male

Date Appointed to the Board

22 January 2016

Board Committee Membership

Nil

No. of Board Meetings Attended in 2022

4/4

Academic/Professional Qualification/Professional Membership

Bachelor of Science (Chemistry), University of Malaya (1969)

Present Directorships

- Wah Seong Corporation Berhad
- Sentral REIT Management Sdn Bhd

Working Experience:

Tan Sri Saw has 40 years of continuous service with Shell, having joined the company in 1970 as a Refinery Technologist in Shell Refining Company (Federation of Malaya) Berhad. He served in various capacities in manufacturing, supply, trading and planning in Malaysia, Singapore and Netherlands. In 1996, he was appointed as the Managing Director ("MD") of Shell MDS (Malaysia) Sendirian Berhad.

From 1998 until 1999, he was MD for Oil Products (Downstream) Shell Malaysia and MD of Shell Refining Company (Federation of Malaya) Berhad. In 1999, with the globalisation of the Shell Oil Products business, he was appointed the Vice President (VP) of the commercial business in the Asia-Pacific region and in 2004 he became the President of Shell Oil Product East. In 2005, he was appointed VP Global Marine Products. On 18 May 2006, he was appointed as Chairman of Shell Malaysia, and on 1 January 2010 as Senior Advisor, positions he held till his retirement on 30 June 2010.



ANN WAN TEE
*Non-Independent
Non-Executive Director*

Nationality/Age/Gender
Malaysian/52/Male

Date Appointed to the Board

31 March 2015

Board Committee Membership

Member of the Nomination & Remuneration Committee

No. of Board Meetings Attended in 2022

4/4

Academic/Professional Qualification/Professional Membership

- Bachelor of Commerce (Accounting) (Hons), University of Birmingham
- Fellow of the Association of Chartered Certified Accountants (FCCA)
- Member of the Malaysian Institute of Accountants (MIA)

Present Directorship

- MRCB Southern Link Berhad
- MRCB Group of Companies
- Sentral REIT Management Sdn Bhd

Working Experience

Ann Wan Tee has more than 24 years' experience spanning from project advisory, privatisation, private finance initiatives, financial feasibility studies, business valuations, mergers and acquisitions as well as corporate recovery.

Wan Tee is currently the Group Chief Financial Officer of Malaysian Resources Corporation Berhad ("MRCB"). He joined MRCB in May 2013 as the Chief Strategy Officer. Prior to MRCB, Wan Tee was the Chief Financial Officer/Finance Director of Gapurna Strategic Alliance Sdn Bhd from June 2012 to May 2013. Wan Tee was in PricewaterhouseCoopers (Advisory Services) from January 2006 to May 2012, where he left as Executive Director.

PROFILE OF DIRECTORS OF THE MANAGER

(cont'd)



KWAN JOON HOE
*Non-Independent
Non-Executive Director*

Nationality/Age/Gender
Malaysian/41/Male



**DATUK DR. ROSLAN
BIN A. GHAFFAR**
*Independent
Non-Executive Director*

Nationality/Age/Gender
Malaysian/71/Male

Date Appointed to the Board

31 March 2015

Board Committee Membership

Nil

No. of Board Meetings Attended in 2022

4/4

Academic/Professional Qualification/Professional Membership

- Bachelor of Commerce (Accounting and Finance) from University of Melbourne, Australia
- Member of the Certified Public Accountant, Australia

Present Directorship

- MRCB Southern Link Berhad
- MRCB Group of Companies
- Sentral REIT Management Sdn Bhd

Working Experience:

Kwan Joon Hoe is currently the Group Chief Operating Officer of MRCB.

He joined MRCB as Senior Vice President of MRCB Groups' Property Division in January 2014. Kwan Joon Hoe was appointed as the Chief Operating Officer of MRCB on 1 March 2015 and was promoted to his current position on 1 June 2017.

He joined Gapurna in 2008 as the Group's Financial Controller, spearheading the RM1 billion Lot 348 development (Menara Shell) in Kuala Lumpur Sentral CBD. He was then promoted to the position of Chief Executive Officer managing Gapurna's property development function in 2012 before joining MRCB. Prior to joining Gapurna, he served in 2 accounting firms in their respective audit and advisory functions.

Date Appointed to the Board

16 June 2015

Board Committee Membership

- Chairman of the Audit & Risk Committee
- Member of the Nomination & Remuneration Committee

No. of Board Meetings Attended in 2022

4/4

Academic/Professional Qualification/Professional Membership

- Bachelor of Science degree from the Louisiana State University, Baton Rouge, USA
- Doctor of Philosophy in Agricultural Economics from University of Kentucky, Lexington, USA

Present Directorships

- Box-Pak (Malaysia) Berhad
- Mieco Chipboard Berhad
- Sentral REIT Management Sdn Bhd

Working Experience:

Datuk Dr. Roslan has over 30 years of experience in the areas of economics, finance and investment. He was the Head of Economics Department of Universiti Putra Malaysia ("UPM") from 1985 to 2001. While with UPM, he provided consultancy services to World Bank, Asian Development Bank, Winrock International and the Economic Planning Unit of the Prime Minister's Department.

In 1994, Datuk Dr. Roslan was appointed as Director of Investment and Economic Research Department, Employees Provident Fund ("EPF"). He was promoted to the position of Senior Director in 1996 and later, held the position of Deputy Chief Executive Officer of EPF until his retirement in 2007.

PROFILE OF DIRECTORS OF THE MANAGER

(cont'd)



**DATUK KAMALUL ARIFIN
BIN OTHMAN**
*Independent
Non-Executive Director*

Nationality/Age/Gender
Malaysian/63/Male



FRANCES PO YIH MING
*Independent
Non-Executive Director*

Nationality/Age/Gender
Malaysian/64/Female

Date Appointed to the Board

8 March 2019

Board Committee Membership

- Member of the Audit & Risk Committee
- Chairman of the Nomination & Remuneration Committee

No. of Board Meetings Attended in 2022

4/4

Academic/Professional Qualification/Professional Membership

- Bachelor of Estate Management (Honours) from Universiti Teknologi MARA
- Masters degree in Business Administration from Ohio University, Athens, United States of America
- Fellow of the Royal Institution of Chartered Surveyors, United Kingdom
- Fellow of the Royal Institution of Surveyors Malaysia
- Fellow of the Malaysian Institute of Property and Facility Managers
- Registered Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers
- Leadership education at the Wharton School of the University of Pennsylvania, Harvard University and the SAID Business School, University of Oxford

Present Directorships

- Perbadanan PR1MA Malaysia
- Penang Sentral Sdn Bhd
- BGMC International Limited
- Sentral REIT Management Sdn Bhd

Other Memberships/Appointments/Involvements

- Property Advisor with Perbadanan Usahawan Nasional Berhad
- Development Committee Member with Institut Jantung Negara
- Committee Member of Development, Investment and Baitulmal of Majlis Agama Islam dan Adat Istiadat Melayu Kelantan

Working Experience:

Datuk Kamalul Arifin is a Chartered Surveyor by training with more than 35 years of experience in the real estate sector. He was the Group Managing Director/Chief Executive Officer of Pelaburan Hartanah Berhad since its inception in 2006 until 2018.

He started his career in 1985 with Rahim & Co. Chartered Surveyors Sdn Bhd before moving on to Permodalan Nasional Berhad in 1988. He then joined Arab-Malaysian Merchant Bank Berhad (now AmBank Group) in 1991 and remained with the Group for 16 years with his last position as the Chief Executive Officer of AmProperty Trust Management Berhad which managed the first listed property trust in the country.

Datuk Kamalul Arifin is the first President of the Malaysian Institute of Property and Facility Managers and was also an Adjunct Professor with the Faculty of Built Environment, University of Malaya. He has participated in many conferences as Speaker and Moderator and has written various articles related to the property industry for professional journals and publications.

Date Appointed to the Board

17 July 2020

Board Committee Membership

- Member of the Audit & Risk Committee
- Member of the Nomination & Remuneration Committee

No. of Board Meetings Attended in 2022

4/4

Academic/Professional Qualification/Professional Membership

- Bachelor of Accounting (Honours) from University Malaya
- Chartered Accountant of the Malaysian Institute of Accountants
- Fellow of the Chartered Tax Institute of Malaysia.

Present Directorships

- Frontier Digital Ventures Limited
- Sentral REIT Management Sdn Bhd

Working Experience:

Frances Po spent more than 36 years specialising in tax and she was a tax partner of PricewaterhouseCoopers ("PwC") Malaysia until her retirement in July 2019.

During the course of her career in PwC, Frances Po held various leadership roles including Business unit leader for International Tax Services/Mergers & Acquisition Tax ("ITS/M&A Tax") from 2012-2019 and Tax business unit leader for Energy, Utilities, Multimedia & Infocommunication ("EUMI") from 2005-2012. She held the role of Tax people partner for several years. She was an active speaker at both external and internal conferences. She presented/chaired at the annual PwC seminar for a decade. She initiated and organised the annual PwC Asia Pacific ITS/M&A training and networking event since 2012.

ADDITIONAL INFORMATION:

1. Save as disclosed, none of the Directors have any family relationship with any Directors and/or major shareholders of the Manager and/or major unitholders of SENTRAL.
2. None of the Directors have any conflict of interest with the Manager and/or SENTRAL.
3. None of the Directors have
 - a. Been convicted of any offence (other than traffic offences) within the past five (5) years; and
 - b. Been imposed with any public sanctions or penalty by the relevant regulatory bodies during the financial year.

THE MANAGEMENT TEAM OF THE MANAGER



From left to right :

Alex Low Kam Seng	<i>Manager, Asset Management</i>
Phuah Ngah Yuin	<i>Senior Executive, Finance</i>
Jean Wong Wen Looi	<i>Senior Manager, Legal</i>
Derek Teh Wan Wei	<i>Chief Executive Officer</i>
Joyce Loh Mun Ching	<i>Chief Investment Officer</i>
Chan Fong Hin	<i>General Manager, Asset Management</i>
Shirley Tam Soot Lee	<i>General Manager, Finance</i>
Christie Pun Nyuk Len	<i>Senior Manager, Lease Administration</i>
Alice Yap Soh Ping	<i>Manager, Lease Administration</i>



THE MANAGEMENT TEAM OF THE MANAGER

(cont'd)



DEREK TEH WAN WEI
Chief Executive Officer

Nationality/Age/Gender
Malaysian/44/Male



JOYCE LOH MUN CHING
Chief Investment Officer

Nationality/Age/Gender
Malaysian/44/Female

Date of appointment as Chief Executive Officer:
1 April 2022

**Academic/Professional Qualification(s)/
Professional Membership(s):**

Master of Business Systems from Monash University

Double Bachelor's Degrees in Property & Construction (Building) and Planning & Design from the University of Melbourne.

Present Directorship(s):

Kinabalu Capital Sdn Bhd
Trusmadi Capital Sdn Bhd
Murud Capital Sdn Bhd
Samwise Capital Sdn Bhd

Working Experience:

Derek has over 20 years of experience in the property industry. Prior to SRM, Derek was the Vice President, Properties at MRCB, where he provided leadership, management and overseeing the business operations of development for various commercial, residential, mixed development projects. He also worked at CIMB-Mapletree Management Sdn Bhd and led the investment, fund management, development management and asset management functions for a portfolio of real estate assets, where he left as Chief Investment Officer.

Other than as disclosed, he does not have any family relationship with any director and/or major unitholder of SENTRAL. He does not have personal interest in any business arrangements involving SENTRAL and has not been convicted of any offences within the past 5 years.

He does not hold any units in SENTRAL.

Date of appointment as Chief Investment Officer:
1 January 2023

**Academic/Professional Qualification(s)/
Professional Membership(s):**

Bachelor of Commerce Degree from University of Melbourne Australia

Present Directorship(s):
Nil

Working Experience:

Joyce has been with SRM spanning over 12 years overseeing the investment and investor relations functions as core responsibilities, while also contributing to the leasing, financing/treasury and asset management functions.

Her past working experiences include corporate finance and advisory where she started her career in BDO Capital Consultants Sdn Bhd and Covenant Equity Consulting Sdn Bhd as a corporate consultant involved in corporate advisory and recovery projects for various industry sectors. She was also an investor relations personnel with a public listed company in the insurance industry prior to moving into the real estate industry.

Other than as disclosed, she does not have any family relationship with any director and/or major unitholder of SENTRAL. She does not have personal interest in any business arrangements involving SENTRAL and has not been convicted of any offences within the past 5 years.

She does not hold any units in SENTRAL.

MANAGEMENT DISCUSSION AND ANALYSIS - FINANCIAL HIGHLIGHTS

Fund Performance	2022	2021	2020	2019	2018
Total Asset Value (RM)	2,146,717,146	2,180,376,227	2,227,662,488	2,213,704,358	2,271,385,292
Net Asset Value ("NAV") (RM)					
- Before income distribution	1,291,041,895	1,317,865,770	1,323,501,754	1,323,489,418	1,372,289,531
- After income distribution	1,254,386,916	1,275,208,806	1,284,381,674	1,287,370,331	1,331,025,885
Units in circulation	1,071,783,000	1,071,783,000	1,071,783,000	1,071,783,000	1,071,783,000
NAV per unit (RM)	1.2046	1.2296	1.2349	1.2348	1.2804
Highest NAV per unit (RM)	1.2312	1.2458	1.2445	1.2801	1.3018
Lowest NAV per unit (RM)	1.1960	1.2053	1.2072	1.2348	1.2612
Highest traded price per unit (RM)	1.02	0.95	1.00	1.12	1.25
Lowest traded price per unit (RM)	0.85	0.86	0.51	0.99	1.00
Distribution Per Unit ("DPU") (sen)	6.82	7.41	7.08	6.80	8.08
- Interim	3.40	3.43	3.43	3.43	4.23
- Final	3.42	3.98	3.65	3.37	3.85
Dates of Distribution					
- Interim	30/9/2022	20-Sep-21	30-Sep-20	23-Sep-19	19-Sep-18
- Final	28/2/2023	28-Feb-22	26-Feb-21	28-Feb-20	28-Feb-19
Effect of Income Distribution on NAV per unit					
- Before Distribution (RM)	1.2046	1.2296	1.2349	1.2348	1.2804
- After Distribution (RM)	1.1704	1.1898	1.1984	1.2011	1.2419
Closing price on the last trading day	0.895	0.905	0.875	1.00	1.06
Distribution yield (per annum) ^(a)	7.62%	8.19%	8.09%	6.80%	7.62%
MER ^(b)	1.09%	1.10%	1.09%	1.06%	1.09%
Average Total Returns					
- for 1 year ^{(c)(i)}	5.96%	6.84%	6.55%	5.83%	6.85%
- 3 financial years ^{(c)(iii)}	19.34%	19.22%	19.23%	19.83%	18.80%
- 5 financial years ^{(c)(iii)}	32.03%	33.21%	31.18%	31.82%	34.28%
Annual Total Returns ^(d) (RM)	73,625,238	84,485,957	80,954,941	72,107,547	84,653,758
Proposed final income distribution	36,654,979	42,656,964	39,120,080	36,119,087	41,263,646

(a) Based on the closing price on the last trading day of the respective financial years.

(b) Management Expense Ratio (MER) is computed based on total fees including Manager's fee, Trustee's fee, valuation fees and administration expenses charged to SENTRAL divided by the average net asset value during the year.

Since the average net asset value of the Trust is calculated on a monthly basis, the MER of SENTRAL may not be comparable to the MER of other real estate investment trust/unit trusts which may use a different basis of calculation. The computation of MER has been verified by the auditors.

(c) (i) Average Total Returns for 1 year is computed based on the Annual Total Returns for financial year ended 2022 divided by the weighted average unitholders capital for the financial year ended 2022.

(ii) Average Total Returns for 3 financial years is computed based on the Annual Total Returns for last 3 financial years/periods divided by the weighted average unitholders capital for the last 3 financial years/periods.

(iii) Average Total Returns for 5 financial years is computed based on the Annual Total Returns for last 5 financial years/periods divided by the weighted average unitholders capital for the last 5 financial years/periods.

(d) Annual Total Returns is defined as the Net Realised Income for the respective financial years.

Warning statement - The past performance is not necessarily indicative of future performances and that unit prices and investment returns may fluctuate.

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

As at 31 December 2022, SENTRAL's investment comprised nine (9) commercial buildings with four (4) located in Cyberjaya, four (4) in Kuala Lumpur and one (1) in Penang. The details of SENTRAL's properties are as follows.



QUILL BUILDING 1 – DHL 1

- Address / Location : 3509 & 3511, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Darul Ehsan
- Title : HSD 28552, PT 40578, Mukim of Dengkil, District of Sepang, State of Selangor
- Property Type and Age : Commercial Building, 20 years
- Description : 4-storey office building together with a sub-basement and a basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area : 92,284 square feet ("sq. ft.")
- Existing Use : Commercial Building
- Parking Space : 315 lots
- Date of Acquisition : 20 November 2006
- Acquisition Price : RM52,100,000
- Market Value as at 31 December 2022 : RM135,000,000*
- Name of Valuer : CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2022: 100%
- Tenant : DHL Information Services (Asia-Pacific) Sdn. Bhd.
- Tenancy Period : 5+5 years from 1 January 2016
- Trade Sector Analysis:
 - By Percentage of Occupied Net Lettable Area – 100% Logistic Tenant
 - By Percentage of Gross Rental – 100% Logistic Tenant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM728,452

Note:

* On 14 August 2008, the respective pieces of land on which Quill Building 1 – DHL 1 and Quill Building 4 – DHL 2 have been amalgamated pursuant to the condition imposed by the Securities Commission during the initial Public Offering of SENTRAL (then known as Quill Capita Trust). As such, the valuations of Quill Building 1 – DHL 1 and Quill Building 4 – DHL 2 have been carried out based on the amalgamated properties. The total valuation of the 2 properties amounted to RM135,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



QUILL BUILDING 4 – DHL 2

- Address / Location : 3509 & 3511, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Darul Ehsan
- Title : HSD 28552, Lot PT 40578, Mukim of Dengkil, District of Sepang, State of Selangor
- Property Type and Age : Commercial Building, 16 years
- Description : 4-storey office building together with a sub-basement and 2 levels basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area : 99,183 sq. ft.
- Existing Use : Commercial Building
- Parking Space : 309 lots
- Date of Acquisition : 20 November 2006
- Acquisition Price : RM57,000,000
- Market Value as at 31 December 2022 : RM135,000,000*
- Name of Valuer: CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2022: 100%
- Tenant : DHL Information Services (Asia-Pacific) Sdn. Bhd.
- Tenancy Period : 5+5 years from 1 January 2016
- Trade Sector Analysis:
 - By Percentage of Occupied Net Lettable Area – 100% Logistic Tenant
 - By Percentage of Gross Rental – 100% Logistic Tenant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM614,111

Note:

* On 14 August 2008, the respective pieces of land on which Quill Building 1 – DHL 1 and Quill Building 4 – DHL 2 have been amalgamated pursuant to the condition imposed by the Securities Commission during the initial Public Offering of SENTRAL (then known as Quill Capita Trust). As such, the valuations of Quill Building 1 – DHL 1 and Quill Building 4 – DHL 2 have been carried out based on the amalgamated properties. The total valuation of the 2 properties amounted to RM135,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

- PORTFOLIO OVERVIEW

(cont'd)



QUILL BUILDING 2

- Address / Location : 3500, Jalan Teknokrat 3, 63000 Cyberjaya, Selangor Darul Ehsan
- Title : HSD 30755, Lot PT 43966, Mukim of Dengkil, District of Sepang, State of Selangor
- Property Type and Age : Commercial Building, 19 years
- Description : 4-storey office building together with a sub-basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Nil
- Net Lettable Area : 184,453 sq. ft.
- Existing Use : Commercial Building
- Parking Space : 442 lots
- Date of Acquisition : 20 November 2006
- Acquisition Price : RM107,500,000
- Market Value as at 31 December 2022 : RM108,000,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn. Bhd.
- Occupancy as at 31 December 2022: Vacant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM1,598,606

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



QUILL BUILDING 3 – BMW

- Address / Location : 3501, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Darul Ehsan
- Title : GRN 169506, Lot 33084, Mukim of Dengkil, District of Sepang, State of Selangor
- Property Type and Age : Commercial Building, 18 years
- Description : 4-storey office building together with a level of sub-basement and a level of basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area : 117,198 sq. ft.
- Existing Use : Commercial Building
- Parking Space : 347 lots
- Date of Acquisition : 20 November 2006
- Acquisition Price : RM59,400,000
- Market Value as at 31 December 2022 : RM71,000,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn. Bhd.

- Occupancy as at 31 December 2022 : 68%
- Major Tenants and Tenancy Details:

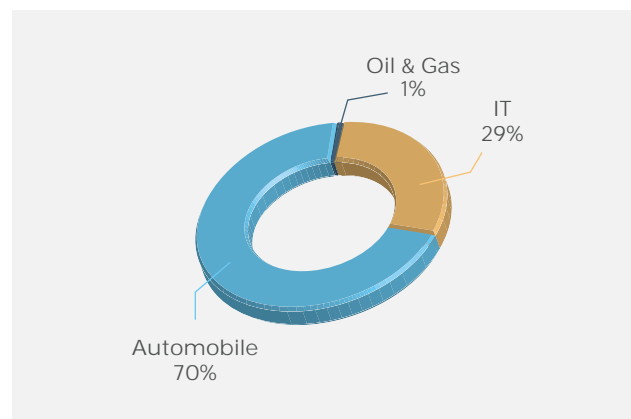
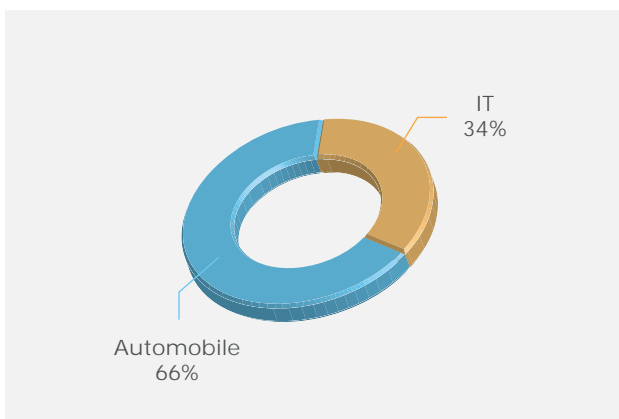
Tenant	BMW Asia Technology Centre Sdn. Bhd.
Tenancy Period	10 years from 7 July 2015
Tenant	BMW Malaysia Sdn. Bhd.
Tenancy Period	10 years from 7 July 2015
Tenant	Huawei Technologies (Malaysia) Sdn. Bhd.
Tenancy Period	3+3+3 years from 1 February 2018
Tenant	BMW Credit (Malaysia) Sdn. Bhd.
Tenancy Period	8.8+3+3 years from 1 October 2016

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



- Trade Sector Analysis:
 - By Percentage of Occupied Net Lettable Area
 - By Percentage of Gross Rental



- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM2,291,881

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



WISMA TECHNIP

- Address / Location : 241, Jalan Tun Razak, 50400 Kuala Lumpur
- Title : Geran 43313, Lot No. 1262 Seksyen 67, Bandar Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
- Property Type and Age : Office Building, 29 years
- Description : 12-storey office building with a mezzanine floor and three split-levels basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Hong Leong Investment Bank as security agent (pending completion of discharge)
- Net Lettable Area : 233,021 sq. ft.
- Existing Use : Office Building
- Parking Space : 310 lots
- Date of Acquisition : 3 September 2007
- Acquisition Price : RM125,000,000
- Market Value as at 31 December 2022 : RM153,700,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn. Bhd.
- Occupancy as at 31 December 2022 : Vacant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM2,423,314

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



PART OF PLAZA MONT' KIARA

- Address / Location : Plaza Mont' Kiara, No. 2, Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur
- Title : Parent Lot No. 56054, Mukim Batu, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
- Property Type and Age : Commercial lots and car parks, 20 years
- Description : An integrated stratified retail/office commercial units located in Plaza Mont' Kiara within the ground floors of Blocks A & B and Blocks C & D, and at the basement and ground floor of Block E. The car park lots are located in Blocks A, B, C, D and E.
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Hong Leong Investment Bank as security agent (pending completion of discharge)
- Net Lettable Area : 73,408 sq. ft. (excluding 1,506 car park lots)
- Existing Use : Retail and car park
- Parking Space : 1,506 lots
- Date of Acquisition : 3 September 2007
- Acquisition Price : RM90,000,000
- Market Value as at 31 December 2022 : RM113,000,000
- Name of Valuer : IVPS Property Consultant Sdn. Bhd.
- Occupancy as at 31 December 2022 : 94%
- Tenants : Multi-tenanted retail tenants from various sectors, including banking, food & beverages, beauty & fashion, childcare, fitness and convenient marts
- Tenancy Period : ranging between 1 to 3 years period

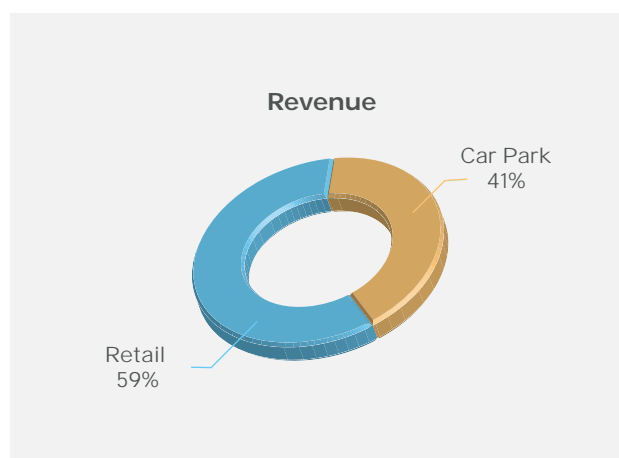
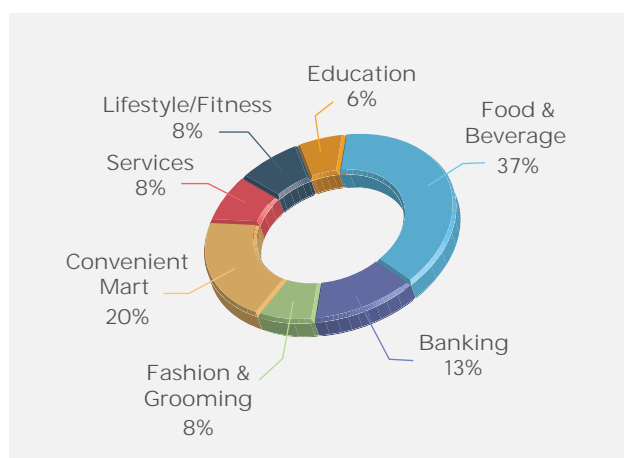
MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



PART OF PLAZA MONT' KIARA (CONT'D)

- Trade Sector Analysis:
 - By Percentage of Occupied Net Lettable Area (excluding car parks)
 - By Percentage of Revenue (car park vs retail tenancy)



- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM2,799,245

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



LOTUSS BUILDING, PENANG

- Address / Location : 1, Lebuhraya Tengku Kudin 1, 11700 Penang
- Title : Geran 77969, Lot No. 778, Section 4, Town of Jelutong, North East District, Penang
- Property Type and Age : Commercial Building, 18 years
- Description : 3-storey purpose built hypermarket
- Tenure : Term in perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area : 275,020 sq. ft.
- Existing Use : Commercial building
- Parking Space : 1,050 lots
- Date of Acquisition : 7 November 2008
- Acquisition Price : RM132,000,000
- Market Value as at 31 December 2022 : RM140,000,000
- Name of Valuer : IVPS Property Consultant Sdn. Bhd.
- Occupancy as at 31 December 2022 : 100%
- Tenant : Lotuss Stores (Malaysia) Sdn. Bhd.
- Tenancy Period : 29 October 2004 to 31 August 2032
- Trade Sector Analysis:
 - By Percentage of Occupied Net Lettable Area – 100% Retail Tenant
 - By Percentage of Gross Rental – 100% Retail Tenant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM620,462

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



PLATINUM SENTRAL

- Address / Location: Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur
- Title : GRN 46222, Lot 73 Section 70, Within Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
- Property Type and Age: Commercial Building, 11 years
- Description: 5 blocks of 4 to 7 storey commercial building comprising office-cum-retail space, a multi-purpose hall and 2 levels of car park
- Tenure: Term in Perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area: 483,038 sq. ft.
- Existing Use : Commercial building
- Parking Space : 635 lots
- Acquisition Price: RM740,000,000
- Date of Acquisition: 30 March 2015
- Market Value as at 31 December 2022: RM670,000,000
- Name of Valuer : Knight Frank Malaysia Sdn Bhd
- Occupancy as at 31 December 2022: 96%
- Major Tenants and Tenancy Details:

Tenant	Small and Medium Enterprise Corporation Malaysia
Tenancy Period	15+3 years from 1 July 2011

Tenant	SBM Malaysia Sdn. Bhd.
Tenancy Period	3+3+3+3+3 years from 28 October 2011
Tenant	Platinum KLS Centre (MYS) Sdn Bhd
Tenancy Period	9+3 years from 18 July 2019 3.5+3+3 years from 27 Aug 2019 2+2.2+1+3 years from 18 Sept 2020 and 1.76+1+1 year from 17 Feb 2023
Tenant	Johnson Matthey Services Sdn Bhd
Tenancy Period	3+3+3 years from 20 Feb 2023
Remaining Tenants	Multi-tenanted office-cum retail tenants from various sectors including education, food & beverages, clinic, fitness and convenient stores
Tenancy Period	Ranging from 1 year

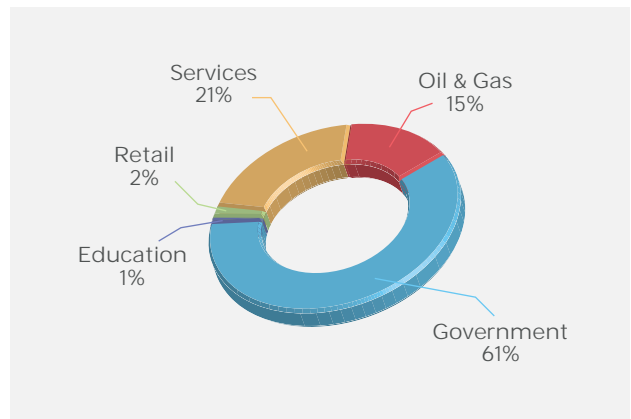
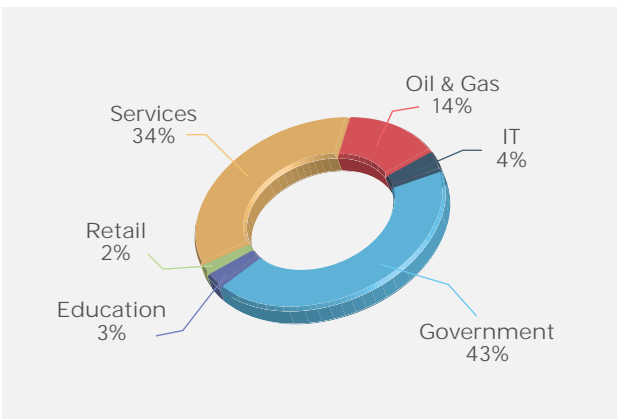
MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



PLATINUM SENTRAL (CONT'D)

- Trade Sector Analysis:
 - By Percentage of Occupied Net Lettable Area
 - By Percentage of Gross Rental



- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM10,232,773

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



MENARA SHELL

- Address / Location : 211, Jalan Tun Sambanthan, 50470 Kuala Lumpur
- Title : Parent Lot No. 348, Section 72, Town and District of Kuala Lumpur, Federal Territory of Kuala Lumpur
- Property Type and Age : Commercial Building, 9 years
- Description : 33-storey stratified office building erected on a 5 storey podium and a 4 storey basement car park
- Tenure : Term in perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area : 557,458 sq. ft.
- Existing Use : Commercial building
- Parking Space : 925 lots
- Date of Acquisition : 22 December 2016
- Acquisition Price : RM640,000,000
- Market Value as at 31 December 2022 : RM670,000,000
- Name of Valuer : CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2022: 99%

MANAGEMENT DISCUSSION AND ANALYSIS

- PORTFOLIO OVERVIEW

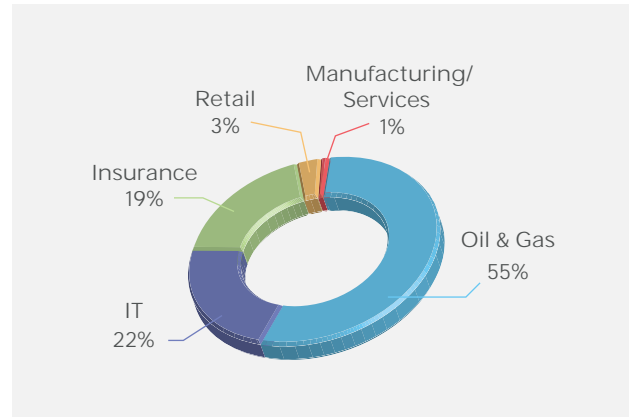
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- Major Tenants and Tenancy Details:

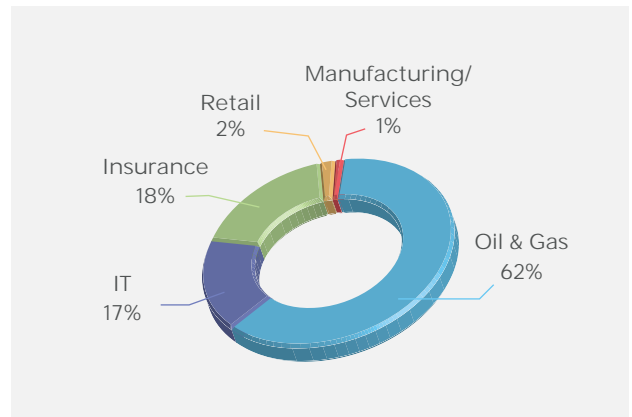
Tenant	Shell Malaysia Trading Sdn. Bhd.
Tenancy Period	15+5 years from 1 November 2013
Tenant	AmGeneral Insurance Berhad
Tenancy Period	3+3+1+1.5 years from 1 August 2015
Tenant	Google Services Malaysia Sdn. Bhd.
Tenancy Period	3+3+3+3+3 years from 1 June 2019 3+3+3+3+3 years from 1 April 2020 3+3+3+3+3 from 1 Jul 2022 and 3+3+3+3+3 from 1 Oct 2022
Tenant	Microsoft (Malaysia) Sdn Bhd
Tenancy Period	6+3 years from 15 July 2018
Tenant	ReMark Malaysia Pte Ltd
Tenancy Period	3+1+1+1 years from 1 October 2018
Tenant	Coca-Cola Far East Limited
Tenancy Period	3+3+3 years from 7 June 2014
Remaining Tenants	Retail tenants from various sectors including banking, food & beverages, clinic, childcare centre and convenient stores
Tenancy Period	3 years

- Trade Sector Analysis:

- By Percentage of Occupied Net Lettable Area



- By Percentage of Gross Rental



- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM14,952,073

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

OVERVIEW – 2022 OPERATING ENVIRONMENT

2022 was the year where most nations around the world reopened borders, adapted to the new normal, and moved on with their economy recovery plans, post two years of COVID-19 pandemic lockdowns. Notwithstanding, the global economy is still faced with on-going challenges from the conflicts in Eastern Europe, rising commodity prices, inflation and potential global recession. On this premise, the International Monetary Fund estimates global growth at 3.4% in 2022 but projected it to fall to 2.9% in 2023.

(Source: International Monetary Fund – World Economic Outlook Update (Jan 2023))

Malaysia experienced steady economic recovery with a rebound in its gross domestic product (“GDP”) with a growth of 3.1% in 2021, compared to a contraction in the previous year. This recovery momentum continued through into 2022 with growth recorded in every quarter during the year. The Government’s efforts to spur economic recovery, post COVID-19 via providing conducive business environment, facilitating trade and investment, improving labour market conditions, safeguarding households’ livelihood and inculcating sustainability principles throughout the whole spectrum of the economy has been positive. Moving on from this momentum, Malaysia’s GDP expanded 7.0% in the fourth quarter, while recording overall 8.7% growth in 2022.

(Source: BNM)

The Malaysian domestic financial market was volatile in 2022. The Kuala Lumpur Composite Index (“KLCI”) began the year on a bearish note below 1,550 points. and registered a further decline towards the end the year at 1,495.49. The performance of the Malaysian equity market was affected by cautious sentiment weighed in by anxiety over tighter monetary conditions following persistent high inflation, slowing global growth momentum and heightened geopolitical risk.

The performance of Kuala Lumpur Real Estate Index (“KLREI”) on Bursa Malaysia Securities Berhad in 2022 was also down despite outperforming the KLCI. While there were encouraging earnings recovery for Malaysian-REIT (“M-REIT”) sector, which was mainly driven by retail and industrial assets, rising interest rates continued to be a drag on M-REITs’ unit price performance. Notwithstanding, the M-REIT sector

gained positive momentum in 2022 with several M-REITs announcing their respective investment activities, particularly on acquisition of industrial properties. The sector also welcomed a new player with the listing of a new industrial REIT in September 2022, thereby concluding a total number of 19 listed M-REITs to-date.

In the anticipation of steady economic recovery following improvements in domestic growth, Bank Negara Malaysia (“BNM”) had eased its monetary accommodation with the emphasis that the pace of interest rate normalisation would be implemented in a measured and gradual manner to ensure that the market could adjust accordingly. The Overnight Policy Rate (“OPR”) was increased in May, July, September and November 2022 respectively, by a total of 100 basis points (bps) from its historical low of 1.75% held since 7 July 2020, to 2.75%. The rise in Interest rates albeit at relative low levels versus historical, is expected to compress earnings of most sectors as a result of higher finance cost, including the property and REIT sectors.

(Source : BNM)

The Malaysian Government Securities (“MGS”) and corporate bond yields generally trended upwards and the higher yield environment was due to upward adjustment of the OPR and external monetary movements. The increase in Malaysian bond yields resulting in the narrowing of the yield spread between M-REIT sector and Malaysian bonds, may render M-REIT as a less appealing for yield play. Notwithstanding, the sector still demonstrated resilience following the resumption of economic activities. It continues to be an attractive sector and a stable defensive investment option amidst the current inflationary environment. Despite the rising interest rate environment, the current environment remains favourable to M-REIT as the sector is still recording an average yield of 4% - 6% at present, albeit lagging behind its historical yields. Equity Investors are likely to seize on opportunities by looking out for stocks with positive economic prospects, but we believe that exposure to defensive and high-dividend yield names would still be the preferred strategy in these volatile times.

MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

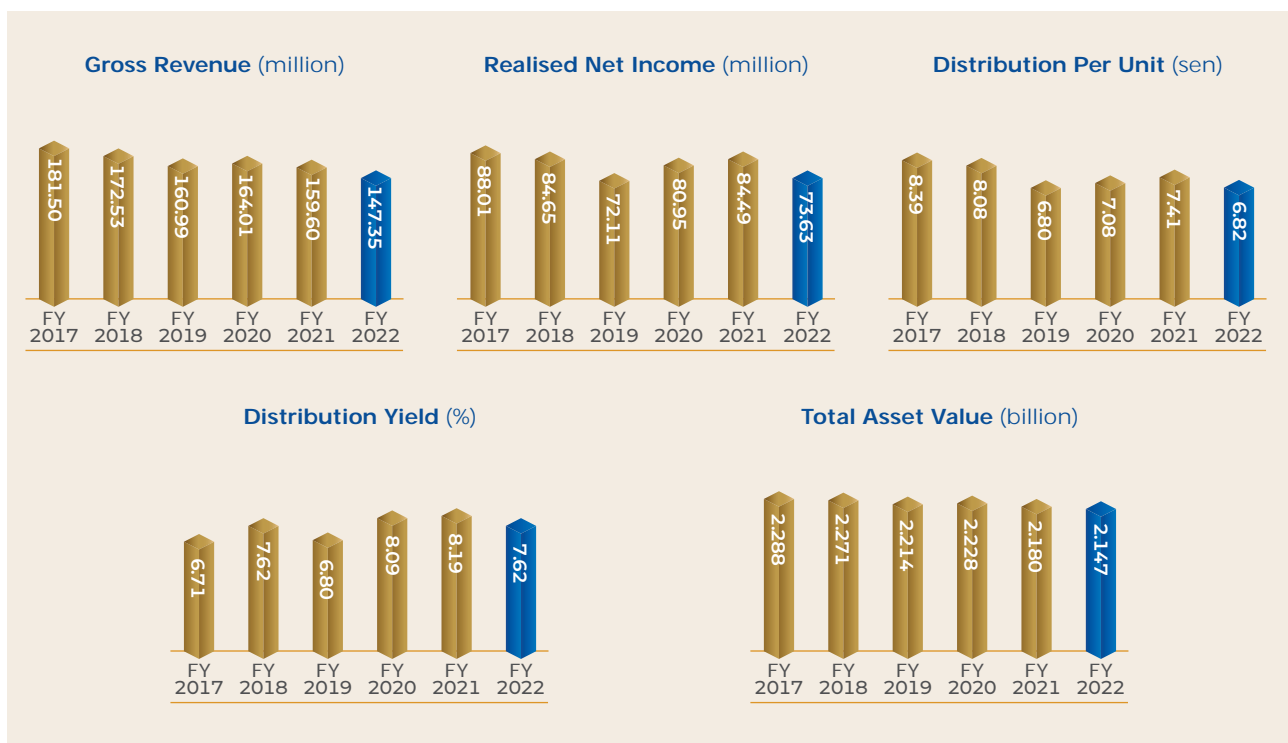
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The resumption of economic activities since October 2021 has augured well for the M-REIT sector. The full reopening of the economy has since normalised people movement to pre-pandemic levels with retail M-REITs experiencing recovery in retail traffic footfall and sales. The subsequent reopening of the country's borders to international arrivals in April 2022 saw a rebound in air traffic and has augured well for the hospitality M-REIT. The improvement in business sentiment and resumption of work in offices has been a positive note for the office segment despite the sector still grappling with oversupply concerns, due to lack of economic catalyst to boost office space demand and tenants downsizing to adopt hybrid work mode. More M-REIT players have moved into the industrial spaces with several announcing their respective acquisitions of industrial properties to grow their portfolio. This segment remains strong, reaping from the growth in e-commerce as and manufacturing sectors.

The Klang Valley office market remained challenging in 2022. As at 3Q 2022, Klang Valley was estimated to have an existing stock of 113.1 million sq. ft. The volume of future office supply in Klang Valley is estimated at 5.5 million sq. ft. with concentration of supply in Kuala Lumpur scheduled for completion by 2023. Notwithstanding the additional supply to the market, Klang Valley overall occupancy rate inched up to 73.9% in 2022 compared to the previous year of 73.4%. Meanwhile, occupancy rates in Cyberjaya declined 1.2% to 72.2% from the previous year's rate of 73.4%. In the near term, the rental rates and occupancy levels of office buildings are expected to experience downward pressures due to the supply-demand gap and heightened competition in the tenant-led office market with existing and newly completed buildings competing for the same pool of tenants. Embracing technology and new normal operating models will continue to be leading trends of office market occupiers. The incoming supply coupled with the "flight to quality" will incentivise landlord to shift its focus to asset management and enhancement initiatives by refurbishing/revamping their office buildings to meet current demands. In addition, landlords will continue to focus on tenant retention by offering various incentives to remain competitive in this tenant-led market.

(Source: Property Market Overview 2022 prepared by Knight Frank Malaysia Sdn. Bhd. for SENTRAL)

FINANCIAL PERFORMANCE



MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

For financial year ended 31 December 2022 ("FY2022"), SENTRAL recorded a gross revenue of RM147.35 million, representing a decrease of 7.3% as compared to RM159.60 million recorded in the preceding financial year ended 31 December 2021 ("FY2021"). Correspondingly, it recorded a net property income of RM114.70 million for FY2022, representing a decrease of 6.5% as compared to RM122.65 million recorded in the preceding financial year. The lower net property income recorded in FY2022 was mainly due to lower revenue contribution from Quill Building 2 and Wisma Technip due to the departure of the anchor tenants for the said buildings.

SENTRAL recorded a total realised income and distributable income of RM73.63 million for FY2022, a decrease of 12.9% from the total realised income and distributable income of RM84.49 million for FY2021. The decrease is mainly due to the lower net property income recorded and the one-off gain from the divestment of Quill Building 5 in FY2021. Correspondingly, the Realized Earnings Per Unit ("EPU") and distributable income per unit for FY2022 was 6.87 sen, which is approximately 12.9% lower compared to the EPU and distributable income per unit of 7.88 sen recorded in FY2021.

Taking into consideration the on-going uncertainties and challenging operating landscape, SENTRAL's financial performance in FY2022 was satisfactory with its financial performance meeting market consensus. The financial results in FY2022 were anchored by the stable performance of its properties in KL Sentral and the ability of the Manager to manage operational cost and cash flows effectively during the year. The Manager was focused in deploying its on-going asset management and leasing strategies centred on tenant retention as well as prudent cost management to achieve sustainable occupancy and income contribution in FY2022. Through these efforts, SENTRAL recorded a stable weighted average lease expiry profile ("WALE") and average occupancy rate of 3.19 years and 77% respectively, as at 31 December 2022.

Distribution to Unitholders

In line with the Restated Trust Deed dated 2 December 2019 and Supplemental Trust Deed dated 24 December 2020, SENTRAL has maintained its policy of distributing at least 90% of its distributable income at least semi-annually.

On 19 January 2023, the Board had declared a final Distribution Per Unit ("DPU") of 3.42 sen for the period from 1 July 2022 to 31 December 2022 which was paid out to unitholders of SENTRAL on Tuesday, 28 February 2023. This final DPU of 3.42 sen, together with the interim distribution of 3.40 sen per unit for the period from 1 January 2022 to 30 June 2022, which was paid on 30 September 2022, amounted to a FY2022 DPU of 6.82 sen. The Trustee and the Board of the Manager did not recommend any further distribution for FY2022.

On a year-on-year comparison, the FY2022 DPU of 6.82 sen is 8.0% lower than the FY2021 DPU of 7.41 sen which is inclusive of the one-off gains from the divestment of Quill Building 5. This translates to a distribution yield of 7.62% based on the closing price of RM0.895 per unit as at 31 December 2022.

BUSINESS PERFORMANCE

(A) Portfolio Highlights

As at 31 December 2022, SENTRAL's portfolio investment comprised nine (9) commercial buildings with four (4) located in Cyberjaya, four (4) in Kuala Lumpur, one (1) in Penang and it continued to receive steady income from these portfolio of assets in FY2022. For further details of each property, kindly refer to SENTRAL's Portfolio Overview on pages 12 to 24.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(A) Portfolio Highlights (cont'd)

Revaluation of Properties as at 31 December 2022

Summarised below is the latest valuation of SENTRAL's portfolio of properties as at 31 December 2022:

Name of Properties	Valuation as at 31 Dec 2022 (RM'000)	Valuation as at 31 Dec 2021 (RM'000)	% of Investment (%)
Quill Building 1-DHL 1 and Quill Building 4-DHL 2	135,000	135,000	6.6
Quill Building 2	108,000	119,000	5.2
Quill Building 3-BMW	71,000	74,000	3.4
Wisma Technip FMC	153,700	170,000	7.5
Part of Plaza Mont' Kiara	113,000	115,000	5.5
Lotuss Building Penang	140,000	140,000	6.8
Platinum Sentral	670,000	670,000	32.5
Menara Shell	670,000	658,000	32.5
Total Investment Properties	2,060,700	2,081,000	100.0

The annual valuation of SENTRAL's portfolio of properties was conducted at the close of FY2022. SENTRAL's total portfolio registered a portfolio value of RM2.0607 billion for FY2022 compared to the Net Book Value as at 31 December 2022* of RM2.084 billion, translating to a revaluation loss of RM23.908 million. The portfolio revaluation loss was mainly due to the devaluation of several properties in the portfolio.

The fair valuation loss on investment properties recognized in the Consolidated Statement of Comprehensive Income amounts to RM22.326 million. The reconciliation between the decrease in investment properties and fair value loss is as follows:

	RM'000
Decrease in investment properties as per 31 December 2022 valuation	(23,908)
Add: Lease income recognised in prior years	1,582
Fair value loss of investment properties (Unrealised)	(22,326)

Upon incorporating the fair value loss of investment properties, the total net asset value ("NAV") and NAV per unit (after income distribution) are RM1.254 billion and RM1.1704 per unit, respectively (FY 2021 total NAV and NAV per unit (after income distribution) is RM1.318 billion and RM1.1898 per unit respectively).

* The Net Book Value as at 31 December 2022 (prior to the revaluation) for the properties comprise of the brought forward net book value as at 31 December 2021 together with asset enhancement related costs incurred during the year.

MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(A) Portfolio Highlights (cont'd)

Property Portfolio Summary Information

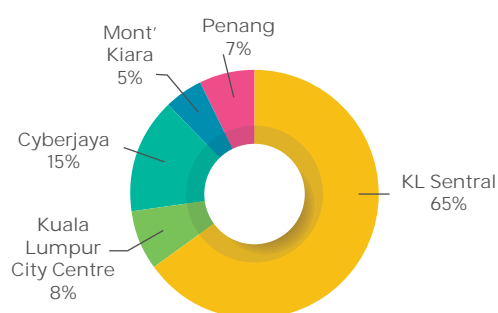
Portfolio details	FY 2022	FY 2021
No of Assets – Commercial Real Estates ⁽¹⁾	9	9
Valuation of Investment Properties (RM'000)	2,060,700 ⁽³⁾	2,081,000 ⁽²⁾
Net Lettable Area (“NLA”) (sq. ft.)	2,114,938	2,114,938
Portfolio Occupancy rate (%)	77	90.0
Weighted Average Lease Expiry (years)	3.19	3.78
Renewal Rate (%)	41.0	66.0

Notes:

- 1) SENTRAL's composition of investment portfolio consist of only real estate assets.
- 2) After taking into account the accrued rental income of RM15.11 million as required under MFRS 140, paragraph 50, the investment properties amount as shown in the Consolidated Statement of Financial Position is RM2.07 billion.
- 3) After taking into account the accrued rental income of RM13.53 million as required under MFRS 140, paragraph 50, the investment properties amount as shown in the Consolidated Statement of Financial Position is RM2.05 billion.

Geographical Diversification (by Valuation)

9 properties well spread over Cyberjaya, Kuala Lumpur, Selangor and Penang.

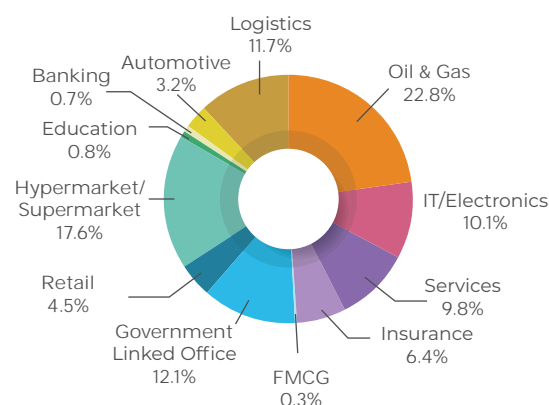


Klang Valley	78%
Cyberjaya	15%
Penang	7%

Note:

- (1) Based on valuation dated 31 December 2022

A Well Balance Tenancy Mix (By Net Lettable Area)



MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

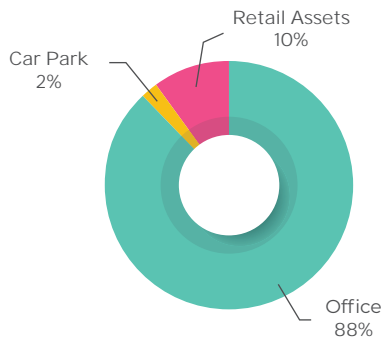
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BUSINESS PERFORMANCE (cont'd)

(A) Portfolio Highlights (cont'd)

Property Portfolio Summary Information
(cont'd)

Segmental Contributions (By Valuation)



Notes:

- (1) Office comprises Quill Buildings, Platinum Sentral, Menara Shell and Wisma Technip
- (2) Retail Assets refers to retail portion of Plaza Mont' Kiara & Lotuss Building Penang
- (3) Car Park refers to car parking bays in Plaza Mont' Kiara
- (4) Based on valuation dated 31 December 2022

(B) Review of Operation Activities

The Klang Valley office market operating environment was challenging despite the reopening of all economic sectors during the year. While leasing activities have picked up momentum in 2022 in comparison to the previous year, the office segment continued to be pressured by the change in working arrangements and the oversupply conditions in selected areas in Klang Valley.

The COVID-19 pandemic has altered the way businesses operate. Post pandemic, many corporates are revisiting their office space requirements with the increased requirements for physical distancing in the workplace and hybrid/remote working. Many businesses have revamped their operations model whereby some office operations were split into multiple sites (i.e. decentralisation) or embarked on modification of workspaces and collaborative areas to meet the new normal office requirements. In addition, with the influx of newly completed office buildings, we are seeing a flight to quality trend by corporates embarking on these operational changes. Specifically, corporate tenants are

seeking new office spaces that can provide workspace flexibility, enhanced facilities, and information & technology ("IT") infrastructure to ensure the continuity and sustainability of their business operations.

While there is an increasing trend of corporations in Malaysia practicing remote/flexible work arrangements, we believe that this new normal 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. In terms of sectors, major office occupiers in Klang Valley such as the oil & gas and financial services sectors which traditionally bolstered the demand for the Klang Valley office space, continue to be cautious in its rental commitments amid weaker corporate earnings and subdued business sentiment. Demand from the services sector, serviced offices, shared service operations, business process outsourcing sector ("BPO"), IT and technology-based sectors continued to be prevalent and encouraging.

In response to mitigating the challenges of the Klang Valley office market, we have during the year continued with our leasing strategy to focus on improving SENTRAL's tenant retention rate, maintaining a stable weighted average lease expiry ("WALE") and stabilizing of its portfolio's occupancy rate.

SENTRAL had approximately 511,000 sq. ft. or 29% of its total committed NLA due for renewal in 2022. Our leasing and asset management strategy throughout the year has confirmed a take-up rate of approximately 212,000 sq. ft. of NLA or approximately 41% of the total leases due in 2022. The lower renewal rate recorded in 2022 was mainly due to the non-renewal of leases by two anchor tenants in Quill Building 2 and Wisma Technip, respectively. This non-renewal resulted in a drop in SENTRAL's portfolio occupancy rate to 73% in 2Q2022, its lowest since SENTRAL's listing on Bursa Securities. Notwithstanding, we are pleased to highlight that approximately 121,000 sq. ft. of vacant spaces were successfully leased in 2022 as a result of SRM's active leasing strategies to fill the vacant office spaces in KL Sentral and retail spaces in Plaza Mont' Kiara. Correspondingly, SENTRAL recorded an improved average occupancy rate of 77% as of 31 December 2022 and is above the Klang Valley office market average occupancy rate of 73.9% in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(B) Review of Operation Activities (cont'd)

SENTRAL initiated its tenant assistance programme in 2020 to cater to the needs of its tenants, mainly the SME retail tenants who were financially affected by the pandemic. The objective of these assistance is to elevate tenants' cash flow burdens due to the inability to operate during the pandemic and to ensure the sustainability of their operations in the longer run. The ability of SENTRAL's tenants to ride out this pandemic was essential to the sustainability of SENTRAL's occupancy rate and income. In consideration of the general improvement in economic activities during the year, rental assistance was not provided to tenants in FY2022.

Moving forward, we expect competition in the Klang Valley office market to remain intense in a midst of a prolonged oversupply condition. Competition from newer buildings offering competitive rental rates will continue to be the key leasing risk for SENTRAL. To mitigate this, strong tenant management and tenant retention will continue to be SENTRAL's key focus in 2023. For the marketing of existing vacant spaces, we will leverage on new and existing networks to market the available office spaces in SENTRAL's portfolio with the focus on bringing in new tenants from the IT, oil & gas, e-commerce, serviced office and shared services sectors. SENTRAL will also evaluate the possibility of repurposing some of its existing buildings to cater for non-office usages, where possible. With the positive leasing outcomes achieved in 2022 in filling up the vacant spaces in selected properties in KL Sentral, we intend to continue to pursue our on-going marketing programmes with the aim of improving the portfolio occupancy rate in 2023.

Tenants' requirement for high-grade buildings with up to-date specifications are key considerations when planning for SENTRAL's yearly asset enhancement plans. We believe that consistent quality and service of our portfolio of properties are crucial for our properties to remain competitive and relevant. On a yearly basis, we will embark on refurbishments and asset enhancement works mainly aimed at promoting a conducive work environment for tenants. This will also include providing a safer and

sustainable environment which can also assist the tenants to achieve their health, safety and environment and sustainability goals.

Safety was as one of the key focus in our 2022 asset enhancement initiatives. Various safety features have been included in SENTRAL's buildings such as the enhancement of the perimeter fencing at Quill Building 1 and Quill Building 4. Improvement works planned for Platinum Sentral have commenced in December 2022. Under this initiative, the building's safety feature is prioritized with the upgrade of the outdoor courtyard wood deck areas which could be a potential safety hazard for tenants with the wear and tear. In addition, enhancement of the lighting system to provide better visibility at dark secluded areas at Levels 2 and 3 of Platinum Sentral will also be part of the safety enhancement to the building. The upgrading of Menara Shell's common area facilities such as toilets and lobby were successfully completed towards the end of the year.

(C) Investment and Asset Management Strategies

The investment objective of SENTRAL is to acquire and invest in commercial properties primarily in Malaysia with a view to provide long-term growth and sustainable distribution of income to unitholders and to achieve long-term growth in the net asset value per unit of SENTRAL.

SENTRAL's investments are subject to the investment limits imposed under the Listed REIT Guidelines and Bursa Securities Main Market Listing Requirements ("Listing Requirements"). SENTRAL shall continue to comply with these guidelines and other requirements imposed by the relevant authorities from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(C) Investment and Asset Management Strategies (cont'd)

We remain focused in achieving SENTRAL's key investment objectives while seeking additional income growth and enhancement of SENTRAL's property portfolio over time through the following strategies:

1. Acquisition growth and portfolio management strategy

The Manager seeks to selectively acquire additional properties that meet the investment criteria to enhance yields and return while improving portfolio diversification. The acquisition strategy takes into consideration rental yield, occupancy and tenant characteristics, location, value-adding opportunities, and building and facilities specifications.

SENTRAL intends to hold the properties on a long-term basis. However, at the appropriate time, the Manager will recommend an adjustment of the property portfolio mix through acquisition or sale of one or more of the authorised investments or commercial properties with the objective of maximising total returns to unitholders. The proceeds from such sales would be either deployed to purchase other attractive authorised investments or, in the absence of appropriate investments, distributed to unitholders or to par down borrowings.

2. Active asset management strategy

To increase the property yield of existing commercial space and correspondingly maximising returns from the existing commercial space, the following strategies have been implemented:

- Maximization of tenant retention through proactive tenant management and efficient property related services;

- Diversification of tenant base to balance exposure to certain business sectors that are more susceptible to general economic cycles;
- Implementation of proactive marketing plans;
- Continued minimization of property expenses without compromising the quality and services; and
- Asset enhancement by constantly improving and maintaining the quality and physical condition of the properties.

There were no changes in the strategies adopted during the financial year compared to the strategies employed in the preceding years and are consistent with those stated in the prospectus dated 11 December 2006. As the above strategies remain relevant to SENTRAL under the current operating environment and market condition, the Manager will continue to adopt them in the coming year.

Investment/Divestment activities in 2022

There were no acquisitions and/or disposals in 2022.

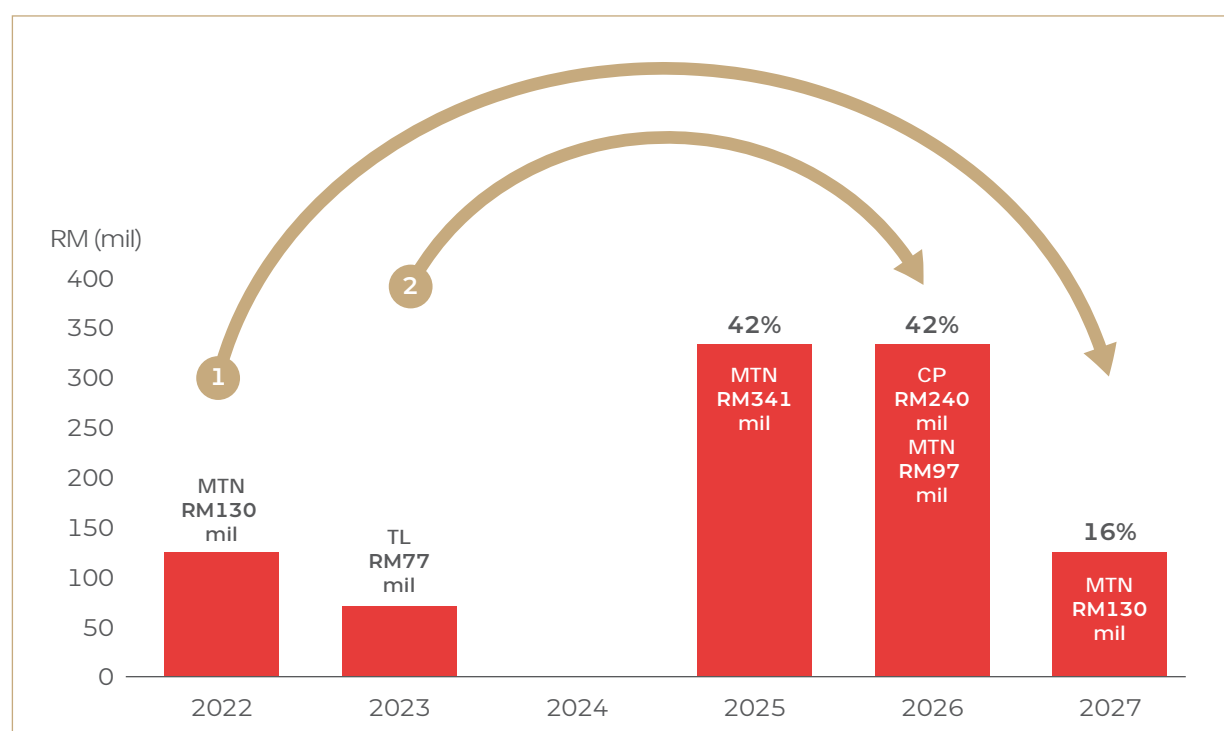
MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(D) Capital Management

SENTRAL continues to stay disciplined and prudent in its capital management. SENTRAL's debt maturity profile remains well-distributed with the successful refinancing of RM207 million debt refinancing in March 2022. The completion of the above refinancing exercises extended SENTRAL's debt average term to maturity and addressed all of SENTRAL's refinancing needs until 2025, as depicted below:



Notes:

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

Summarised below is SENTRAL's financial indicators which have remained stable in FY 2022:

Details	FY 2022	FY 2021
Total Debt (RM' million)	804.49	805.65
Average Cost of Debt (% p.a.)	3.62	3.55
Average Debt to Maturity (years)	3.30	3.16
Gearing Ratio (%)	37.48	36.95
Interest Coverage (%)	3.56	3.90
Fixed and Float Rate Composition (%)	34% Fixed/ 66% Float	44% Fixed/ 56% Float

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(E) Risk Management

Risk management is an integral part of SENTRAL's business as it ultimately supports the business in meeting its business objectives and strategies, and consequently creating and preserving value for its unitholders. Explained below are the key risk affecting SENTRAL's operations and control measures adopted to mitigate such risks.

Business Risk

Strong competition, poor economic and market conditions and over supply of commercial space are some of the key factors that could result in lessees/key tenants not renewing their leases or reduced rental rates and adversely affect the leasing performance of SENTRAL's properties. To deal with such challenges, mitigating actions taken are:

- Establishing a diversified tenant base across its portfolio with a good mix of high-quality multinational and large local conglomerate tenants from various sectors/industries;
- Active engagement of key strategic tenants to understand and meet their needs;
- Asset enhancement and maintenance initiatives to maintain the quality of SENTRAL's properties to be the preferred choice for tenants; and
- Lease negotiation well ahead of lease expiry and locking tenants in for longer lease term.

Credit Risk

Credit risk is the potential earnings volatility caused by tenants' inability and/or unwillingness to fulfil their contractual lease obligations, as and when they fall due. There is a stringent collection policy in place to ensure that credit risk is minimised. In addition to the requirement for upfront payment of security deposit of an amount typically equivalent to three months' rent, the Manager also establishes vigilant monitoring and debt collection procedures. Specifically, we have an ageing analysis in place to monitor the credit quality of the receivables. More stringent monitoring of receivable with significant balances past due more than 30 days will be conducted as they are deemed to have higher credit risk.

To mitigate the credit/default risk which can lead to premature/early lease terminations by tenants effected by COVID-19, supporting SENTRAL tenants, especially the small and medium-sized enterprise tenants through these COVID-19 challenges remain our priority. Through our tenant assistance programme, we will provide assistance on a case-to-case basis and where necessary to the affected tenants. In consideration of the general improvement in economic activities, no rental assistance was provided in FY2022.

Liquidity Risk

Liquidity risk exposure arises principally from SENTRAL's various payables, loans and borrowings.

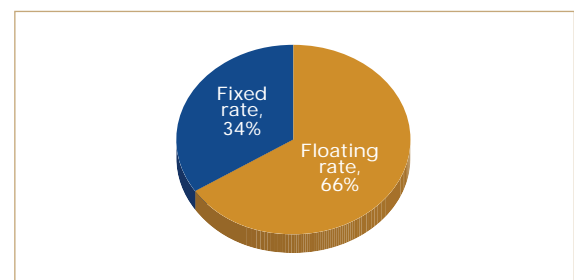
SENTRAL maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to finance the operations, to distribute income to unitholders, and to mitigate the effects of fluctuations in cash flows.

Amidst the COVID-19 pandemic, SENTRAL continues to prioritise managing cash flow and exercising financial discipline. Based on SENTRAL's current performance, it has continued to distribute semi-annually.

Interest Rate Risk

To mitigate interest rate fluctuations and to provide certainty of income contribution to SENTRAL, it is our interest rate risk policy to maintain majority fixed rate borrowings for all its existing debts.

However, in 2022 and subsequent to the refinancing of the RM130 million borrowings under Kinabalu Capital Sdn Bhd and the early refinancing of RM77 million term loan under Trusmadi Capital Sdn Bhd, a sizeable portion of SENTRALs borrowings remained on floating interest rate.



MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(E) Risk Management (cont'd)

Interest Rate Risk (cont'd)

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.

It is anticipated that BNM will continue with the tightening of its monetary policy through gradual increase in the OPR. However, it is expected that Malaysia's monetary policy will continue to remain supportive of economic recovery throughout 2023 and any change in monetary policy will be guided how the overall domestic inflation and domestic growth performs.

Compliance Risk

SENTRAL is required to comply with the relevant legislations and regulations that include the Capital Markets and Services Act 2007, the Listing Requirements, Listed REIT Guidelines and the tax rulings issued by the Inland Revenue Board of Malaysia on the taxation of SENTRAL and its Unitholders. As a listed REIT, non-compliance of the above will impact not only SENTRAL's financial performance but will have deep repercussion on its reputation.

As part of the requirements set out in the Listed REIT Guidelines, SENTRAL has appointed a Compliance Officer who is required to proactively identify applicable laws and regulatory obligations, and any updates or changes therein and ensure that SENTRAL's day-to-day operations comply with these requirements. The Manager has in place a monitoring framework that tracks SENTRAL's compliance of these applicable legislations and regulations on an on-going basis. The Compliance Officer also periodically monitors the operations of SENTRAL to ensure that there are no breaches to the covenants of the Trust Deed and any other contracts/agreements entered into by SENTRAL with third parties. The Compliance Officer provides a compliance update to the Audit & Risk Committee on a quarterly basis.

Further details of our governance and internal control framework and can be found in the Corporate Governance Overview Statement and Statement of Risk Management and Internal Control sections of this Annual Report.

OUTLOOK AND PROSPECTS

In 2023, the Malaysian economy is expected to grow moderately between 4.0% – 5.0%. This is backed by strong fundamentals and diversified economic structure, coupled with ongoing policy support to cushion the impact of rising cost of living and mitigate the downside risks stemming from prolonged geopolitical uncertainties and tightening global financial conditions.

Almost all economic sectors are projected to expand on the supply side, led by the services and manufacturing sectors. The real estate and business services subsector registered a 15.4% increase in the first half of 2022 attributable to improved leasing and renting of properties as well as higher demand for professional services. The sector is expected to continue its growth momentum by 21.2% in the second half 2022 due to improvements in business and trade activities.

(Source: Ministry of Financial Budget 2023 - Economic Outlook 2023)

The Kuala Lumpur office market down cycle is expected to persist in 2023 as future supply of office space in Klang Valley continue to come on steam. We expect to see these pressures on the Klang Valley office market be alleviated with the eventual improvement in the economy and the gradual improvement in consumer and business sentiments in 2023. Leasing enquiries remain healthy for office developments within the fringes of Central Kuala Lumpur such as KL Sentral, Mid Valley and Bangsar South which are still the preferred choices by office occupiers. These localities are strategic, have high concentration of office developments, and are supported by amenities, good public transportation and accessibility. Demand from the services sector, serviced offices, shared service operations, BPO sector, IT and technology-based sectors will continue to be prevalent, as compared to the banking and oil & gas sectors which have traditionally bolstered the demand for the Klang Valley office space.

MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

(cont'd)

OUTLOOK AND PROSPECTS (cont'd)

With the influx of new buildings with newer specifications, it is vital that landlords focus on asset management and enhancement initiatives that emphasises in adapting existing office buildings to meet the new normal requirements and specification required by tenants. Such initiatives together with leasing strategies that are centred on tenant retention will be essential for landlords to retain existing tenant, improve their market competitiveness and to attract new occupiers. Additionally, as we move into an endemic environment, health and safety will continue to be in the forefront for tenants' requirement. Landlords will have proactively to ensure that their buildings continue to be fitted with the necessary facilities, as well as health and safety features to mitigate the risk of widespread infections.

The challenging sector outlook is likely to exert pressure on SENTRAL's operation in the coming year. Notwithstanding, we believe that SENTRAL's operation will be able to sustain these challenges as we will continue to intensify our efforts to manage SENTRAL's operations efficiently underpinned by our proactive approach towards asset, portfolio and cost management. The focus will be on tenant retention and cost efficiency measures, while continuing to pursue growth by actively exploring acquisition opportunities based on a prudent acquisition strategy.

In terms of new investments, we will continue to expand SENTRAL's asset portfolio and increase market presence in line with its investment objective to acquire and invest in accretive commercial properties primarily in Malaysia. We are adopting a prudent acquisition strategy and focus will be on good quality commercial/office properties with strong recurring rental income and potential for revenue and capital growth. Prudent identification of right acquisition targets that meet our investment criteria will be essential to drive sustained growth going forward. All acquisition opportunities will be evaluated against stringent investment criteria, such as the following:

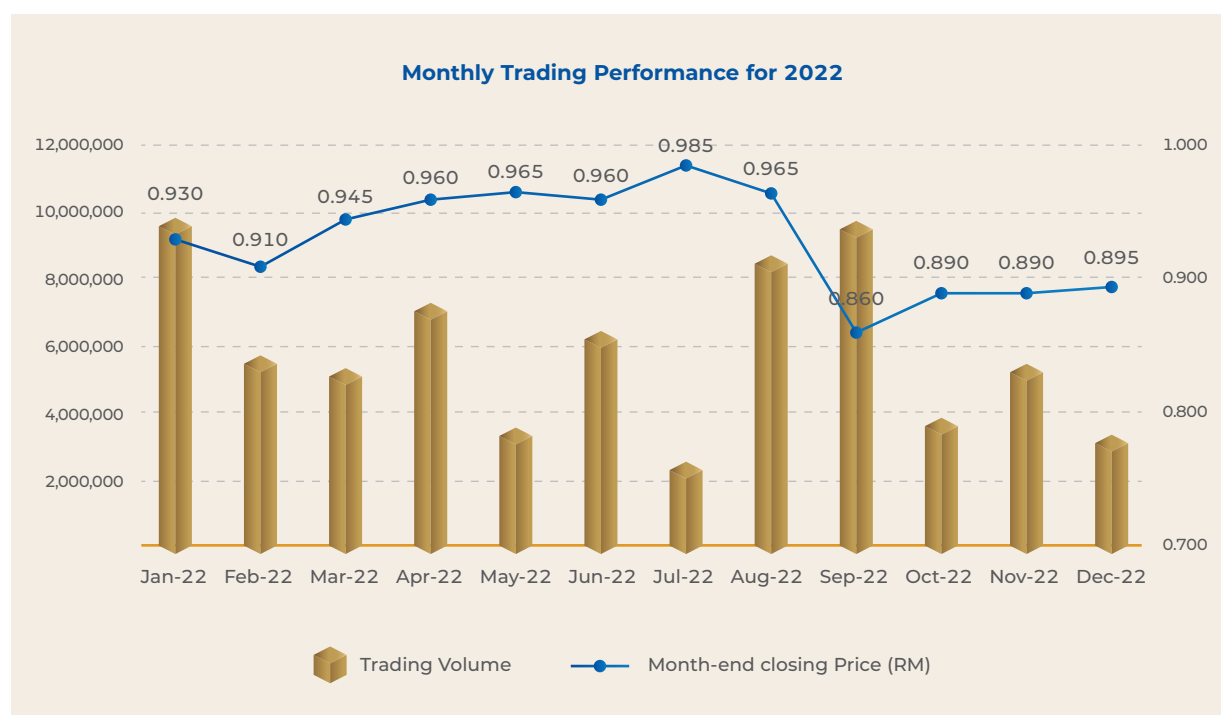
- Rental yield;
- Occupancy and tenancy characteristics;
- Location;
- Value-adding opportunities/potential asset enhancements; and
- Building and facilities specifications.

MANAGEMENT DISCUSSION AND ANALYSIS - TRADING PERFORMANCE AND INVESTOR RELATIONS

(A) Trading Performance

Unit Price Performance

SENTRAL's Monthly Trading Performance for 2022



	Trading Volume	Month-end closing Price (RM)
Jan-22	9,664,900	0.930
Feb-22	5,537,200	0.910
Mar-22	5,129,900	0.945
Apr-22	7,057,600	0.960
May-22	3,237,100	0.965
Jun-22	6,199,900	0.960
Jul-22	2,291,900	0.985
Aug-22	8,468,900	0.965
Sep-22	9,522,900	0.860
Oct-22	3,566,600	0.890
Nov-22	5,244,400	0.890
Dec-22	3,141,500	0.895

MANAGEMENT DISCUSSION AND ANALYSIS

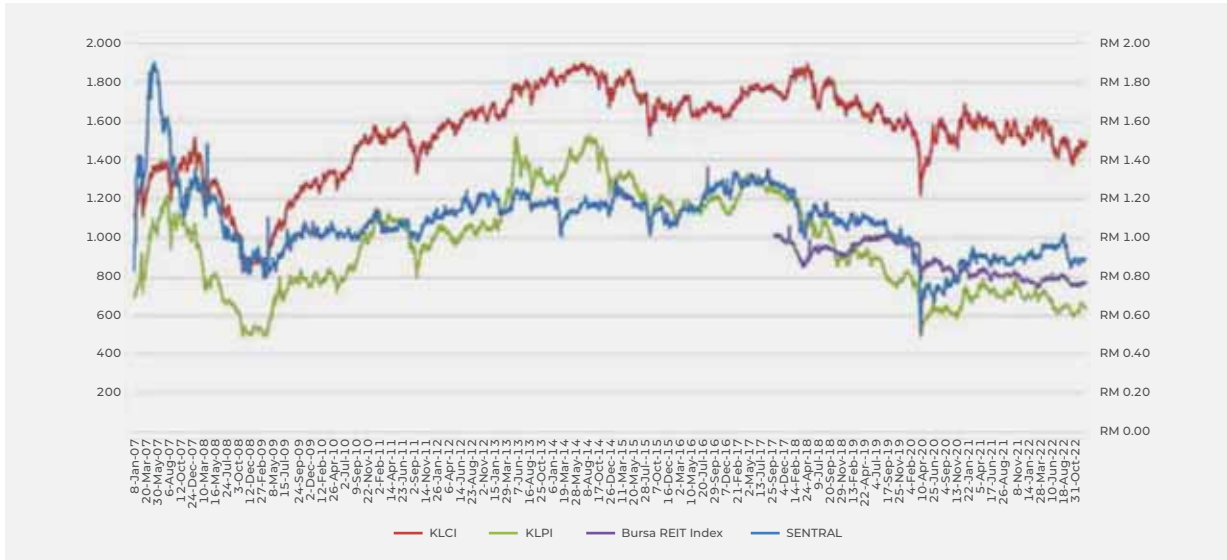
- TRADING PERFORMANCE AND INVESTOR RELATIONS

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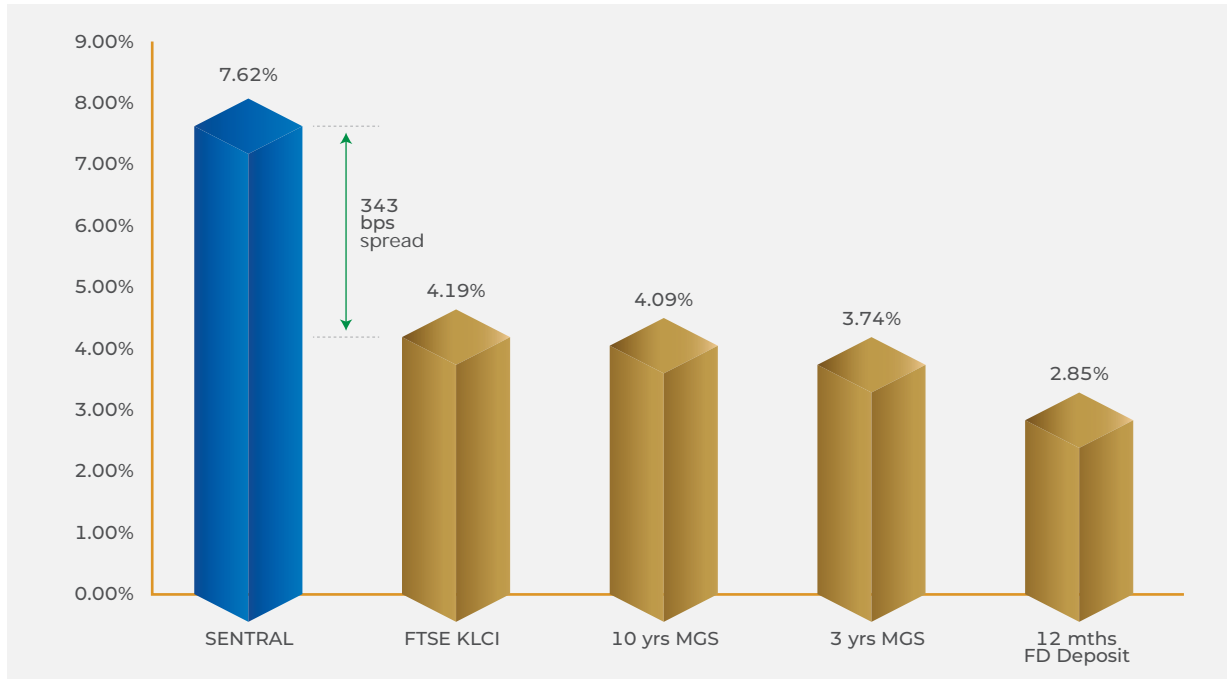
(A) Trading Performance (cont'd)

SENTRAL's Unit Price versus Performance Benchmarks

- 8 January 2007 (from Listing Date) to 31 December 2022



Comparative Yields



Source:

- 1) Rates for 5-yrs MGS & 10-yrs MGS rate was obtained from HSBC Daily Commentary Report dated 30 December 2022.
- 2) 12 months FD rate is from Maybank.
- 3) Dividend Yield of FTSE Bursa Malaysia KLCI as at 30 December 2022 is from Bloomberg.

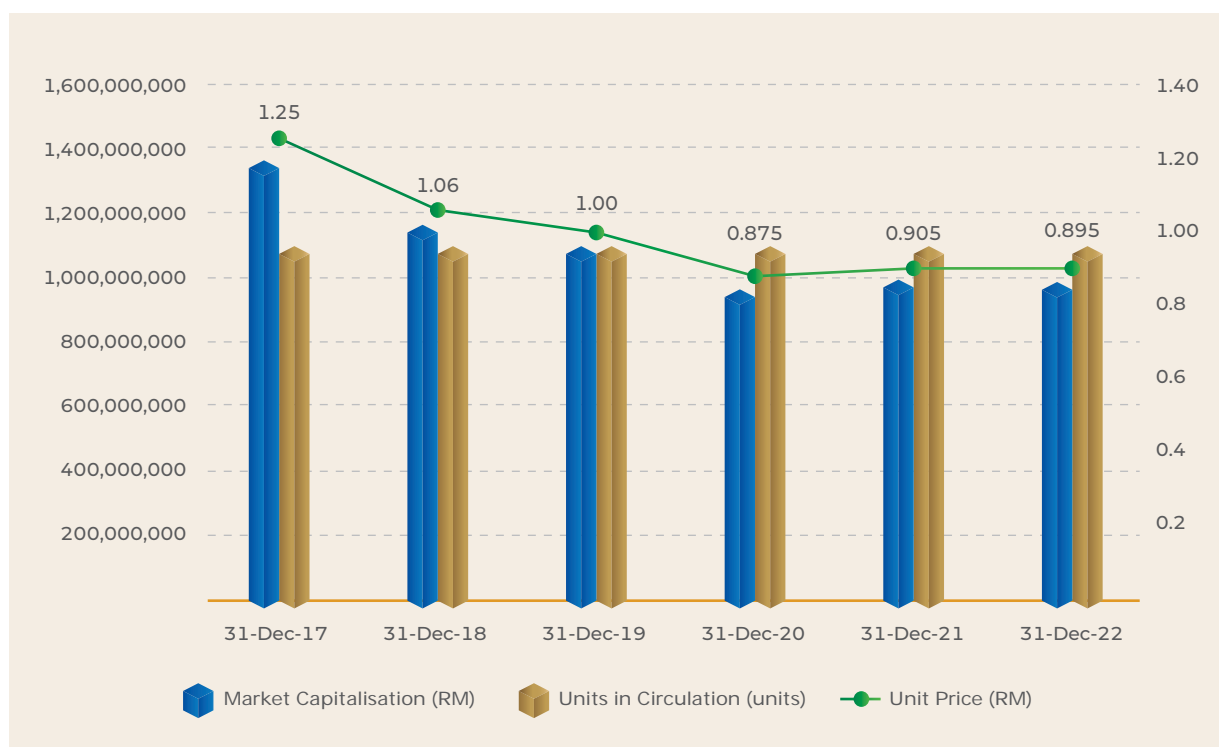
MANAGEMENT DISCUSSION AND ANALYSIS - TRADING PERFORMANCE AND INVESTOR RELATIONS

(cont'd)

(A) Trading Performance (cont'd)

Market Capitalisation	
As at 31 Dec 2011 - RM421,341,480	As at 31 Dec 2017 - RM1,335,000,000
As at 31 Dec 2012 - RM479,861,130	As at 31 Dec 2018 - RM1,136,089,980
As at 31 Dec 2013 - RM460,354,580	As at 31 Dec 2019 - RM1,071,783,000
As at 31 Dec 2014 - RM456,453,270	As at 31 Dec 2020 - RM937,810,125
As at 31 Dec 2015 - RM714,291,480	As at 31 Dec 2021 - RM969,963,615
As at 31 Dec 2016 - RM1,281,600,000	As at 31 Dec 2022 - RM959,245,785

Market Capitalisation, Unit Price and Units in Circulation

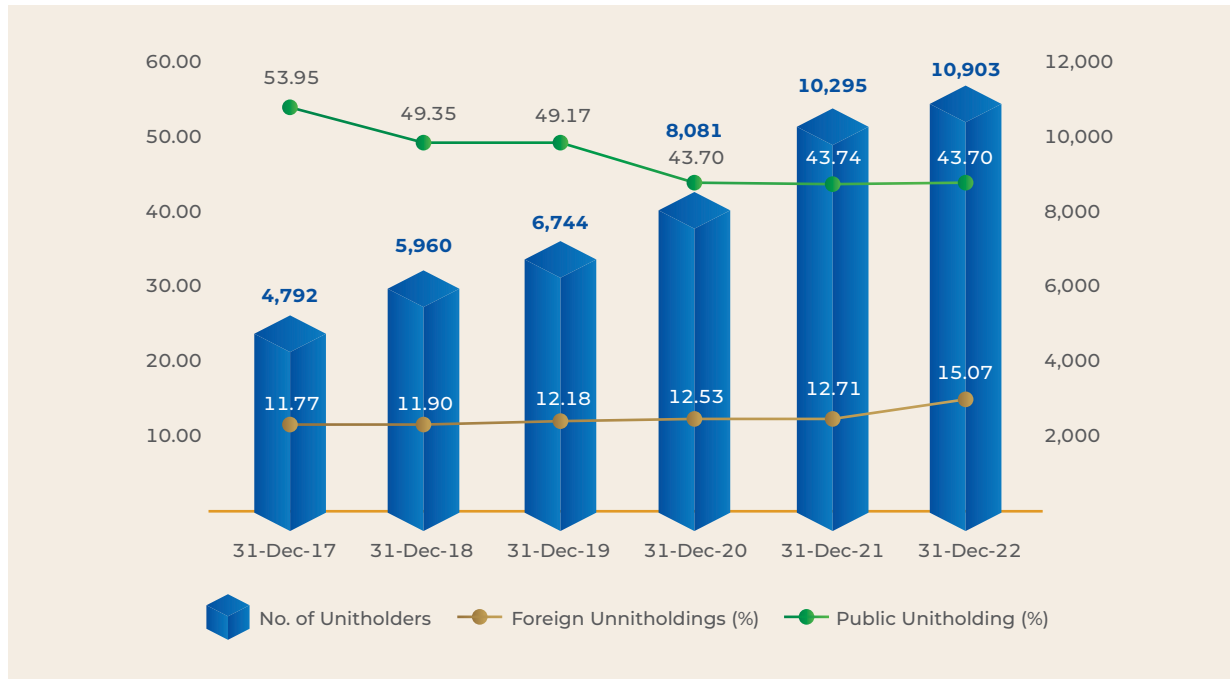


MANAGEMENT DISCUSSION AND ANALYSIS - TRADING PERFORMANCE AND INVESTOR RELATIONS

(cont'd)

(A) Trading Performance (cont'd)

Unitholders Statistics (No. of Unitholders vs Foreign Unitholding % vs Public Unitholding %)



(B) Investor Relations (“IR”) Initiatives

We are committed to ensuring effective communication and proactive stakeholders’ engagement. It is crucial that we strengthen our communication with stakeholders especially in challenging times to allow stakeholders to make informed decisions.

We continuously enhance our communication channels to cater to the growing needs of the stakeholders through the following communication channels:

Communication Channel	Medium of Communication	Stakeholders
Analyst and investor briefings/ one-on-one meetings	<ul style="list-style-type: none"> Quarterly financial earnings releases Corporate exercise announcements 	<ul style="list-style-type: none"> Institutional investors Analysts
Property Tours	<ul style="list-style-type: none"> Group tour One-on-one tour 	<ul style="list-style-type: none"> Institutional investors Analysts
Conferences	<ul style="list-style-type: none"> Investors conferences Industry conferences Non-deal roadshows 	<ul style="list-style-type: none"> Institutional investors Analysts
Corporate website and investor relation portal	<ul style="list-style-type: none"> https://sentralreit.com Corporate announcements IR enquiry contact 	<ul style="list-style-type: none"> Institutional investors Retail investors Analysts Media

MANAGEMENT DISCUSSION AND ANALYSIS

- TRADING PERFORMANCE AND INVESTOR RELATIONS

(cont'd)

(B) Investor Relations Initiatives (“IR”) (cont'd)

Communication Channel	Medium of Communication	Stakeholders
Research coverage	<ul style="list-style-type: none"> 7 research coverage reports 	<ul style="list-style-type: none"> Institutional investors Retail investors Analysts Media
Media engagement	<ul style="list-style-type: none"> Media briefings Media releases 	<ul style="list-style-type: none"> Media Public
Annual General Meetings	<ul style="list-style-type: none"> Reporting of financial performance 	<ul style="list-style-type: none"> All unitholders Public
Publications	<ul style="list-style-type: none"> Annual reports Company Presentations 	<ul style="list-style-type: none"> All unitholders Analysts Media Public

Unitholders' Meetings

Tenth Annual Unitholders' Meeting

In the midst of the on-going COVID-19 pandemic, SENTRAL's 10th Annual General Meeting (“10th AGM”) was held on 6 April 2022 and conducted entirely via remote participation and electronic voting. The online 10th AGM was conducted in accordance with the practices that have already been adopted by other internationally developed capital markets.

During the 10th AGM, unitholders' approval was sought for the proposed authorisation and issuance of new units (“Proposed Unitholders' Mandate”) pursuant to Clause 6.59(1A) of the Listing Requirements, as well as to brief Unitholders about SENTRAL's financial results for FY2021. We are pleased to report that the resolution for the Proposed Unitholders' Mandate was duly passed.

Our stakeholders value timely and transparent disclosure of information and announcements as well as the accessibility to the Board and key management. Accordingly, the AGM will serve as a good platform for the Board and key management to share the highlights of the Trust's financial results for the fiscal year. In turn, unitholders can ask questions, clarify facts and provide feedback to the management about the SENTRAL's financial health, business performance, outlook and strategies.

We will continue to proactively engage with SENTRAL's unitholders regularly to ensure proper dissemination of information and consistency in messages for better understanding of the business and operating environment.

MANAGEMENT DISCUSSION AND ANALYSIS - TRADING PERFORMANCE AND INVESTOR RELATIONS

(cont'd)

(B) Investor Relations Initiatives (“IR”) (cont'd)

Research Coverage in 2022

In 2022, SENTRAL was covered by 7 research houses. Below is a summary of the reports published for SENTRAL's 4Q 2022 results:

Coverage	Rating	Target Price (RM per unit)
RHB Research Institute	Neutral	0.92
Hong Leong Investment Bank Research	Hold	0.87
Maybank IB Research	Hold	0.91
CGS CIMB Research	Hold	0.89
UOB Kay Hian Research	Hold	0.95
Kenanga Research	Underperform	0.79
KAF Research	Hold	0.93

(C) Corporate Social Responsibility (“CSR”)

SENTRAL's CSR initiatives are carried out by SRM as the REIT Manager. Our efforts in 2022 have remained focused on supporting the welfare of needy children while also extending our support to the B40 and underprivileged communities for their basic needs.

Specifically, SRM's community sponsorship in 2022 were focus on the following two themes:

1. Supporting and Facilitating Children Learning

Sponsor-A-Child for Education for Rural Indigenous Children in Sabah through Good Shepherd Services (“GSS”) Education Fund

GSS is a non-profit organization that has extensive grassroots services in East Malaysia, both residential and outreach services for women and children experiencing domestic violence/abuse, children and youth who have limited access to educational opportunities and community social services. RM72,000 cash donation to GSS's Education Fund was to provide the 51 students located in the districts of Telupid, Kota Marudu, Keningau, Ranau and Tawau in Sabah with an annual financial aid that will enable them to support their education expenses such as hostel fees, transportation and academic.

Education Fund to Yayasan Ozanam for 5 students from Ozanam homes

Yayasan Ozanam is a registered non-profit, voluntary welfare organization incorporated in 1998 by the National Society of St Vincent de Paul to care for and shelter the neglected, exploited, abused, abandoned, and orphaned children of Malaysia. The organization operates Ozanam homes and service centres to provide homes, education, protection, and care for over 400 children who are sent from different agencies such as the social welfare department, social welfare of hospitals, other NGOs and individuals (single parents). RM23,000 cash donation to Yayasan Ozanam Education Fund was to provide financial aid to 5 students under Ozanam homes undertaking degree and diploma courses from local universities to cover the costs of tuition fees, transportation, and other academic expenses.

MANAGEMENT DISCUSSION AND ANALYSIS - TRADING PERFORMANCE AND INVESTOR RELATIONS

(cont'd)

(C) Corporate Social Responsibility (“CSR”) (cont'd)

2. Supporting the Livelihoods of Under Privileged Communities

GSS’s Menstrual Hygiene Management (“MHM”) Advocacy Program for Girls

The MHM program is a pilot project launched in November 2022. Its objective is to raise awareness and enhance the female students’ knowledge and understanding on menstrual health to 1,000 secondary school girls in the interior division of Sabah. SRM donation of RM36,000 will be used to kick-off MHM’s inaugural project to hold capacity building workshops and provide 1,000 eco-friendly, high quality personal sanitary hygiene kit to 200 secondary school girls from 5 secondary schools located in the rural districts of Keningau and Nabawan in the interior division of Sabah.

The organization also undertakes small scale community based micro-enterprise projects with the objective of providing disadvantaged women with skills for better job opportunities. In line with this objective, the high quality personal sanitary hygiene kit will be sourced and made through GSS’s sustainable community-based livelihood project for neighbouring villages located near the district of Nabawan namely Kampung Batu Lunguyang, Kampung Alab Lanas and Kampung Pinipi. It is expected that the project will generate a reliable source of income for 12 indigenous women from these villages throughout the year to produce eco-friendly, high quality, reusable sanitary pads.

PROPERTY MARKET UPDATES

PROPERTY MARKET OVERVIEW 2022 PREPARED BY KNIGHT FRANK MALAYSIA SDN BHD FOR SENTRAL

MARKET INDICATIONS

Malaysia's transition to the endemic phase since 1 April 2022 has been positive for the economy and the real estate market.

The country's full year GDP forecast for 2022 has been revised upwards from earlier estimates of 5.3% - 6.3% to 6.5% - 7.0% in October. This follows strong economic expansions of 14.2% in 3Q2022 and 8.9% in 2Q2022 (1Q2022: 5.0%), supported by robust domestic demand amid improving labour market conditions following reopening of all economic sectors as well as on-going policy support.

Headline inflation increased to 4.5% in 3Q2022 (2Q2022: 2.8%), mainly driven by continued improvement in demand amid the high-cost environment. Bank Negara Malaysia (BNM) has projected that headline inflation will average at circa 3.3% in 2022 due to the dissipating base effect from electricity tariff rebates that was implemented in 3Q2021 under the PEMULIH Electricity Discount scheme.

Malaysia's unemployment rate continues to decline to below 4.0%, recording at 3.7% in 3Q2022 as labour demand continuously expands to accommodate the capacity for business operations as more economic activities resume. For the full year of 2022, the unemployment rate is forecast to range from 3.8% to 4.0%.

On the lending front, due to the positive growth prospect of the Malaysian economy, BNM raised the overnight policy rate (OPR) by 25-basis points to 2.75% on 3 November 2022. This rate hike, the fourth in the year, will likely influence purchasing decisions due to higher borrowing costs.

The Business Conditions Index (BCI) improved by 3.6 points to record at 99.8 points as of 3Q2022 (2Q2022: 96.2 points), supported by robust demand for export of goods and services coupled with higher capital expenditure. Most industries anticipate a rebound and this signals a positive business outlook.

The recently concluded general election (GE15), which resulted in the formation of a unity government, is expected to steer the country towards better political stability and this augurs well to cement Malaysia's position as an attractive investment destination. Looking ahead, with better economic prospects, the country's property market is expected to be sustained.

MALAYSIA: RETAIL PERFORMANCE

The country's retail sales growth trended down from 5.5% in 2012 to 3.4% in 2014 and recorded its lowest growth rate of 1.4% in 2015. The upward adjustments in fuel prices and electricity tariffs as well as the implementation of the goods and services tax (GST) on 1 April 2015 had collectively led to higher costs of living and this had adversely impacted Malaysia's retail industry. Retail sales growth continued to remain lacklustre, expanding only 1.7% in 2016 and 2.0% in 2017.

Despite the three-month tax holiday following the Government's decision to zeroise the GST in June 2018 ahead of the implementation of the Sales and Services Tax (SST) on 1 September 2018, the retail industry continued to remain sluggish. Retail sales grew 3.9% in 2018 and moderated to 3.7% in 2019.

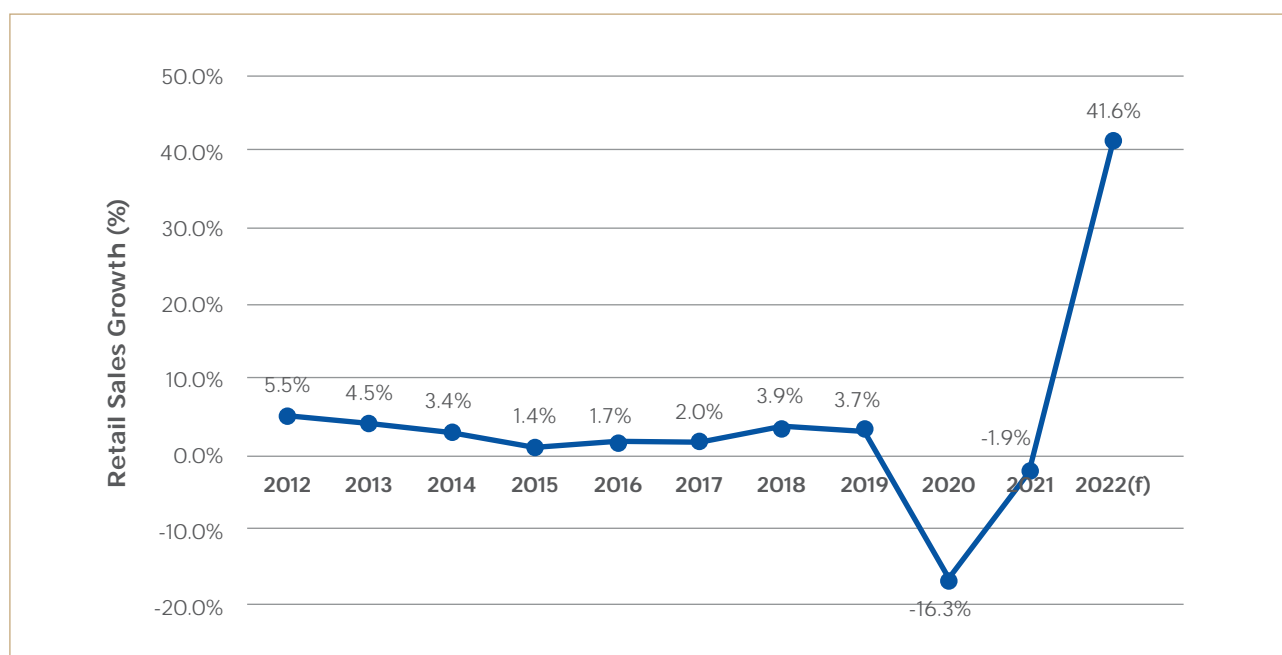
PROPERTY MARKET UPDATES

(cont'd)

MALAYSIA: RETAIL PERFORMANCE (cont'd)

The onset of the COVID-19 pandemic in early 2020, which led to the enforcement of Movement Control Order (MCO) and the subsequent phases of conditional and recovery MCO (CMCO and RMCO), severely disrupted the retail industry. The country's retail sales registered a deep contraction of -16.3% in 2020, its worst performance since the Asian Financial Crisis (1998: -20.0%).

Malaysia: Retail Sales Growth, 2012 to 2022^(f)



Sources: Malaysia Retailers Association (MRA) / Knight Frank Research

Note: (f) = Forecast

Despite the re-imposition of various phases of lockdown in 2021, there was improvement in Malaysia's retail industry, it posted a smaller annual contraction of 1.9% for 2021. The reopening of the country's international borders and revival of the economy following Malaysia's transition to the endemic phase on 1 April 2022 brings relief to the heavily impacted retail sector. For the entire year of 2022, the forecast of the country's retail sales growth has been revised upwards to 41.6% (previously 31.7%), following robust growth of 18.3%, 62.5% and 96.0% in 1Q2022, 2Q2022 and 3Q2022 respectively.

The MIER Consumer Sentiments Index (CSI) surpassed the 100-point optimism threshold to register at 108.9 points in 1Q2022. This was driven by the improvement in household income and labour market. In 2Q2022, however, the CSI plummets 23 points q-o-q to register at 86.0 points below the optimism threshold mainly due to the inflationary pressure which led to cautious spending. During 3Q2022, the CSI rose to 98.4 points as consumers make more spending plans.

PROPERTY MARKET UPDATES

(cont'd)

OFFICE MARKET OVERVIEW

1.0 GREATER KUALA LUMPUR/KLANG VALLEY

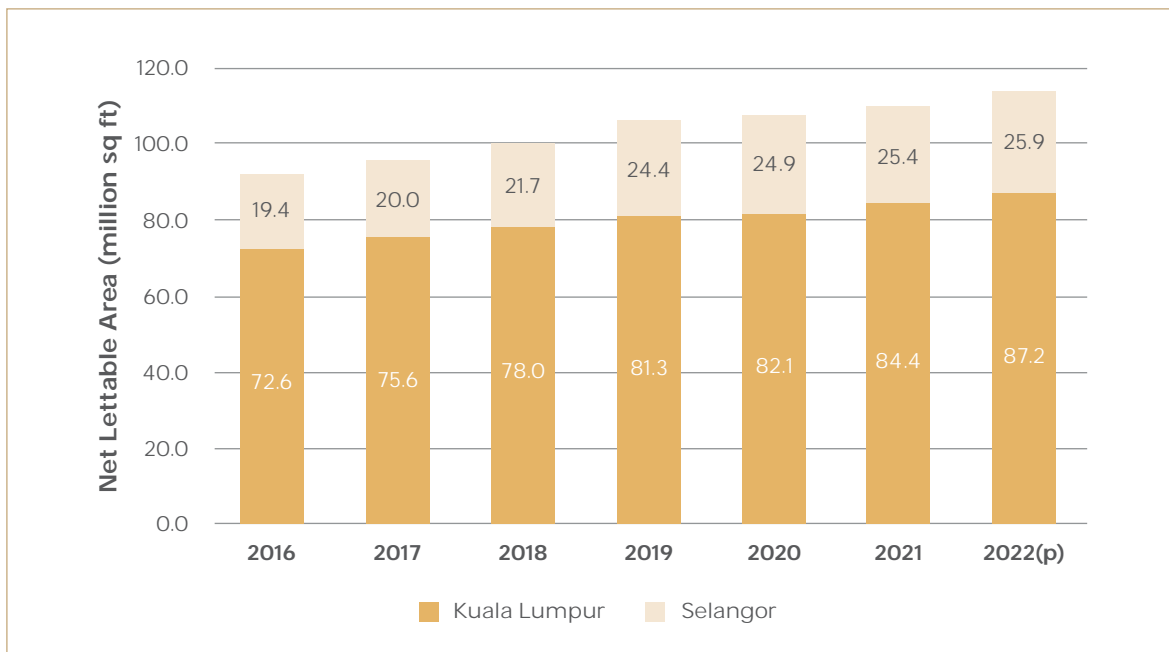
1.1 Supply: Existing and Future

The existing supply of purpose-built office space in Greater Kuala Lumpur/Klang Valley, has been increasing at a steady pace over the years.

As of 2022, the cumulative existing supply stands at circa 113.1 million sq ft. This follows the completions of Affin Tower, The Stride Strata Office and UOB Tower 2 in 1Q2022 and The MET Corporate Towers, Pavilion Embassy Corporate Tower and Pavilion Embassy Corporate Suites in 4Q2022. Collectively, these completions increased Kuala Lumpur's cumulative office stock by circa 2.8 million sq ft.

As for Selangor, there were two new completions in 2022, namely Block G and HCK Tower of Empire City with circa 140,000 sq ft and 396,000 sq ft NLA respectively.

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



Source: Knight Frank Research

Note: (p) = Preliminary data

(1) Kuala Lumpur is made up of KL City and KL Fringe.

By the end of 2023, circa 5.5 million sq ft of supply pipeline is scheduled for completion. The bulk of incoming office supply at circa 4.5 million sq ft (83.1%) will be from Kuala Lumpur with the balance space of circa 0.9 million sq ft (16.9%) from Selangor.

Seven of the nine office buildings due for completion are located in Kuala Lumpur and the remaining two are in Selangor. The upcoming office buildings in the capital city include Felcra Tower, V2 Corporate Office Tower, PNB 1194, Merdeka 118 Tower and The Exchange TRX while in KL Fringe, they are Aspire Tower and Pavilion Damansara Heights Corporate Towers (Phase 1). The two upcoming buildings in Selangor are Office Towers @ Atwater and Tower 5 of PJ Sentral Garden City.

PROPERTY MARKET UPDATES

(cont'd)

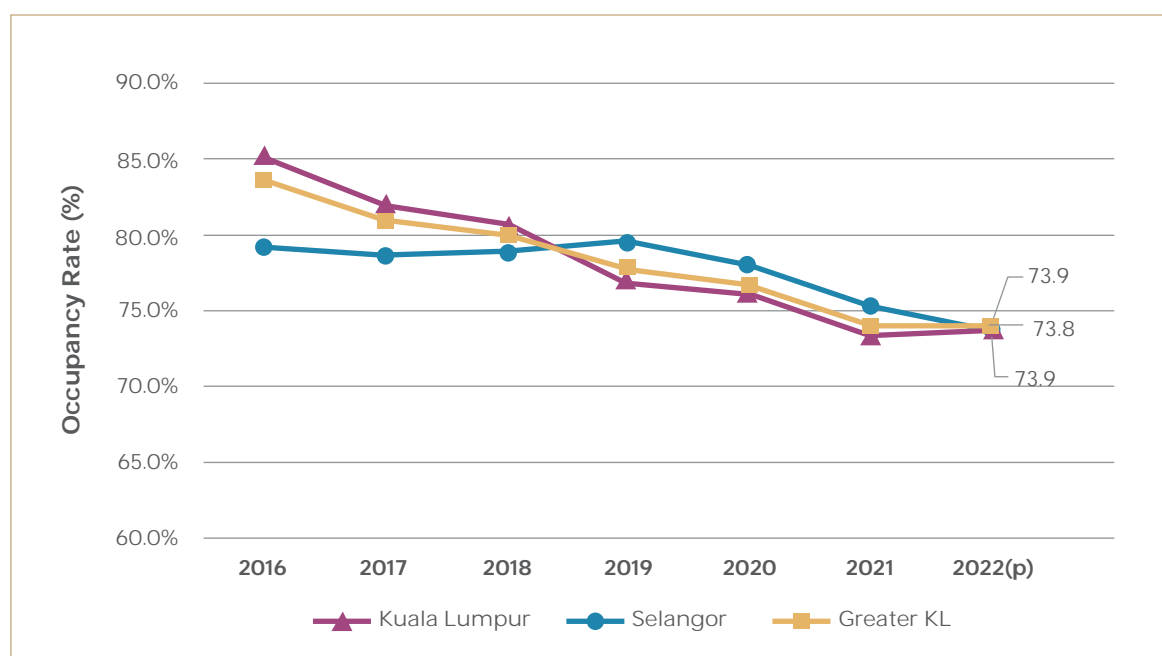
OFFICE MARKET OVERVIEW (cont'd)

1.0 GREATER KUALA LUMPUR/KLANG VALLEY (cont'd)

1.2 Occupancy Rates

The overall occupancy rate of office space in Kuala Lumpur improved slightly to 73.9% in 2022 (2021: 73.4%). In contrast, the occupational demand in Selangor posted a drop to record at 73.6% in 2022 (2021: 75.2%), this may be partially due to the downsizing of office space as more businesses implement the hybrid work model post-pandemic coupled with tenants exploring prestigious office address in the city centre.

Greater KL/Klang Valley: Occupancy Trend for Purpose-Built Office Space, 2016 to 2022^(p)



Source: Knight Frank Research

Note: (p) = Preliminary data

As of 2022, the overall occupancy rates for the sub-markets of Petaling Jaya, Subang Jaya and Cyberjaya declined by 2.7%, 1.8% and 1.2% to record at 71.3%, 77.2% and 72.2% respectively (2021: Petaling Jaya – 74.1%, Subang Jaya – 79.0% and Cyberjaya – 73.4%) while for Shah Alam, it increased by 4.2% to record at 85.7% (2020: 81.5%).

1.3 Rental Rates

The average rental rate of office space in Kuala Lumpur declined to RM6.15 per sq ft per month in 2022 (2021: RM6.20 per sq ft per month). Moving forward, the scheduled completions of more office buildings in the next one to two years will further widen the supply – demand gap. With existing and newly completed buildings competing for the same pool of tenants, this will heighten competition in the tenant-led office market.

PROPERTY MARKET UPDATES

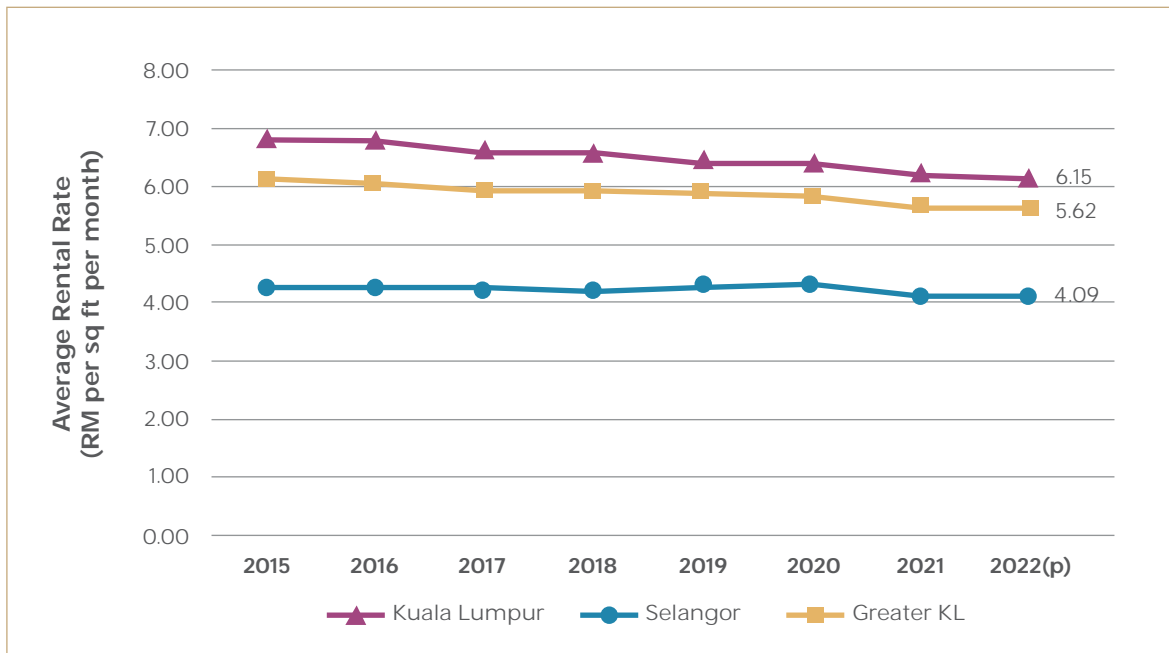
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OFFICE MARKET OVERVIEW (cont'd)

1.0 GREATER KUALA LUMPUR/KLANG VALLEY (cont'd)

1.3 Rental Rates (cont'd)

Greater KL/Klang Valley: Average Rental Rates, 2016 to 2022^(p)



Source: Knight Frank Research

Note: (p) = Preliminary data

Similarly, the average office rent in Selangor was under pressure and was quoted at RM4.09 per sq ft per month in 2022(p) (2021: RM4.11 per sq ft per month). In the sub-markets of Petaling Jaya, Subang Jaya, Shah Alam and Cyberjaya, the average monthly rentals were in the region of RM4.39 per sq ft; RM4.11 per sq ft; RM3.41 per sq ft and RM3.72 per sq ft respectively.

1.4 Capital Values

In 2021, notable office transactions in KL City include Menara Tan & Tan, G Tower, Hampshire Place office, Menara Jcorp and Wisma KFC with total value of circa RM1.4 billion. As for KL Fringe, notable office transactions include seven office buildings in Mid Valley City, Plaza VADS and Balai Berita with total value of circa RM2.3 billion. In Selangor, only one notable office transaction was recorded, namely VSQ Tower (Block 1) at a consideration of RM147.0 million.

Meanwhile, in 2022, two office buildings were transacted in KL City, namely Bangunan KWSP and Faber Imperial Court at a total value of circa RM307.0 million. In KL Fringe, only one notable transaction was recorded - Wisma TM at a consideration value of RM35.3 million. As for Selangor, there were three notable office transactions during the review period, namely Block N @ Jaya One, Quill 9 and Menara Amfirst, with total value of circa RM281.9 million.

PROPERTY MARKET UPDATES

(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

1.0 GREATER KUALA LUMPUR/KLANG VALLEY (cont'd)

1.4 Capital Values (cont'd)

Greater KL/Klang Valley: Notable Office Transactions, 2021 & 2022

Transaction Date	Building Name	Locality	Tenure	Estimated NLA (sq ft)	Consideration (RM)	Analysis (RM/sq ft)
2021						
April 2021	Menara Tan & Tan ⁽¹⁾	Jalan Tun Razak	Freehold	339,385	239,100,000	705
April 2021	G Tower ⁽¹⁾	Jalan Tun Razak	Freehold	749,357	739,800,000	987
April 2021	Hampshire Place Office ⁽¹⁾	Jalan Mayang Sari	Freehold	239,253	180,600,000	755
April 2021	Menara IGB & IGB Annexe ⁽¹⁾	Mid Valley City	Leasehold	261,993	188,900,000	721
April 2021	Centrepoint South ⁽¹⁾	Mid Valley City	Leasehold	231,979	190,500,000	821
April 2021	Centrepoint North ⁽¹⁾	Mid Valley City	Leasehold	232,051	196,500,000	847
April 2021	Boulevard Properties (Block Nos. 25 & 27) ⁽¹⁾	Mid Valley City	Leasehold	54,180	78,000,000	1,440
April 2021	Gardens South Tower ⁽¹⁾	Mid Valley City	Leasehold	421,295	391,500,000	929
April 2021	Gardens North Tower ⁽¹⁾	Mid Valley City	Leasehold	425,634	382,100,000	898
April 2021	Menara Southpoint ⁽¹⁾	Mid Valley City	Leasehold	564,016	573,500,000	1,017
August 2021	Menara Jcorp	Jalan Tun Razak	Freehold	171,611	100,000,000	583
August 2021	VSQ Tower (Block 1)	PJS 52, Petaling Jaya	Leasehold	163,500	147,000,000	899
September 2021	Plaza VADS	Taman Tun Dr Ismail	Freehold	248,536	137,300,000	552
September 2021	Balai Berita ⁽²⁾	Bangsar	Freehold	327,310	156,397,500	478
December 2021	Wisma KFC ⁽³⁾	Jalan Sultan Ismail	Freehold	175,292	190,000,000	1,084

PROPERTY MARKET UPDATES

(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

1.0 GREATER KUALA LUMPUR/KLANG VALLEY (cont'd)

1.4 Capital Values (cont'd)

Greater KL/Klang Valley: Notable Office Transactions, 2021 & 2022

Transaction Date	Building Name	Locality	Tenure	Estimated NLA (sq ft)	Consideration (RM)	Analysis (RM/sq ft)
2022						
January 2022	Bangunan KWSP ⁽⁴⁾	Changkat Raja Chulan	Freehold	108,000	62,000,000	574
February 2022	Faber Imperial Court ⁽⁵⁾	Jalan Sultan Ismail	Freehold	Office: 138,000 Hotel: 398 rooms Car park: 578 bays	245,000,000	N/A
April 2022	Block N, Jaya One ⁽⁶⁾	Seksyen 13, Petaling Jaya	N/A	28,600	19,880,000	695
April 2022	Quill 9 ⁽⁷⁾	Seksyen 19, Petaling Jaya	Leasehold	280,000	200,000,000	714
July 2022	Menara Amfirst	Seksyen 19, Petaling Jaya	Freehold	155,747	62,000,000	398
September 2022	Wisma TM ⁽⁸⁾	Taman Desa	Freehold	85,751	35,288,000	412

Source: Knight Frank Research

Notes:

- (1) On 9 April 2021, MTrustee signed 10 sale and purchase agreements (SPAs) worth RM3.16 billion with IGB to purchase Menara Tan & Tan, G Tower, Hampshire Place Office, Menara IGB and IGB Annexe, Centrepoint South, Centrepoint North, Boulevard Properties, Gardens South Tower, Gardens North Tower and Menara Southpoint.
- (2) Balai Berita: Media Prima Bhd, on 3 September 2021, entered into a conditional sale and purchase agreement with PNB Development Sdn Bhd for the proposed acquisition of two (2) pieces of freehold land and the buildings erected thereon, for a total purchase consideration of RM156,397,500 to be satisfied entirely by cash. The total land size and total net lettable area of the buildings erected thereon are approximately 151,814 sq ft and 327,310 sq ft respectively.
- (3) Wisma KFC: The 22-storey office building was sold by Singapore-based property developer and manager, Royal Group to HAP Seng Consolidated Bhd. The office building, having 268 units of car park bays, has a gross floor area and estimated net lettable area of 342,145 sq ft and 175,292 sq ft respectively.
- (4) Bangunan KWSP: AIMS Data Centre Sdn Bhd, a wholly-owned subsidiary of TIME, had on 11 January 2022 entered into a conditional sale and purchase agreement (SPA) with Lembaga Kumpulan Wang Simpanan Pekerja (KWSP), for the proposed acquisition of a 13-storey purpose-built office building together with 95 car park bays known as Bangunan KWSP Changkat Raja Chulan for a total cash consideration of RM62 million.
- (5) Faber Imperial Court: The transaction includes the sales of Faber Imperial Court, a 33-storey office building with circa 138,000 sq ft of office space; Sheraton Imperial Kuala Lumpur, a 5-star hotel with 398 rooms and 578 car parking bays.
- (6) Block N, Jaya One: Luxchem Trading Sdn. Bhd, a wholly-owned subsidiary of Luxchem Corp Bhd, had on 20 April 2022 entered into the Sale and Purchase Agreement (SPA) with Worldwide Emergency Assistance (Malaysia) Sdn Bhd to purchase the whole and entire building identified as Block N, Jaya One for a consideration of RM19.88 million.
- (7) Quill 9: Neo Platinum Berhad had on 22 April 2022 entered into a Sale and Purchase Agreement (SPA) with Quill Interior Holdings Sdn Bhd to purchase Quill 9 for a consideration of RM200 million.
- (8) Wisma TM: Wisma TM is sold by Menara ABS Bhd to JAG Land Sdn Bhd for a consideration of RM35,288,000. Wisma TM at Taman Desa is a 12½-storey office building on land measuring around 45,531 sq ft.

PROPERTY MARKET UPDATES

(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

2.0 OFFICE MARKET OUTLOOK

Under Budget 2022, which was unveiled on 29 October 2021, the government tabled various subsidies and incentives to support the business industry. The highlights include the extension of tax relief for building/commercial unit owners who provide rental discounts of at least 30% to businesses until 31 December 2022; maximum subsidy of RM300,000 for improving workplace seating or air circulation until 31 December 2022; and tax relief of RM50,000 for companies registered under the Safe@Work that provide safe accommodation for staff.

In addition, buildings embracing green technology that are certified by the Malaysian Green Technology Corporation ("MGTC") are qualified for tax incentives which also support the agenda of Sustainable Development Goals (SDGs) 2030. The existing tax incentives will be extended to include Rainwater Collection and Utilisation System project.

On 1 April 2022, the country reopened its borders to allow quarantine-free travel and tourism as the nation transitions to the endemic phase of COVID-19. This allows the entire spectrum of economic activities to rejuvenate in its entirety.

As for the office market, with workers gradually going back to office, landlords are placing health and safety as an important agenda by enhancing the effort by framing and launching initiatives for the tenants. Such initiatives include improving the indoor environment quality (IEQ) by modernizing the facilities with UV system and incorporating technologies to promote "touchless" access are seen in the market.

The unprecedented crisis has also compelled many organisations to rethink their standard operating mode while embracing technology such as cloud-based IT solutions and communication channels in their business operations. Moving forward, Business Continuity Plan measures such as working from home, split-team arrangement and de-densification requirements may be the new normal for some while physical distancing measures may lead to a reversal of open office trend.

As for the traditional office space, the high incoming supply coupled with "flight to quality" continue to put downward pressure on both occupancy and rental levels in KL City. Additionally, as companies downsize and relocate during the pandemic, plenty of fit-out units were left behind in the market. Landlords, therefore, are ready to negotiate for more competitive rents, thus, resulting in declining rental trend in KL City. On the other hand, KL Fringe managed to stabilise its occupancy as landlords are forthcoming to negotiate rentals to retain tenants. Overall, the Kuala Lumpur office market is seen sustaining the pandemic with landlords continuing to offer incentives such as rent-free period, refurbishment cost amortization, flexible tenancy terms and space usage to remain competitive in the market.

Amid challenges in the office market, selected REITs or landlords of well-located buildings which are dated and older are shifting their focus on asset management and enhancement initiatives by refurbishing/revamping their office buildings. They are also motivated to offer attractive leasing packages that are centred on tenant retention to improve their market competitiveness and attract new occupiers.

In the short to mid-term, the rental and occupancy levels in KL City are expected to experience further pressure as the gap between supply and demand continues to widen amid high pipeline of office supply heading into 2023. As for KL Fringe, the occupancy is expected to stabilise for remaining year 2022/2023, taking time to recover from the COVID-19 impact.

The Selangor office market is expected to remain relatively resilient in the medium to longer term supported by a wider pool of tenants/occupiers, attractive rental and leasing packages as well as improved rail network that continue to drive demand for office space in these decentralised locations.

PROPERTY MARKET UPDATES

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RETAIL MARKET OVERVIEW

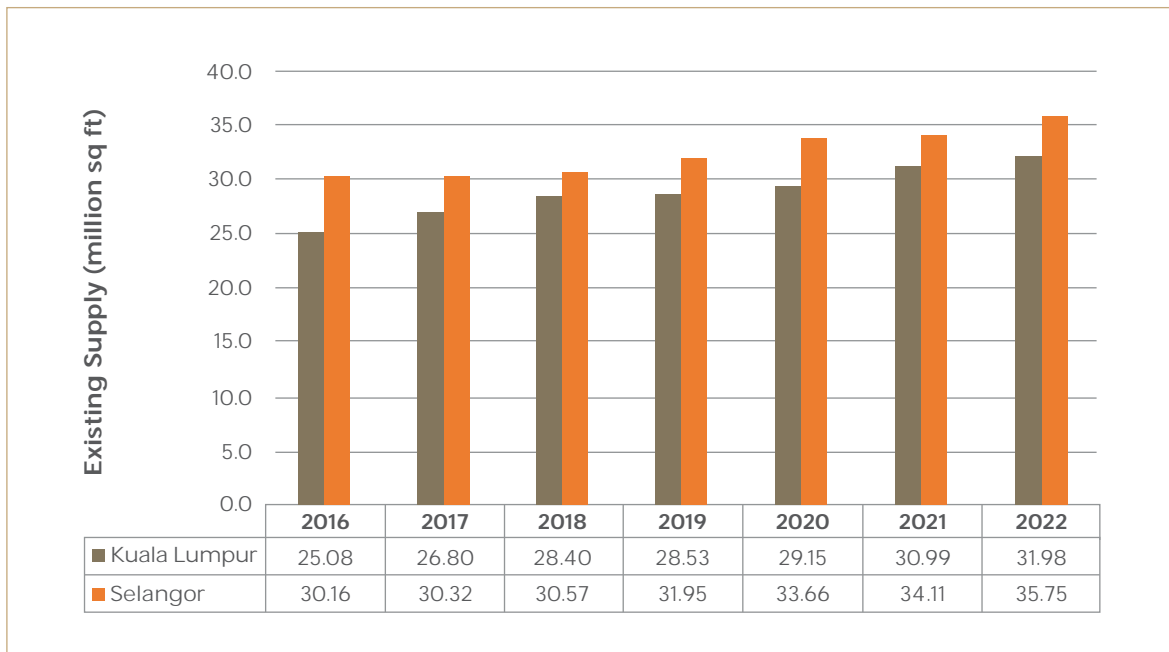
3.0 GREATER KUALA LUMPUR/KLANG VALLEY

3.1 Supply

The existing cumulative supply of retail space in Kuala Lumpur currently stands at circa 31.98 million sq ft, following the recent addition of Datum Jelatek Mall (NLA: 360,000 sq ft). The bulk of retail supply comes from KL Fringe with about 18.37 million sq ft (57.5%) while KL City accounts for the remaining 13.61 million sq ft (42.5%) of space.

Meanwhile, the cumulative supply of retail space in Selangor stood at circa 35.75 million sq ft. This follows the recent completions of IOI City Mall Phase 2 (NLA: 1.0 million sq ft), Ecohill Walk Mall (NLA: 170,000 sq ft) and Megahrise Mall (NLA: 142,000 sq ft).

Greater KL/Klang Valley: Cumulative Supply of Retail Space, 2016 to 2022



Sources: Knight Frank Research

Note: Putrajaya supply is included in Selangor

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

3.0 GREATER KUALA LUMPUR/KLANG VALLEY (cont'd)

3.1 Supply (cont'd)

Looking ahead, six more retail developments with total NLA of circa 4.16 million sq ft are anticipated to enter the Kuala Lumpur retail market by end of 2023.

Greater KL/Klang Valley: Retail Centres/Retail Components Scheduled for Completion/Opening, 2023

Name of Development	Location	Locality/ State	Expected Completion/ Opening	Estimated Net Lettable Area (sq ft)
KSL Esplanade Mall	Klang	Selangor	2023	650,000
8 Conlay Retail Mall	KLCC	Kuala Lumpur		120,000
Pavilion Damansara Heights	Damansara Heights			1,170,000
The Exchange TRX	Tun Razak Exchange			1,300,000
118 Mall	Jalan Hang Jebat/ Jalan Stadium			850,000
Retail component at Lot 91 @ KLCC	KLCC			73,000
			Total	4,163,000

Source: Knight Frank Research

3.2 Occupancy

From 2016 to 2019, the average occupancy rate of shopping centres in Kuala Lumpur had been hovering between 82.8% and 86.8%. The average occupancy rate declined to 82.0% in 2020 and further declined to 79.8% in 2021 due to the prolonged COVID-19 pandemic and the various phases of Movement Control Order (MCO). In 2022, with the endemic phase in place and the resumption of economic activities and reopening of international borders, the average occupancy rate of malls in Kuala Lumpur picked up to 81.8% as of 3Q2022.

Similar to the trend in Kuala Lumpur, the average occupancy rate of shopping centres in Selangor had been hovering between 82.1% and 85.5% (2016 to 2019), before declining to 80.1% in 2020. The average occupancy rate picked up in 2021 to register at 80.8% before dipping to 77.9% 3Q2022, mainly due to more new completions as construction activities were back on track. New retail spaces also require time to secure tenants.

It is noteworthy to mention that the average occupancy rate of shopping centres in Kuala Lumpur and Selangor has continued to hover close to the 80.0% threshold despite the high supply pipeline of retail space and the challenging business landscape.

PROPERTY MARKET UPDATES

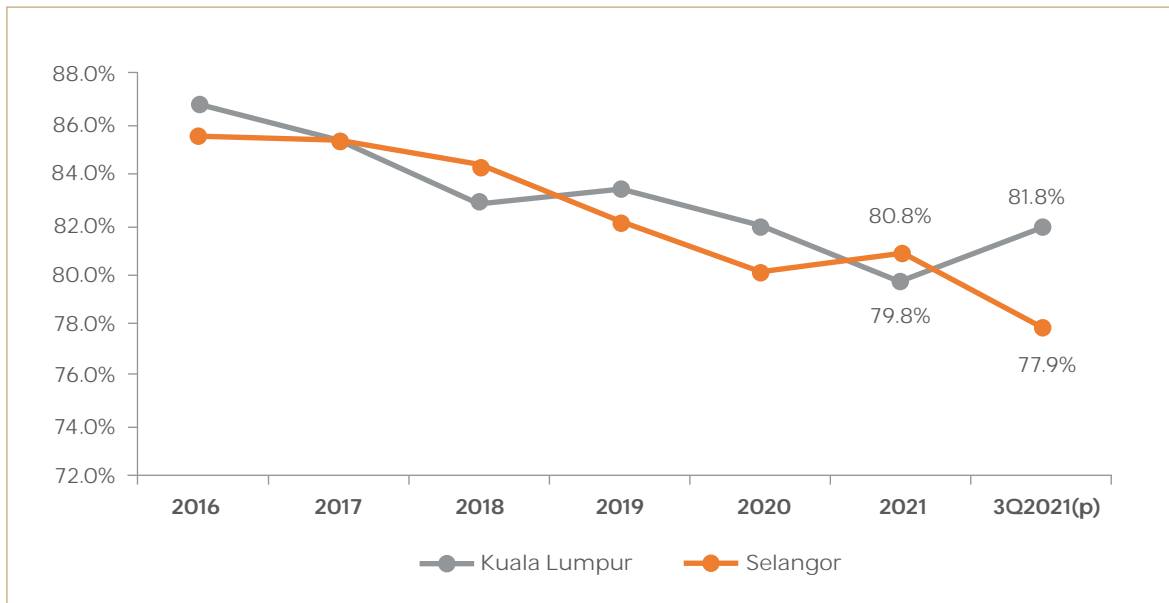
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RETAIL MARKET OVERVIEW (cont'd)

3.0 GREATER KUALA LUMPUR/KLANG VALLEY (cont'd)

3.2 Occupancy (cont'd)

Greater KL/Klang Valley: Average Occupancy Rates of Shopping Centres, 2016 to 3Q2022^(p)



Source: NAPIC

Note: (p) = Preliminary data

3.3 Rental Rates

Kuala Lumpur's premier shopping destination, namely Suria KLCC, commands high rental rates ranging from RM36.50 per sq ft to RM213.80 per sq ft per month. In KL Fringe, rentals at popular shopping centres such as Mid Valley Megamall and The Gardens Mall currently range between RM15.00 per sq ft and RM80.00 per sq ft per month.

As for Selangor, rentals at prime location such as 1 Utama Shopping Centre ranged from RM7.00 per sq ft to RM50.00 per sq ft while malls located far from city centre/in the suburbs such as IOI City Mall Putrajaya and The Mines recorded rental rates ranging from RM2.70 per sq ft to RM44.00 per sq ft per month.

The rental rates for retail space within shopping centres vary depending on location/positioning of retail lots, size of occupied space, floor level, unit orientation and other value factors.

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

3.0 GREATER KUALA LUMPUR/KLANG VALLEY (cont'd)

3.3 Rental Rates (cont'd)

Greater KL/Klang Valley: Rental Levels of Retail Space in Selected Shopping Centres, 2021 to 1H2022

Retail Development	Location	Floor	Built-up Area (sq ft)	Analysis of Rental Rate (RM per sq ft/month)	
				2021	1H2022
KL Sentral, Kuala Lumpur					
Suria KLCC	Jalan Ampang	Concourse (LG)	151 – 4,047	46.00 – 213.80	45.80 – 207.30
		Ground	301 – 2,928	41.60 – 152.40	44.10 – 151.00
		1	215 – 904	96.60 – 113.80	95.40 – 113.10
		2	323 – 1,819	36.50 – 100.50	36.50 – 100.50
		3	205 – 1,679	49.20 – 100.90	44.00 – 100.20
		4	570 – 2,368	45.40 – 62.80	37.80 – 61.10
Mid Valley City, Kuala Lumpur					
Mid Valley Megamall	Mid Valley City	Lower Ground	1,076 – 1,851	25.00 – 35.70	25.00 – 35.70
		Ground	560 – 958	45.00 – 80.00	45.00 – 80.00
		1	398 – 883	33.40 – 38.00	33.40 – 38.00
		2	431 – 700	23.40 – 25.00	23.40 – 25.00
		3	420 – 969	15.00 – 21.00	15.00 – 21.00
The Gardens Mall	Mid Valley City	Lower Ground	517 – 926	27.00 – 40.00	27.00 – 40.00
		Ground	1,001 – 1,819	31.50 – 38.20	31.50 – 37.50
		1	1,485 – 1,862	23.50 – 30.00	23.50 – 30.00
		2	1,098 – 1,658	18.50 – 21.00	18.50 – 21.50
		3	2,077 – 2,777	17.00 – 18.00	17.00 – 18.00
Selangor					
1 Utama Shopping Centre	Bandar Utama	Lower Ground	323 – 1,981	12.00 – 50.00	12.00 – 41.00
		Ground	1,345 – 2,669	14.00 – 34.00	12.50 – 34.00
		1	560 – 1,378	13.00 – 37.00	12.50 – 38.00
		2	463 – 1,830	7.00 – 31.00	7.00 – 31.00
The Mines	Seri Kembangan	1 (Fashion)	172 – 1,647	10.40 – 20.70	10.00 – 20.70
		1 (Food)	560 – 1,604	7.50 – 17.80	7.20 – 17.80
		2 (Fashion)	667 – 2,099	8.30 – 17.90	8.30 – 17.90
		2 (Others)	667 – 2,099	13.50 – 16.00	13.50 – 16.00
		3 (Fashion)	786 – 1,776	5.40 – 8.40	5.40 – 8.40
		3 (Food)	474 – 3,907	5.90 – 14.80	5.90 – 14.80
		3 (Others)	775	23.90	23.90
		4(Telco)	527 – 1,991	9.00 – 19.00	9.00 – 19.00
IOI City Mall	Putrajaya	LG (East Wing)	366 – 1,313	17.00 – 37.00	17.00 – 37.00
		LG (Centre Court)	344 – 3,143	25.00 – 44.00	25.00 – 44.00
		LG (West Wing)	226 – 3,380	14.30 – 36.20	14.30 – 36.20
		G (East Entrance)	861 – 16,318	4.12 – 26.00	4.12 – 26.00
		G (Centre Court)	646 – 2,809	9.00 – 33.00	9.00 – 33.00
		G (West Wing)	484 – 2,400	16.00 – 27.00	16.00 – 27.00
		L1 (East Wing)	614 – 7,298	2.70 – 20.00	2.70 – 20.00
		L1 (Centre Court)	549 – 10,129	2.80 – 43.00	2.80 – 43.00
		L1 (West Wing)	452 – 3,832	5.00 – 16.00	5.00 – 16.00
		L2 (East Wing)	538 – 5,866	2.80 – 23.20	2.80 – 23.20
		L2 (Centre Court)	484 – 2,885	9.50 – 32.20	9.50 – 32.20
		L2 (West Wing)	484 – 2,099	8.00 – 22.20	8.00 – 22.20

Sources: NAPIC/Knight Frank Research

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

3.0 GREATER KUALA LUMPUR/KLANG VALLEY (cont'd)

3.4 Capital Values

Notable transactions of shopping centres in Klang Valley since 2015 include the following:

Greater KL/Klang Valley: Notable Transactions of Shopping Centres, 2015 to 1H2022

Date of Transaction	Building Name	Location	Estimated NLA (sq ft)	Consideration (RM)	Price (RM / sq ft)	Purchaser
Selangor						
2021	Empire City Mall ⁽¹⁾	Damansara Perdana	1,748,848	1,000,000,000	572	Rubberex Corporation (M) Berhad
2018	SStwo Mall ⁽²⁾	Petaling Jaya	460,000	180,000,000	391	DK Group of Companies
2017	AEON Mahkota Cheras	Cheras	308,000	88,000,000	286	Foremost Wealth Management Sdn Bhd
2017	Empire Shopping Gallery ⁽³⁾	SS16/1, Subang Jaya	350,000	570,000,000	1,629	Pelaburan Hartanah Bhd (PHB)
2015	da:mén USJ Shopping Mall ⁽⁴⁾	USJ 1, Subang Jaya	420,920	486,844,000	1,157	Pavilion REIT
2015	Tropicana City Mall ⁽⁵⁾	SS20, Petaling Jaya	448,248	540,000,000	N/A	CapitaMalls Malaysia Trust
2015	Subang Avenue	SS16, Subang Jaya	213,354	139,500,000	654	Sime UEP Properties Bhd and Subang Mall Property
Kuala Lumpur						
2022	Pavilion Bukit Jalil ⁽⁶⁾	Bukit Jalil	1,800,000	2,200,000,000	1,222	Pavilion REIT
2022	163 Retail Park ⁽⁷⁾	Mont Kiara	226,800	270,500,000	1,193	ALX Asset
2020	Setapak Central ⁽⁸⁾	Danau Kota, Setapak	512,806	318,000,000	620	Frasers Property Gold Pte. Ltd.
2019	Pavilion Bukit Jalil ⁽⁹⁾	Bukit Jalil	1,839,914	1,480,000,000	804	Regal Path Sdn Bhd
2017	Elite Pavilion Mall ⁽¹⁰⁾	Bukit Bintang	241,929	580,000,000	2,397	Pavilion REIT
2015	Intermark Mall	Jalan Tun Razak	225,014	160,000,000	711	Pavilion REIT
2015	Sooka Sentral	KL Sentral	97,210	90,800,000	934	Cardiac Vascular Sentral Kuala Lumpur

Source: Knight Frank Research

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

3.0 GREATER KUALA LUMPUR/KLANG VALLEY (cont'd)

3.4 Capital Values (cont'd)

Notes:

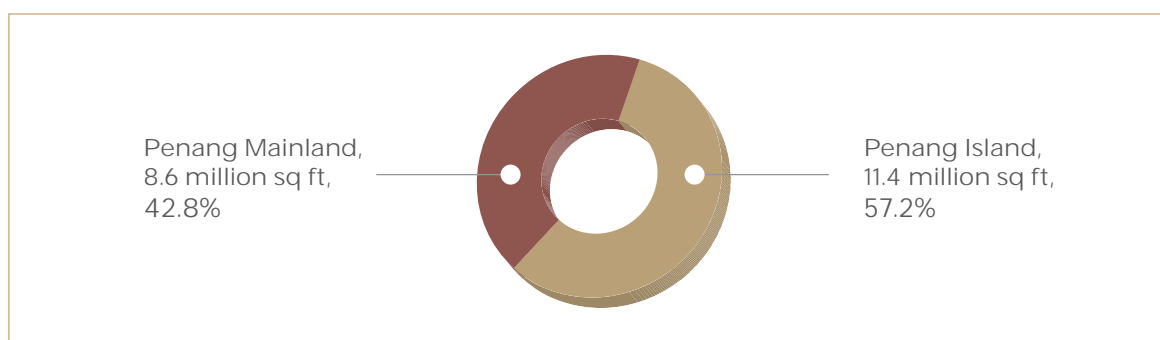
- (1) Rubberrex Corporation has entered into a conditional subscription agreement with Alliance Premier, Exsim and JT Momentum for the subscription of 200,000 new ordinary shares or 20% equity interest in Alliance Empire, owner of Empire City Mall, to be fully satisfied with RM180 million in cash.
- (2) The Puchong-based DK Group of Companies has completed the deal at the end of July. The deal is done between AsiaMalls Sdn Bhd and DK Group of Companies. The mall which was shut down five years ago is set to reopen as a healthcare centre with Life Care Diagnostics Medical Centre as its new tenant.
- (3) Empire Shopping Gallery: Mammoth Empire Holding Sdn Bhd has been granted a call option to buy back the shopping mall on the fifth anniversary of the sale. It also has the right of first refusal to buy the mall should PHB decide to dispose of it within the five years.
- (4) da:mén USJ Shopping Mall is part of an integrated commercial development comprising the shopping mall, 41 units of contemporary shops and offices, as well as 480 units of apartments housed in two tower blocks with six levels of podium car parks. The total consideration was revised to RM486,844,000 from the initial total consideration of RM488,000,000 due to the reduction of car parking bays.
- (5) The total purchase consideration of RM540 million include the purchase of both Tropicana City Mall with Tropicana City Office Tower. The apportionment of value is not available.
- (6) On 22 November 2022, MTrustee Bhd, the trustee of Pavilion REIT, signed a sale and purchase agreement to acquire Pavilion Bukit Jalil Mall (NLA of 1.8 million sq ft and 4,800 car park bays) from Malton's subsidiary, Regal Path Sdn Bhd, for RM2.2 billion.
- (7) On 17 November 2022, YNH Property Bhd announced that it is selling 163 Retail Park shopping centre to ALX Asset Bhd for RM270.5 million, and the disposal is expected to be completed by 1H2023.
- (8) Frasers Property Gold Pts Ltd., a wholly-owned subsidiary of Frasers Property Limited purchased 131,443,060 shares representing the entire issued and paid-up share capital of Mallco Pte. Ltd, which indirectly holds Setapak Central. The agreed property value for Setapak Central at RM318.0 million was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations.
- (9) The development of Pavilion Bukit Jalil Mall is still on-going as of 30 June 2021 with expected completion by 2H2021. Payment of consideration is to be paid according to the stages stipulated in the schedule of payment appended in the announcement. The mall is scheduled to open on 3 December 2021.
- (10) Elite Pavilion Mall – The consideration includes the strategic linkages, tenancies, 50 car park bays, utilities and other ancillary components for seamless connectivity with Pavilion KL Mall.

4.0 PENANG

4.1 Supply

The cumulative supply of retail space in Penang was recorded at 20.0 million sq ft as of 3Q2022 (source: NAPIC). Penang Island accounted for 57.2% share (11.4 million sq ft) of the total supply while the remaining 42.8% share (8.6 million sq ft) comes from Penang Mainland.

Penang: Existing Supply of Shopping Centres, Arcades and Hypermarkets, 3Q2022^(b)



Sources: NAPIC/Knight Frank Research

PROPERTY MARKET UPDATES

(cont'd)

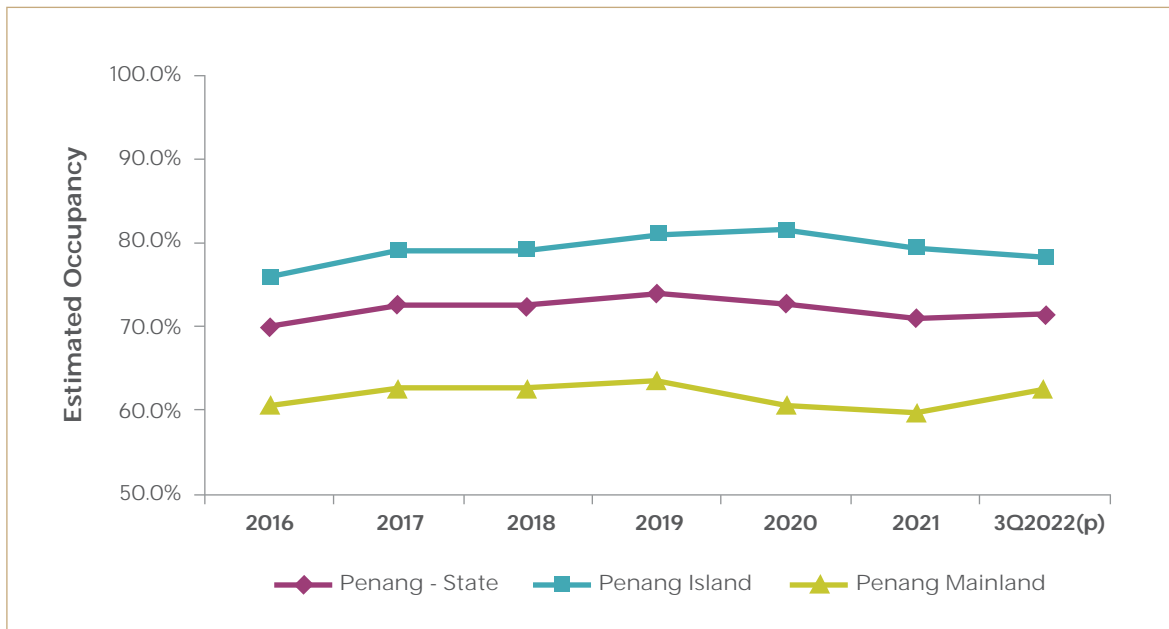
RETAIL MARKET OVERVIEW (cont'd)

4.0 PENANG (cont'd)

4.2 Occupancy

The average occupancy rate of retail space (inclusive of shopping centres, arcades and hypermarkets) in Penang (include Penang Island and Penang Mainland) has been fairly stable since 2016 and it peaked at 73.8% in 2019.

Penang: Average Occupancy Rate of Shopping Centres, Arcades & Hypermarkets, 2016 to 3Q2022^(p)



Sources: NAPIC/Knight Frank Research

Note: (p) = Preliminary data

In 2021, the overall average occupancy rate dipped to 70.9% amid the unprecedented pandemic. Higher vacancies in the localities of Kepala Batas, Tasek Gelugor and Perai, led to an overall decline in the occupancy of Penang Mainland, dropping to 59.7% (2020: 60.6%), while in Penang Island, the occupancy rate also dipped to 79.4% (2020: 81.3%).

In 3Q2022, following reopening of the country's international borders and resumption of all economic and social activities coupled with rising footfall, the average occupancy rate of malls in Penang improved to 71.5%.

4.3 Rental Rates

In 1H2022, the rental rates of retail space in selected established shopping centres in the central town prime area on Penang Island remained stable.

The rental rates range from as low as RM2.30 per sq ft to as high as RM52.50 per sq ft per month, depending on factors such as location and building condition of the mall, floor level and size of retail lots amongst others.

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

4.0 PENANG (cont'd)

4.3 Rental Rates (cont'd)

Penang - Rental Rates of Selected Shopping Centres, 2H2021 to 1H2022

Shopping Centre	Floor	Built-up Area (sq ft)	Range of Rental Rates (RM per sq ft/month)	
			2H2021	1H2022
Gurney Plaza	Basement (Main Area)	140 – 1,109	22.40 – 40.70	22.40 – 40.70
	Basement (Secondary Area)	409 – 958	10.00 – 16.00	10.00 – 16.00
	Ground (Main Area)	129 – 1,798	30.60 – 52.50	30.60 – 52.50
	Ground (Secondary Area)	527 – 1,959	12.20 – 27.70	12.20 – 27.70
	First Floor (Main Area)	140 – 1,389	29.50 – 50.00	29.50 – 50.00
	First Floor (Secondary Area)	1,227 – 4,510	6.00 – 22.50	6.00 – 22.50
	Second Floor (Main Area)	140 – 2,605	10.00 – 48.50	10.00 – 48.50
	Second Floor (Secondary Area)	495 – 1,658	6.50 – 20.70	6.50 – 20.70
	Third floor (Main Area)	140 – 2,971	9.50 – 37.10	9.50 – 37.10
	Third floor (Secondary Area)	431 – 3,929	4.00 – 16.80	4.00 – 16.80
	Fourth Floor (Main Area)	140 – 2,874	10.00 – 22.80	10.00 – 22.80
	Fourth Floor (Secondary Area)	312 – 4,865	4.20 – 11.20	4.20 – 11.20
Gurney Paragon	Lower Ground Floor	312 – 2,260	4.80 – 12.90	4.80 – 14.90
	First Floor	484 – 1,916	16.60 – 23.90	16.60 – 23.90
	Second Floor	484 – 2,131	12.80 – 20.90	12.80 – 20.90
	Third Floor	291 – 1,335	4.80 – 14.70	4.80 – 14.70
	Fourth Floor	323 – 646	8.40 – 17.40	8.40 – 17.40
	Fifth Floor	452 – 1,884	6.30 – 15.40	6.30 – 15.40
	Sixth Floor	291 – 9,375	7.80 – 14.40	7.80 – 14.40
1 st Avenue	Lower Ground Floor	355 – 2,045	2.70 – 7.20	2.70 – 7.20
	Ground Floor	484 – 1,518	10.50 – 36.80	10.50 – 36.80
	First Floor	581 – 1,281	5.30 – 6.80	5.30 – 6.80
	Second Floor	388 – 1,873	6.50 – 11.50	6.50 – 11.50
	Third Floor	1,367 – 5,565	2.30 – 7.90	2.30 – 7.90
	Fourth Floor	6,211 – 9,106	4.30 – 5.00	4.30 – 5.00

Sources: NAPIC/Knight Frank Research

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

4.0 PENANG (cont'd)

4.4 Capital Values

Notable transactions of shopping centres in Penang include the following:

Penang: Notable Transactions of Shopping Centres, 2019 to 2022

Date of Transaction	Building Name	Location	Estimated NLA (sq ft)	Consideration (RM)	Price (RM/sq ft)	Purchaser
2022	Queensbay Mall ⁽¹⁾	Bayan Lepas	883,111	990,500,000	1,122	MTrustee Bhd
2019	Island Plaza ⁽²⁾	Georgetown	326,800	N/A	N/A	Reportedly to be a Hong Kong businessman
2019	1st Avenue Mall ⁽³⁾	Georgetown	407,076	153,000,000	376	I Homes Properties Sdn Bhd

Sources: RCA/JPPH/Knight Frank Research

Notes:

- (1) *Queensbay Mall: MTrustee Berhad, on behalf of CLMT, had on 9 November 2022 entered into the following in respect of the Proposed Acquisition: (i) a conditional sale and purchase agreement with Special Coral Sdn Bhd to acquire 433 strata titles within Queensbay Mall for a purchase consideration of RM984.48 million; and (ii) a conditional share purchase agreement with Retail Galaxy Pte Ltd to acquire all the issued and paid-up share capital of Scenic Growth Sdn Bhd, Luxury Ace Sdn Bhd, Success Idea Sdn Bhd and Milky Way Properties Berhad, which collectively hold 5 strata titles within Queensbay Mall for a total purchase consideration of RM3.45 million. As of October 2022, the occupancy rate of the freehold mall is 95%.*
- (2) *Island Plaza: Prior to this transaction, in April 2019, it was sold to Frasers Property JV Frasers Centrepoint Trust by Pramerica REI for an undisclosed amount. Previously in 2007, it was sold to Pramerica REI by Belleview Group Dev for a consideration of RM120 million or circa RM367 per sq ft.*
- (3) *1st Avenue Mall: Prior to this transaction, in April 2019, it was sold to Frasers Property JV Frasers Centrepoint Trust by Pramerica REI for an undisclosed amount.*
- (4) *N/A = Not Available*

5.0 RETAIL MARKET OUTLOOK

The newfound optimism for Klang Valley's retail market, following the country's transition to the endemic phase on 1 April 2022, has materialised following the impressive retail sales growth of 96.0% in 3Q2022. For the full year of 2022, the country's retail sales growth has been revised upwards to 41.6% from the earlier projection of 31.7%.

With the resumption of economic activities, there is an expectation for better employment opportunities, and subsequently improvement in consumers' disposable income. The MIER Consumer Sentiments Index (CSI) posted quarterly improvement to record at 98.4 points in 3Q2022 (2Q2022: 86.0 points), marginally below the 100-point optimism threshold.

Shopping malls have seen encouraging recovery in footfall and retail sales since the relaxation of movement restrictions. Moving forward, despite the increasing supply of retail space, rental reversion is expected to trend upwards.

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

5.0 RETAIL MARKET OUTLOOK (cont'd)

In Budget 2022, the government allocated RM33 million towards the “buy local” campaigns and RM250 million to continue with the Shop Malaysia Online and Go eCommerce Onboarding campaigns to further support the recovery of the local retail industry. In addition, the RM8.2 billion Bantuan Keluarga Malaysia cash assistance and fourth withdrawal of the Employees Provident Fund (EPF) had provided an additional boost to consumers' purchasing power.

Moving forward, under Budget 2023 which was tabled in October 2022 (to be re-tabled early 2023), the government has allocated RM59 million to boost digitalization and eCommerce activities under MATRADE, MARA and MDEC. The government has allocated another RM10 million for the Buy Malaysia Made Goods campaign to encourage the purchase of locally-produced goods.

The accelerated e-commerce growth during the pandemic is here to stay. Driven by changing consumer behaviour, mall operators/landlords and retailers continue to enhance their omnichannel strategies to provide consumers with a seamless shopping experience, in which physical and digital platforms co-exist and complement one another.

Mall operators/landlords and retailers have also embarked on asset enhancement initiatives besides promoting experiential retail, thematic stores, and promotional events to differentiate the shopping experience from online retail and lure consumers to physical stores. Safety, health and wellbeing are expected to remain at the forefront despite the relaxing of COVID-19 measures to cater to the more conscious, safety-focused consumers.

Digital payment services/e-wallet, which has gained traction amid the pandemic, is projected to gather further momentum. This follows the allocation of RM300 million under ePemula programme where two million Malaysian youths received RM150 e-wallet credit in April 2022.

Meanwhile, global geopolitical tensions, climate-change related disasters, supply chain disruptions and rising inflationary pressure continue to pose unrelenting challenges to the retail sector, clouding consumer sentiments and weigh on their purchasing power. Nonetheless, with the country's newly formed government pledging to prioritise the issue of rising cost of living, and backed by steady domestic demand, the local retail sector is expected to remain favourable.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Board”) of Sentral REIT Management Sdn Bhd (“SRM” or the “Manager”) as the manager of Sentral REIT (“SENTRAL” or the “REIT”) presents this Corporate Governance Overview Statement, outlining the corporate governance approach, focus areas and priorities for the financial year ended 31 December 2022.

The Manager is cognisant on the importance of having well-balanced, purposeful and comparable corporate governance disclosures which empower stakeholders to appreciate the strategic course that SENTRAL is charting towards and how the intended outcomes of good corporate governance will be attained.

The Board endeavours to provide stakeholders with an informational and comprehensive disclosure of how corporate governance better practices are infused into the fabric of the SENTRAL’s overall decision-making process.

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report, based on the updated prescribed format so as to provide a detailed account on the application of SENTRAL’s corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (“MCCG”) during the financial year ended 31 December 2022. The Corporate Governance Report is made available on SENTRAL’s corporate website, <https://sentralreit.com/> as well as via an announcement on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Corporate Governance Overview Statement and Corporate Governance Report are made pursuant to paragraph 15.25 of the Main Market Listing Requirements by Bursa Securities (“Listing Requirements”) and are narrated with reference to the guidance provided in Practice Note 9 of the Listing Requirements and the Corporate Governance Guide (4th Edition) issued by Bursa Securities.

The disclosure of the Corporate Governance Report by SENTRAL is a discretionary step taken in the spirit of epitomising paragraphs 13.34 and 13.35 of the Guidelines on Listed Real Estate Investment Trusts (“Listed REIT Guidelines”) issued by the Securities Commission Malaysia (“Securities Commission”) that call for the adoption of a higher standard of corporate governance practices.

This Corporate Governance Overview Statement should also be read in tandem with the other statements in this Annual Report (e.g. Statement on Risk Management and Internal Control, ARC Report as well as the Sustainability Statement) as the application of certain corporate governance enumerations may be better expounded upon in the respective statements or reports.

CORPORATE GOVERNANCE APPROACH

SRM is aware that purposeful design and focused implementation of SENTRAL’s corporate governance framework is of paramount importance in ensuring successful execution of strategies and business plans, informed monitoring of performance and prudent risk management. In particular, the Board and Management of SRM are aware of their responsibility to act in good faith, with due care and diligence, and in the best interests of its Unitholders by exemplifying the principles of accountability, objectivity and transparency.

SENTRAL’s approach to corporate governance is premised on:

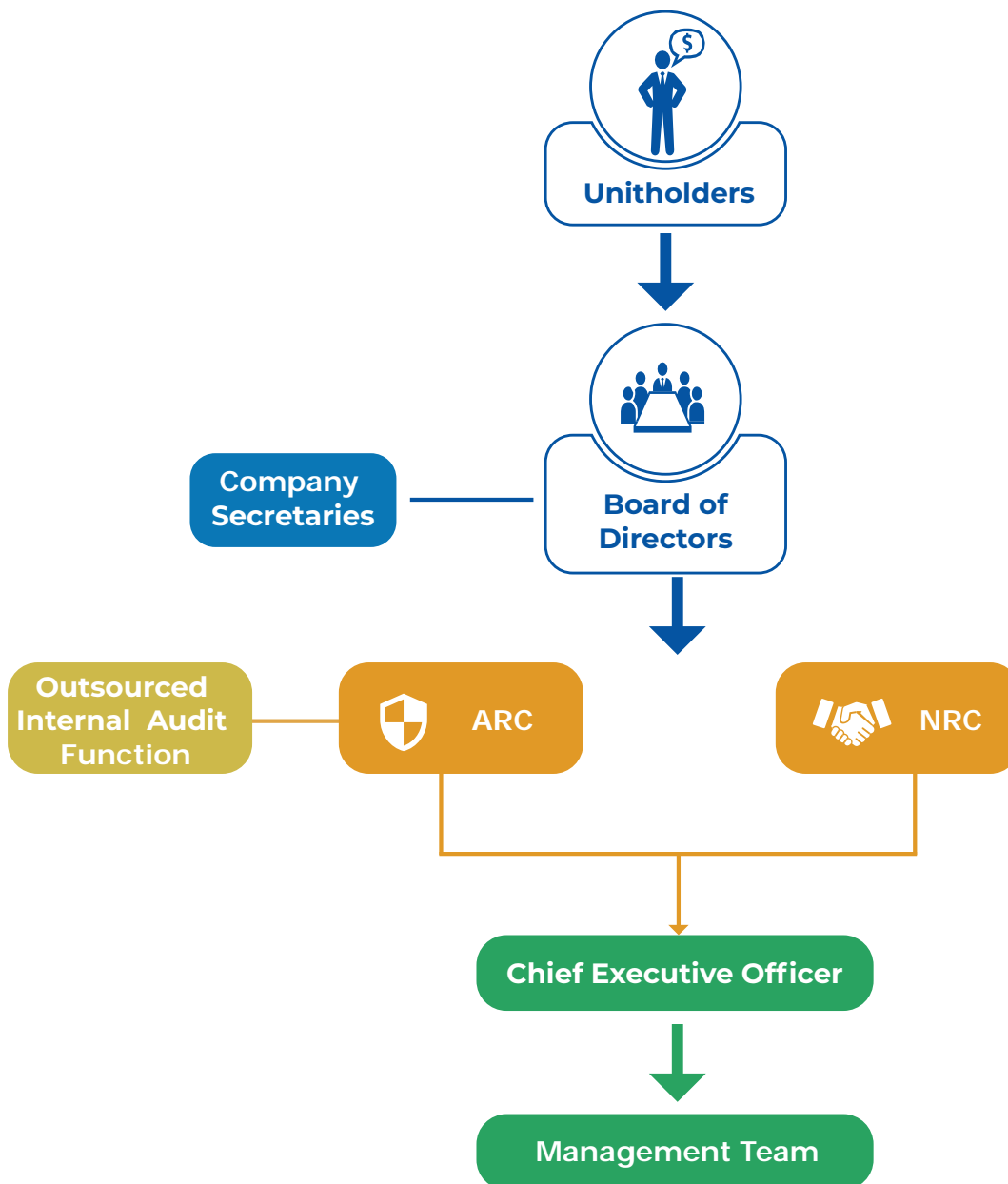
- driving sustainable value for Unitholders over the long-term through the alignment of the interests of SENTRAL’s Unitholders with that of the Board and Management of SRM;
- promoting the long-term growth and profitability of SENTRAL whilst prudently managing risks; and
- meeting stakeholder expectations of sound corporate governance as part of SRM’s broader responsibility to Unitholders, tenants, creditors and the community in which it operates.

The Manager’s governance architecture is one of a robust yet flexible nature, designed to underpin the day-to day activities of SENTRAL with sound processes and procedures. Given its fundamental role in promoting a healthy corporate culture, the Board exercises sustained oversight on the predominant corporate governance policies and procedures to ensure they replicate the ever-changing expectations of stakeholders, market trends and globally recognised better practices, whilst remaining applicable to the unique needs of SENTRAL’s businesses and core values.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

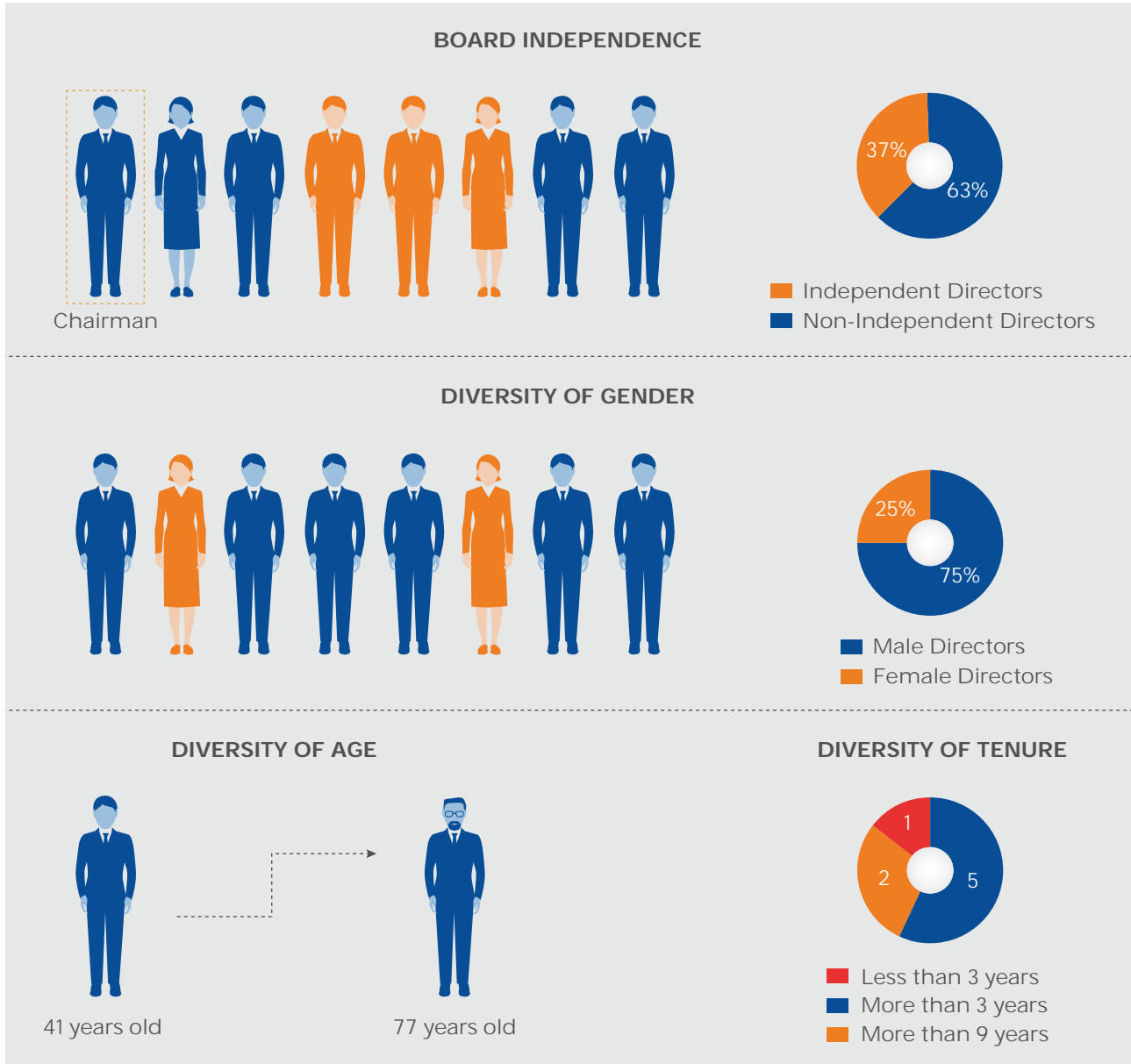
In order to discharge its oversight and governance roles and responsibilities, the Board has established two (2) Board Committees, namely, the Audit & Risk Committee ("ARC") and the Nomination & Remuneration Committee ("NRC"). The Board retains collective oversight over the Board Committees and is regularly apprised on the proceedings of these Committees through the respective Board Committee Chairmen. Any recommendations would be subsequently escalated to the Board for the requisite approval. In order to avert any potential self-review threat, the Board Chairman does not occupy membership in any of the Board Committees. The governance architecture in place is illustrated below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

(OUR GOVERNANCE AT A GLANCE)



Note: Dato' Dr. Low Moi Ing, J.P. and Dato' Michael Ong Leng Chun resigned as Directors of SRM on 19 January 2023 following the cessation of Quill Resources Holding Sdn Bhd as a shareholder of SRM on even date.

The Board is of the view that the current configuration epitomises an appropriate fit with the present scope and scale of SENTRAL's business operations. The wealth of experience and diverse set of skills enable the Directors to provide valuable perspectives in order to exercise robust oversight of SENTRAL's strategic objectives. The Board is composed of members with diverse experience and multi-disciplinary expertise from the domains of property development and real estate, accounting and finance, business management, science, entrepreneurship and property management which in turn allows for a diverse and multi-faceted approach to Board-level deliberations and ultimate decision-making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

A non-exhaustive illustration of some of the Directors' skill sets is outlined below:



SUMMARY OF CORPORATE GOVERNANCE PRACTICES

The Manager has applied all the Practices encapsulated in the MCGG for the financial year ended 31 December 2022, save for the following:

- Practice 5.2 (At least half the Board to comprise a majority of Independent Directors);
- Practice 5.9 (Board to comprise 30% women Directors);
- Practice 5.10 (Disclosure of company policy on gender diversity in Annual Report);
- Practice 8.2 (Disclosure of top five Senior Management personnel's remuneration on a named basis and in bands of RM50,000); and
- Practice 9.2 (A Policy that requires former partners of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee).

In addition to the standard Practices encapsulated within the MCGG and as a higher order practice, the Manager has adopted the following Step-Up Practices:

- Step Up Practice 5.4 (Nine-year tenure limit for Independent Directors); and
- Step Up Practice 9.4 (ARC should comprise solely of Independent Directors).

SRM has provided meaningful explanation on its departures from the said practices based on the leeway accorded in the application mechanism of the MCGG. As SENTRAL emerges from a challenging operating environment, SRM is committed to accelerating efforts to implement the departed Practices within the timeframes outlined within the Corporate Governance Report.

The explanations provided on the said departures are supplemented with a description on the alternative measures that are in place to achieve the Intended Outcome of the departed Practices, measures that SENTRAL has taken or intends to take to adopt the departed practices as well as the timeframe for adoption of the departed Practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

These measures and timeframes represent the Manager's unwavering commitment to adopt higher order practices, given that it is not mandatory for companies that fall outside of the MCCG's definition of a Large Company to do so.

Additional details on SRM's application of each individual Practice of the MCCG are available within the Corporate Governance Report which is published on SENTRAL's corporate website as well as via an announcement on the website of Bursa Securities.

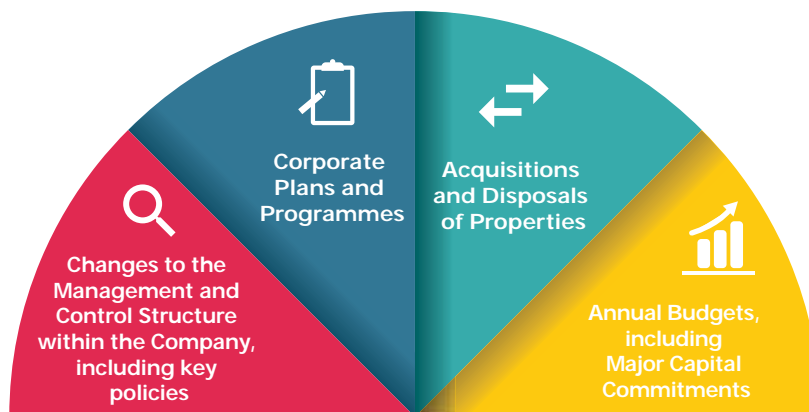
A summary of SENTRAL's corporate governance practices with reference to the MCCG is outlined below and in the ensuing pages of this Corporate Governance Overview Statement.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board is collectively accountable for setting the strategic course and overseeing the subsequent execution of these strategies. The Board is accountable to the Unitholders and various other stakeholder groups in ensuring that it provides effective oversight over Management conduct, ensures prudent risk management and robust internal control systems are in place as well as incorporating regular reviews over SENTRAL's systems to ensure their adequacy, veracity and efficacy.

The Board is guided by the Board Charter which sets out the purpose, composition, and principal responsibilities of the Board as well as acts as the source literature for Board members in the discharge of their fiduciary duties. The Board Charter incorporates provisions that provide for the clear demarcation of the respective roles and responsibilities of the Board and Management and includes "Reserved Matters" for the Board as illustrated below:



The Board Charter and the Terms of Reference of the respective Board Committees are periodically reviewed and revised to integrate the variations to the Companies Act 2016, Listing Requirements, Listed REIT Guidelines as well as the MCCG to ensure acquiescence to mandatory requirements and better practices. The Board Charter is made available on SENTRAL's website at <https://sentralreit.com/>.

The Board and Board Committees are supported by two qualified and experienced joint Company Secretaries, who provide the Board with periodic updates on the latest regulatory developments. The Company Secretaries are members of the Malaysian Institute of Chartered Secretaries & Administrators ("MAICSA") with the officers being Mohamed Noor Rahim Bin Yahaya (MAICSA 0866820/SSM PC No. 202008002339) and Ho Ngan Chui (MAICSA 7014785/SSM PC No. 202008001773) respectively. The Company Secretaries also advise and support the Board in upholding high standards of corporate governance and facilitate the flow of information from Management to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

As counsels to the Board, the Company Secretaries possess the knowledge and experience to carry out their duties which have evolved from merely advising on administrative matters to one of diverse nature as illustrated by the "FAME" moniker below:



The roles, responsibilities and authorities of the Board, Board Committees, individual Directors and Company Secretaries are clearly outlined in the Board Charter, which serves as an authoritative governance document and induction literature. As mentioned, the Board Charter is made available on SENTRAL's website and is reviewed periodically to ensure it reflects the ever-changing environment in which the Manager operates so as to remain contemporaneous.

In relation to Board meetings, the Board and its Committees have met with sufficient regularity to deliberate on matters under their purview. Directors have devoted sufficient time to prepare, attend and actively participate during the Board and Board Committee meetings. Led by the Chairman, Directors are frequently called upon to express their views and play a part in making the Board meetings a participatory environment. During the year, the Board has met on a frequency of four (4) times to hold discussions on key matters pertaining to SRM and SENTRAL.

The attendance of individual Directors for the meetings of the Board and Board Committees are illustrated below:

Director	Board	ARC	NRC
Non-Independent Non-Executive Directors			
Tan Sri Chaw Choo Boon	4/4	-	-
Dato' Dr Low Moi Ing, J.P. ⁽¹⁾	4/4	-	-
Dato' Michael Ong Leng Chun ⁽¹⁾	4/4	-	-
Ann Wan Tee ⁽²⁾	4/4	-	1/1
Kwan Joon Hoe	4/4	-	-
Datuk Dr Roslan bin A. Ghaffar	4/4	4/4	3/3
Datuk Kamalul Arifin bin Othman	4/4	4/4	3/3
Frances Po Yih Ming	4/4	4/4	3/3
Legend:			

 Board/Board Committee Chairman

 Member

Note:

⁽¹⁾ Dato' Dr. Low Moi Ing, J.P. and Dato' Michael Ong Leng Chun resigned as Directors of SRM on 19 January 2023.

⁽²⁾ Ann Wan Tee was appointed as a member of the NRC on 12 May 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The Board is assisted by the ARC and the NRC which are entrusted with specific responsibilities in order to provide critical support in discharging its oversight function. The Board Committees are granted the authority to function in accordance with their respective Terms of Reference to ensure that enhanced objectivity and independence within Board Committee deliberations. The ultimate responsibility for the final decision on all matters deliberated at Board Committees are vested with the Board. Memberships of the established Committees and their respective Terms of Reference are refreshed periodically.

The primary responsibility of an Independent Non-Executive Director is to act as a safeguard to the interests of minority Unitholders and other stakeholders. As such, the Independent Non-Executive Directors play a cardinal role in ensuring transparency and preserving accountability. This is further fortified by the placement of Independent Non-Executive Directors as Chairmen of the two respective Board Committees as well as majority independent committee members which serves to infuse greater impartiality in the Board's decision-making process. The presence of Non-Independent Non-Executive Directors on the other hand also play a crucial role in their responsibilities for strategy and business performance. Their views are balanced by their duty to act in the best interest of SRM while being entrusted to relay the viewpoints of their nominators.

In line with good corporate governance practices, there is a clear distinction between the role of the Chairman and the CEO. The Chairman oversees the conduct, governance and effectiveness of the Board while the CEO is tasked with managing SENTRAL's business operations and implementing policies, strategies and decisions adopted by the Board. This provides for a balance of power and authority, increased accountability and greater capacity of the Board for objective decision-making.

The Board acknowledges its role in "leading from the front" and laying the groundwork in embedding an ethical culture across the Manager's operations. Premised on this, the Board formalised and implemented a Code of Business Ethics ("The Code"), which is regularly reviewed and monitored to foster an ethical culture within all facets of the operations. The Code serves as a guide and reference to Directors and employees to live up to high ethical business standards. It provides guidance on the conduct of business and their duties, in a manner that is efficient, effective and fair.

An illustration covering selected salient areas captured within the Code is shown below:



In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution. The Board appreciates the fact that SENTRAL's internal and external stakeholders should be well informed on the Manager's sustainability strategies, priorities, targets as well as overall performance and accordingly, the Sustainability Statement provides a detailed articulation on this front. The Board also keeps itself apprised with contemporaneous sustainability developments through capacity building efforts and the proactivity as well as responsibility of the Board on this front are evaluated through periodic Board Effectiveness Evaluation exercise. As for Senior Management personnel, a weighted proportion of their key performance indicators are pegged to sustainability considerations with a nexus to executive compensation packages.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Board Composition

The Board endeavours to ensure that its configuration appropriately reflects the requisite boardroom “ingredients” with respect to skill sets, experience and diversity.

In 2022, the Board comprises three (3) Independent Non-Executive Directors and five (5) Non-Independent Non-Executive Directors. The Board is cognisant that this practice falls short of Practice 5.2 of the MCCG which stipulates that at least half the Board should comprise Independent Directors⁽¹⁾. Currently, the Board comprises exclusively of Non-Executive Directors. Non-Executive Directors are external to the day-to-day operational duties of the Manager, making them disposed to an archetype that is inherently detached from Management. By virtue of having all Non-Executive Directors on the Board, a facilitative environment is created for policy making at the Board-level as well as ensuring effective oversight of Management.

To add a layer of further reinforcement, the clear demarcation of responsibilities between the Board and Management also allows key operational and investment decisions by Management to be challenged and questioned by the Board in a rigorous manner. The Board believes that the current configuration allows for adequate checks and balances, safeguarding against disruptive power plays and divisive factionalism within the boardroom.

Appointments to the Board are made via a formal, rigorous and transparent process and taking into account the objective criteria set by the Board which are evaluated by the NRC such as leadership experience, skill sets, knowledge, diversity of background, integrity, professionalism and time commitment. In the context of Independent Non-Executive Directors, the NRC assesses the candidate's ability to bring the element of detached objectivity and impartial judgment to boardroom deliberations. The NRC also conducts review of the Board size and composition to identify any gaps in its configuration.

The Board is of the view that its composition represents a good fit with the present scope and scale of the Manager's business operations. The wealth of experience and diverse set of skills enable the Directors to provide valuable perspectives in order to exercise robust oversight of the Manager's strategic objectives.

The Board also acknowledges that a cognitively diverse board is better placed to avert 'group think', 'blind spots' and insularity, particularly in the context of the dynamic REIT sector in which SRM and SENTRAL operates in. The Board is cognisant of the clear and compelling need for members who appreciate disruptions to business, understand the challenges and oversee what changes are needed to ensure sustainability.

Within the domain of gender, the Board presently has 25%⁽²⁾ female representation on the Board. The Board is aware that this is marginally lower than the 30% yardstick as propounded in the MCCG. In addition, the Securities Commission had on 31 December 2021, issued the new Guidelines on Corporate Governance for Capital Market Intermediaries applicable to all capital market entities. These Guidelines imposed a requirement on the Manager to ensure that its Board composition will comprise 30% women before 1 July 2022. However, the proportion trails only slightly behind the average benchmark reported by the top 100 companies⁽³⁾ whereby women hold approximately 25.5% of the board positions. The Board is committed to not only bridging this shortfall but will endeavour to join the 37% of top 100 companies which have met the 30% target as stipulated in the MCCG as a higher order corporate governance aspiration. To this end, the Board through the NRC shall remain steadfast in continuously identifying and assessing suitably qualified female candidates for nomination.

Notes:

- 1 Subsequent to Dato' Dr. Low Moi Ing, J.P. and Dato' Michael Ong Leng Chun resignation as Directors of SRM on 19 January 2023, SENTRAL will meet the requirements of Practice 5.2 of the MCCG.
- 2 Subsequent to Dato' Dr. Low Moi Ing, J.P. and Dato' Michael Ong Leng Chun resignation as Directors of SRM on 19 January 2023, SENTRAL will have 17% of female representation on the Board.
- 3 Companies or issuers on the FTSE Bursa Malaysia Top 100 Index; or companies with market capitalisation of RM2 billion and above, at the start of the companies' financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Board Evaluation

On a periodic basis, the Board, Board Committees and individual Directors including Independent Directors are subjected to a formal and comprehensive assessment of their performance and effectiveness. The assessment is administered using instruments that deploy both qualitative and quantitative criteria, based on a self and peer rating assessment model. During the next financial year, the Manager will conduct the exercise under the oversight of the NRC.

Directors' Training and Continuing Education Programmes

During the year under review, Directors have fully optimised the opportunities to burnish their expertise and enhance their knowledge. The Directors of SRM have participated in the following professional development programmes

Attended by	Date	Organiser	Particulars of training programmes attended
Tan Sri Chaw Choo Boon	2 & 9 March 2022	Bursa Malaysia	Bursa Malaysia: TCDF Climate Disclosure Training
	8 June 2022	Securities Industry Development Corporation ("SIDC")	Driving Responsible and Sustainable Value Creation Through Governance
	22 & 23 June 2022	SIDC	SIDC's Sustainable and Responsible Investment (SRI) Virtual Conference 2022
	9 August 2022	Bursa Malaysia	Bursa Malaysia: Advocacy Sessions for Directors & Senior Management of Main Market Listed Issuers
	19 October 2022	SIDC	Business Foresight Forum 2022 – Transformative Innovation: Reshaping Business Realities in Extraordinary Times
Dato' Dr Low Moi Ing, J.P.	7 December 2022	KSI Strategic Institute for Asia Pacific	The 2022 Global Chinese Economic and Technology Summit
Dato' Michael Ong Leng Chun	30 June 2022	Malaysian Institute of Architects	KLAF 2022 – Datum Plus
Ann Wan Tee	22 & 23 June 2022	SIDC	SIDC's Sustainable and Responsible Investment (SRI) Virtual Conference 2022
	5 August 2022	MRCB / ERM	Capacity Building Briefing on Task Force on Climate-Related Financial Disclosures (TCDF)
	19 October 2022	SIDC	Business Foresight Forum 2022 – Transformative Innovation: Reshaping Business Realities in Extraordinary Times
	21 November 2022	Sentral REIT / Messrs Amrit & Company	Corporate Liability for Commercial Organisation under Section 17A of the Malaysian Anti-Corruption Commission Act 2009
Kwan Joon Hoe	22 & 23 June 2022	SIDC	SIDC's Sustainable and Responsible Investment (SRI) Virtual Conference 2022
	5 August 2022	MRCB / ERM	Capacity Building Briefing on Task Force on Climate-Related Financial Disclosures (TCDF)
	19 October 2022	SIDC	Business Foresight Forum 2022 – Transformative Innovation: Reshaping Business Realities in Extraordinary Times

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Attended by	Date	Organiser	Particulars of training programmes attended
Datuk Dr Roslan bin A. Ghaffar	07 April 2022	MIECO Chipboard Berhad	Securities Commission Malaysia's Audit Oversight Board (AOB)
	5 August 2022	MIECO Chipboard Berhad	Key Criteria to Dispose of Stocks in Our Portfolio
	21 November 2022	Sentral REIT / Messrs Amrit & Company	Corporate Liability for Commercial Organisation under Section 17A of the Malaysian Anti-Corruption Commission Act 2009
Datuk Kamalul Arifin bin Othman	7 April 2022	Securities Commission Malaysia	Audit Oversight Board's Conversation with Audit Committees
	13 September 2022	Bursa Malaysia	Advocacy Session for Directors and Senior Management of main Market Listed Issuers
	21 November 2022	Sentral REIT / Messrs Amrit & Company	Corporate Liability for Commercial Organisation under Section 17A of the Malaysian Anti-Corruption Commission Act 2009
Frances Po Yih Ming	20 January 2022	Malaysia Australia Business Council	Post Pandemic Realities for SMEs - Way Forward
	24 February 2022	Institute of Corporate Directors Malaysia (ICDM)	Audit Committee Dialogue & Networking – Session #1
	2 March 2022	30% Club Malaysia	DEI Conversation #1: Elevating Investability
	2 & 9 March 2022	Bursa Malaysia	TCFD Sessions 101 & 102
	30 March - 20 April 2022	Climate Governance Malaysia	Climate Governance Malaysia webinar series - How to start your sustainability journey
	15 April 2022	ICDM	Nomination & Remuneration Committee (NRC) Dialogue & Networking
	25 April 2022	LeadWomen	Promoting Merit through quota on Boards
	26 April 2022	EY - Parthenon	Board Series: Changing the game with digital ecosystem
	19 May 2022	QED Changemaker	The Innovation Economy
	8 - 9 June 2022	Malaysian Institute of Accountants (MIA)	MIA International Accountants Conference 2022 - Charting ESG, Leading Sustainability
	11 August 2022	ICDM	PowerTalk ESG Series - Characteristics of ESG & Sustainability Leadership
	16 August 2022	Bursa Malaysia	Advocacy Session for Directors and Senior Management of Main Market Listed Issuers
	6 September 2022	ICLIF	Corporate Governance & Remuneration Practices for The ESG World

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Attended by	Date	Organiser	Particulars of training programmes attended
Frances Po Yih Ming	12 Oct 2022	Climate Governance Institute	CGI Global Summit 2022 - Ambition to action
	18 October 2022	Malaysian REIT Managers Association	MRMA Conference: M-REITs & The Road Ahead
	8 December 2022	ICDM & FIDE Forum	Board Risk Committee Dialogue & Networking

Remuneration

The NRC assists the Board in developing an appropriate remuneration framework for Non-Executive Directors. The remuneration framework is kept robust and competitive, designed to attract and retain the best of talents and is aligned to the long-term strategies and risk appetite of SENTRAL.

As an incremental measure and as a commitment to better corporate governance practices, the Board had, in year 2021, engaged KPMG Management & Risk Consulting Sdn Bhd to conduct a remuneration benchmarking exercise for its Non-Executive Directors and facilitated the formulation of SRM's Remuneration Policy and Procedures for Non-Executive Directors. The Remuneration Policy and Procedures for Non-Executive Directors was adopted on 10 November 2022.

The remuneration of Non-Executive Directors is set to be commensurate with their responsibilities, time commitment, experience, expertise and the complexity of SRM's activities and business and is in line with market norms. Non-Executive Directors are remunerated via fees and meeting allowances and such allowances are paid by SRM, not SENTRAL.

As for Senior Management, the components of remuneration packages have been structured to link rewards to individual and corporate performance including sustainability considerations.

The detailed disclosure of the remuneration of individual Directors are disclosed in the Manager's Corporate Governance Report under Practice 8.1.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit & Risk Committee

On 5 August 2021, the Audit Committee was renamed Audit & Risk Committee ("ARC"), with the responsibility of the Committee being extended to include overseeing the risk management function.

ARC was established to assist in safeguarding the integrity over SENTRAL's financial reporting, internal and external audit and risk management as well as internal control processes as part of the Board's commitment to provide stakeholders with a clear, balanced and comprehensive assessment of SENTRAL's financial performance.

The ARC has a Terms of Reference, which sets out its key roles and responsibilities. The Terms of Reference was updated to incorporate the expanded role of the Committee and is disclosed in SENTRAL's website. The expanded role of the Committee includes reviewing the effectiveness of the risk management framework adopted and the risk management processes employed and providing assurance to the Board on the adequacy and effectiveness of the risk management framework.

Recognising that independence is the cornerstone of a well-performing audit committee, the Board has decided to adopt the higher order practice of having an ARC that comprises solely of Independent Directors, chaired by Datuk Dr Roslan bin A. Ghaffar. The vast experience of the members in the areas of accounting, finance and auditing allows the ARC to collectively possess the requisite financial literacy and business acumen which are prerequisites for sound understanding of the financial matters of SENTRAL.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The ARC has unrestricted access to both the outsourced internal and external auditor, who in turn reports directly to the ARC. The ARC has established prescribed and transparent arrangements to maintain an appropriate relationship with the external auditor. During the year under review, the external auditor has provided assurance that its personnel are and have been independent throughout the conduct of the audit in accordance with the terms of relevant professional and regulatory requirements.

The ARC Report, which provides detailed articulation on the composition of the ARC, its responsibilities and main activities during the year, is outlined on pages 78 to 81 of the Annual Report.

Risk Management and Internal Audit

In an increasingly complex and ever-evolving marketplace, it has become imperative to have a robust yet dynamic risk management and internal control framework to stay ahead of disruptive forces that are inherent in the core businesses of SENTRAL. The Board as aided by the ARC performs periodic review and closely monitors the resilience of the risk management and internal control framework to ensure its adequacy and effectiveness.

The risk management framework put in place covers the structures, policies, processes and resources to identify, measure, evaluate, monitor, report and control or mitigate both internal and external sources of material risks. Risk management has been part of SRM's day-to-day operations and is embedded in its operational functions. The barometer for risk management is the risk register, which was formulated by the management team to capture and periodically monitor key risk areas. The risk register is updated by the management with the items being prioritised in terms of risk severity vis-à-vis the likelihood of that risk materialising and is reviewed by the ARC on a quarterly basis for reporting to the Board.

During the year, the Manager had engaged an external third party, BDO Governance Advisory Sdn Bhd to carry out its internal audit function. The services of BDO Governance Advisory Sdn Bhd were enlisted with a view of assessing the adequacy and effectiveness of internal controls and risk management processes. The internal audit function reports directly and functionally to the ARC. The internal audit function has direct access to the Board through the Chairman of the ARC.

The Statement of Risk Management and Internal Control which provides details of the internal review, is outlined on pages 85 to 88 of the Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Manager is committed in keeping all its stakeholders abreast in a timely manner of all material business matters that impact the Manager and SENTRAL. To this end, the Board ensures that mandatory disclosures are made through announcements to Bursa Securities as well as on SENTRAL's corporate website. The website is intuitively set up to ensure that pertinent information such as recent announcements, quarterly financial results as well as copies of recent notices and minutes of general meetings are easily accessible to all stakeholders.

This Annual Report is made publicly available on the corporate website and contains extensive details about SENTRAL's business activities and performance on both financial and non-financial fronts during the financial year. Whilst SENTRAL endeavours to be as transparent as possible to its stakeholders, SENTRAL is simultaneously mindful of the need to balance out legal and regulatory requirements governing the release of potentially material and price-sensitive information to the market.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The Board is cognisant that a proactive approach towards stakeholder engagement will enhance the ability of stakeholders to make informed investment decisions that are based not only on SENTRAL's retrospective performance but also on its business proposition and outlook. In light of the global pandemic and non-feasibility of holding physical meetings with its stakeholders, the Manager has continuously reached out to analysts by scheduling virtual meetings with analysts and investors to keep them apprised of SENTRAL's performance. SENTRAL welcomes stakeholder views and as such, may be contacted via the following avenues:

 <p>Mail</p> <p>Level 35, Menara NU2, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral 50470 Kuala Lumpur, Malaysia</p>	 <p>Telephone</p> <p>(603) 2786 8080 (603) 2780 7988</p>	 <p>Email</p> <p>General Enquiries: <i>enquiries@sentralreit.com</i></p> <p>Investor Relations Enquiries: <i>joyce.loh@sentralreit.com</i></p>
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Conduct of General Meeting

The Annual General Meeting ("AGM") serves as the principal platform for the Board and Senior Management of SRM to present SENTRAL's financial highlights, investment portfolio updates, operational performance, market outlook and strategic trajectory. Unitholders are encouraged to actively participate during AGMs by raising questions and providing feedback to the Board and Senior Management.

On 6 April 2022, SENTRAL conducted its tenth (10th) AGM in a virtual manner through live streaming from the broadcast venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur. The Chairman, CEO, Company Secretary, external auditors and independent scrutineers were present at the broadcast venue while all other Directors attended the AGM via video conferencing.

The notice for the AGM was provided 37 days in advance on the premise of empowering Unitholders with sufficient preparation time to make informed voting decision at the AGM. Unitholders were able to log on and participate remotely as well as pose queries online via the technology platform provided by the poll administrators, Boardroom Share Registrars Sdn Bhd. All resolutions tabled during the AGM are voted by poll and the results were validated by Boardroom Corporate Services Sdn Bhd, an independent scrutineer.

Feedback gathered during the AGM were evaluated and considered for further action by the Board and Senior Management. Minutes of the AGM were made available on the corporate website of SENTRAL within 30 business days from the date of the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Focus Areas During the Year (2022)

In 2022, the corporate governance focus areas of the Manager constituted the following:



Internal Control and Risk Management Framework

The Board, with the support of the ARC, have continued to undertake rigorous deliberations on internal control and risk management with coverage on more nuanced risks such as business, reputational, corruption and compliance risks. For the financial year under review, the Board and Management of SRM undertook a laser-focused review of its portfolio of properties in view of the challenging office market environment. The review highlighted the need for a recalibration of SENTRAL's portfolio through acquisition or sale of one or more of the authorised investments or commercial properties with the objective of maximising total returns to unitholders. Additionally, the review also encompassed SRM's asset enhancement initiatives ("AEI") as a two-pronged exercise, whereby safety risks was also a priority as part of SRM's planned AEI. The AEI completed during the financial year not only provided SENTRAL properties with aesthetical face-lifts but also enhanced its safety aspects, thus dovetailing with its sustainability agenda.



Talent Management

The Board has also focused on establishing a clear and an orderly talent management plan for Directors and Senior Management (including CEO) so as to maintain progressive refreshing of talent and leadership. The established talent management plan for Directors and Senior Management was carefully designed by considering different time horizons: i) contingency planning for sudden and "hit-by-the-bus" departures ii) medium-term planning for orderly talent management (i.e. retirement) iii) long-term planning for future strategic priorities of SENTRAL.



Compliance

Pursuant to Paragraph 15.01A of the amended Listing Requirements which come into effect on 1 July 2022, a listed issuer must have a fit and proper policy for the appointment and re-election of directors of the listed issuer and its subsidiaries.

SRM has adopted the Fit and Proper Policy for its Directors and Senior Management and copy of the Policy was published on <https://sentralreit.com>.

In addition, pursuant to the requirements under SRM's Fit and Proper Policy, an annual fit and proper assessment was conducted on the Directors and Senior Management (including CEO) for the year 2022. The 2022 fit and proper assessment results have been presented to the Board on 19 January 2023 for notification.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Corporate Governance Priorities (2023 and beyond)

In subsequent years, the corporate governance priorities of the Manager shall constitute the following:



Boardroom Composition

According to the 2022 ASEAN Board Trends report published by the Institute of Corporate Directors Malaysia (ICDM), one of the top five trends to impact boardrooms going forward into 2022 is board refreshment. In fact, 51% of respondents said that refreshing board composition is the most effective measure in improving board effectiveness. Meanwhile 41% of respondents said that having greater diversity on the Board is the most effective measure.

Along the same lines, the report also highlighted that the top aspects to improve board composition include the appointment of new independent directors (65%).

To this end, the Board is cognisant of the multifarious benefits that may benefit SENTRAL as a whole should there be a focused and strategic approach to altering Board-level composition. Specifically, the Board has in place a three-pronged focus within the realms of Board-level independence, gender diversity and casting a wider net when sourcing candidates.

With respect to Board-level independence, the Board recognises that having at least half Independent Directors on the Board, as stipulated in the MCCG, would imbue objectivity and independence into Board-level deliberations whilst simultaneously laying the foundation for more effective management oversight mechanisms. To this end, the Board through the NRC will continue to dedicate effort in scouring the market for suitably qualified candidates who abide by the required tenets and have a simultaneous appreciation for the nuances of SENTRAL's operating environment.

With respect to Board-level gender diversity, the Board recognises that there is an evidence-based business case for introducing diversity in gender to the boardroom which ultimately may benefit the Manager's efforts in achieving its strategic objectives. Dato' Dr. Low Moi Ing, J.P. and Dato' Michael Ong Leng Chun resigned as Directors of SRM on 19 January 2023 following the cessation of Quill Resources Holding Sdn Bhd as a shareholder of SRM. With the departure of Dato' Dr. Low Moi Ing, J.P., SRM remains with only one (1) female director sitting in the Board. In this regard, the Board through the NRC will continuously undertake the necessary measures to achieve the stipulated 30% female director target as put forth in the Clause 5.06 of the Guidelines on Corporate Governance for Capital Market Intermediaries issued on 31 December 2021. Notwithstanding this, the Board is steadfast in its view that overriding priority will always be given to enhancing the overall strength of the Board and sourcing the best candidates for the Manager as a whole.

With respect to casting a wider net for sourcing candidates, the Board is aware that this may have the intended impact of identifying the most suitable candidates to steer SENTRAL forward.

To this end, the NRC shall, where necessary, continue to enlist external search firms, head hunters, consultants, directors' registries and industry associations to maximise the chances of a successful search for candidates.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)



Environmental, Social & Governance Considerations

As highlighted in the 2022 ASEAN Board Trends report published by the ICDM, Boards across the region are placing increased emphasis on internalisation of Environmental, Social and Governance ("ESG) principles within their organisations.

The Board is fully committed to embedding ESG-related considerations into the fabric of SENTRAL's operational landscape pursuant to this regional and global trend.

The Board has placed a long-term goal of adopting integrated reporting to allow for more informed assessments by stakeholders on SENTRAL's value accretion course. To this end, the Board will endeavour to take necessary incremental steps to adopt integrated reporting.

AUDIT & RISK COMMITTEE REPORT

On 5 August 2021, the Audit Committee was renamed as Audit & Risk Committee (“ARC”) to reflect its roles and responsibilities in overseeing the risk management governance of Sentral REIT (“SENTRAL”).

The ARC is led by Datuk Dr Roslan A Ghaffar, an Independent Non-Executive Director, who is not the Chairman of the Board. Currently, the ARC comprises three (3) members all of whom are Independent Non-Executive Directors in line with Practice 9.4 (Step Up) of Malaysian Code of Corporate Governance (“MCCG”), which recommends that ARC should comprise solely of Independent Directors.

ARC play an active role in assisting the Board in discharging its governance responsibilities and the Board is of the view that the ARC members have the relevant expertise to discharge the functions of an ARC.

The ARC assist the Board to fulfill its oversight responsibilities over the activities of the Company. The key duties and responsibilities of the ARC as specified in its Terms of Reference are as follows:

- To consider the appointment of the external auditor, the audit fee and the reason given for their resignation or dismissal;
- To review the audit plans and scope of audit examination of the external auditors;
- To review with external auditors with regards to problems and reservations arising from their interim and final audits;
- To review the quarterly and year-end financial statements, focusing particularly on:
 - Any changes in accounting policies and practices
 - Significant and unusual events
 - Significant adjustments and issues arising from the audit
 - The going concern assumption
 - Compliance with the applicable approved accounting standards and other legal requirements
- To review the external auditor’s management letter and management’s response;
- To do the following, in relation to the internal audit function:
 - Review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out the work
 - Review the internal audit programme, control and processes, internal audit reports or investigation undertaken and whether appropriate action is taken to rectify any control weaknesses reported by the internal audit function
- To promptly report to Bursa Securities, where the ARC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements;
- To review procedures established to address allegations raised by whistleblowers, to ensure independent investigations is conducted and follow-up action is taken;
- To review any related party transaction and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises questions of management integrity;
- To assess the risks and control environment, to determine whether management has implemented policies ensuring the risks are identified and evaluated and those internal controls in place and effective to address the risks;
- To consider the report, major findings and management’s response of any internal investigations carried out by the internal auditors; and
- To undertake such other responsibilities as may be agreed by the ARC and the Board.

The Terms of Reference of the ARC is available at the website <https://sentralreit.com> of SENTRAL.

The ARC is authorised to investigate any matters within its terms of reference. It is entitled to full access to and co-operation of the management and the internal auditor and enjoys full discretion to invite any Director or executive officer of the Manager to attend its meetings. The internal auditor and external auditor have unrestricted access to the ARC. The ARC has full access to reasonable resources to enable it to discharge its functions properly.

AUDIT & RISK COMMITTEE REPORT

(cont'd)

The ARC also meets SENTRAL's external auditor and internal auditor, without the presence of management at least once annually. Sentral's external auditor carries out, in the course of its annual audit, a review on the effectiveness of the Manager's material internal controls over the financial reporting, including financial and risk management to the extent of the scope of audit as set out in its audit plan. Sentral's internal auditor provides an assessment on the adequacy and integrity of the system of internal control. Any non-compliances and internal control weaknesses noted during the audit and auditor's recommendations to address such non-compliances and weaknesses are reported to the ARC. Management follows up and implements Sentral's external and internal auditor's recommendation.

The ARC keeps abreast with the developments in relation to regulatory requirement by attending the training organised by Bursa Securities, Securities Commission Malaysia, Malaysian Institute of Accountants and any other professional bodies from time to time to better understand their roles on corporate governance, risk management and internal controls.

In its review of the audited financial statements for the financial year ended 31 December 2022, and based on its discussions with the management and where required, in consultation with the external auditors, the ARC is of the view that the financial statements are fairly presented, and conform to generally accepted accounting principles in all material aspects.

For all non-audit services provided by the external auditors, if any, the ARC conducts a review to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The ARC also review arrangements by which employees of the Manager may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

MEETINGS AND ATTENDANCE

For the financial year ended 31 December 2022, a total of four (4) ARC meetings were held and the attendance of the members at the ARC meetings was as follows:

ARC Member	Designation	Attendance
Datuk Dr Roslan Bin A Ghaffar	Chairman	4/4
Datuk Kamalul Arifin Bin Othman	Member	4/4
Frances Po Yih Ming	Member	4/4

HOW THE ARC SPENT ITS TIME IN 2022

During the year under review, the activities carried out by the ARC included the deliberation and review of the following:

Financial results

- i) Reviewed the quarterly and annual audited financial results of Sentral, and accompanying announcements and made the relevant recommendations to the Board for consideration, and focused particularly on matters related to changes in major accounting policies, significant and unusual events, compliance with accounting standards and disclosure requirements.

AUDIT & RISK COMMITTEE REPORT

(cont'd)

HOW THE ARC SPENT ITS TIME IN 2022 (cont'd)

Internal Audit

- i) Reviewed and approved the Annual Internal Audit Plan and resource requirements proposed by BDO Governance Advisory Sdn Bhd ("BDO Governance");
- ii) Reviewed the findings of internal audit reports on Sentral presented by the BDO Governance;
- iii) Reviewed the effectiveness and adequacy of management's corrective actions in response to the internal audit reviews conducted;
- iv) Reviewed the findings of follow-up audits to determine the status of implementation of management's corrective actions; and
- v) Reviewed the ARC Report and its recommendation to the Board for inclusion in the Annual Report.

External Audit

- i) Reviewed and approved the external auditor's Audit Plan, approach and scope of review prior to commencement of their annual audit;
- ii) Deliberated on matters arising from the audit of Sentral in a meeting with the external auditor without the presence of any executive officer of Sentral;
- iii) Deliberated on the external auditor's reports on audit and accounting issues that arose from its audits;
- iv) Deliberated on updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board; and
- v) Assessed the performance of the external auditor, including their independence.

Risk Management

- i) Reviewed the effectiveness of the risk management framework adopted and the risk management processes employed and provided assurance to the Board on the adequacy and effectiveness of the risk management framework.
- ii) Reviewed and deliberated the Corporate Governance Overview Statement, Corporate Governance Report and Statement on Risk Management and Internal Control, and recommended to the Board for inclusion in the Annual Report.

Related Party Transactions

- i) Reviewed the fairness, transparency of related party transactions with appropriate disclosures made as required under SC REIT Guidelines, the Trust Deed and the Listing Requirements, and ascertain that the transactions are conducted at arm's length, on normal commercial terms and in the best interests of the Unitholders of Sentral prior to submission for the Board's consideration and, where appropriate, unitholders' approval

INTERNAL AUDIT FUNCTION

During the year under review, the internal audit function was outsourced and carried out by an independent consultancy firm, BDO Governance in order to assist the ARC in discharging its duties and responsibilities. The internal audit activities were carried out in accordance with the internal audit plan which comprise the following:

- Reviewed internal controls systems and ascertain the extent of compliance with the established policies, procedures and statutory requirements; and
- Identified areas to improve operation controls and processes.

The findings by BDO Governance were presented to the ARC with subsequent follow up reports to ensure that appropriate actions are being taken to improve the current internal control systems.

AUDIT & RISK COMMITTEE REPORT

(cont'd)

RELATIONSHIP WITH THE EXTERNAL AUDITOR AND INTERNAL AUDITOR

The Board, via the ARC, maintains a formal and transparent relationship with the external auditor as well as the internal auditor. The ARC has direct and unrestricted access to both the external and internal auditors.

The ARC also meets the external auditor and internal auditor, without the presence of management at least once annually. The ARC had, during the year, held two meetings with the external auditor without the presence of Management, to discuss issues, problems and reservations (if any) that the external auditor wished to highlight to the ARC. A private session was also held between the ARC and the internal auditor for the same purpose.

Both the external and internal auditors had been extended good cooperation from the management and they were able to access information to carry out their functions effectively.

NOMINATION & REMUNERATION COMMITTEE REPORT

The Nomination & Remuneration Committee (NRC) was established in August 2016. The NRC is led by Datuk Kamalul Arifin bin Othman, an Independent Non-Executive Director, who is not the Chairman of the Board. Currently, the NRC comprises of four (4) members all of whom are Non-Executive Directors with a majority of Independent Non-Executive Directors.

The NRC assists the Board in reviewing the size and balance of the Board for appropriate mix of skills, experience and knowledge of directors, succession planning, human capital development and the remuneration framework for the directors and senior management.

The NRC assist the Board to fulfil its oversight responsibilities over the activities of SRM. The key duties and responsibilities of the NRC are specified in its Terms of Reference, as follows:

- to identify, assess and recommend to the Board for its approval, suitably qualified candidates for the Board, the committees of the Board, taking into consideration the character, experience, integrity, competence and time commitment;
- to identify and recommend to the Board for its approval, candidates for appointment as the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO");
- to review and recommend to the Board for its approval, the extension of contracts of the CEO and CFO;
- to recommend to the Board, candidates for re-election and/or reappointment of directors by shareholders at annual general meeting under the annual re-election provisions or retirement pursuant to the relevant laws having regard to their performance and ability to continue to contribute to the Board in light of their knowledge, skills and experience based on the annual Board assessment;
- to assess the independence of independent directors and recommend to the Board the retention of independent directors who have served for a cumulative period of nine (9) years, if deemed appropriate. Consideration should be made as to whether an independent director can continue to bring independent and objective judgement to Board deliberations;
- to assist the Board in implementing annual evaluation of the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual including CEO and to maintain proper documentation of such assessment;
- to formulate or review the remuneration policies and remuneration for the members of the Board, Board Committees, CEO and CFO, and recommend to the Board for approval;
- to review and recommend to the Board for adoption the framework for the Company's annual incentive scheme. The framework for the annual incentive scheme may include:
 - (a) merit increment
 - (b) merit bonus
 - (c) acquisition/divestment incentives
 - (d) special corporate exercise incentives
- to seek any information it requires from any employee of the Company in order to perform its duties;
- to have full authority to commission any report or survey which it deems necessary to help it fulfil its obligations; and
- to perform any other function as defined by the Board.

The Terms of Reference of the NRC is available on SENTRAL's website at <https://sentralreit.com>.

NOMINATION & REMUNERATION COMMITTEE REPORT

(cont'd)

MEETINGS AND ATTENDANCE

For the financial year ended 31 December 2022, a total of three (3) NRC meetings were held and the attendance of the members at the NRC meetings was as follows:

ARC Member	Designation	Attendance
Datuk Kamalul Arifin Bin Othman	Chairman	3/3
Datuk Dr Roslan Bin A Ghaffar	Member	3/3
Frances Po Yih Ming	Member	3/3
Ann Wan Tee ⁽¹⁾	Member	1/1

Note:

⁽¹⁾ Ann Wan Tee was appointed as a member of the NRC on 12 May 2022.

Meetings of the NRC are also attended by the CEO. Other members of the Management are invited to the NRC meetings when necessary to support detailed discussion on matters relevant to the agenda of the meeting.

HOW THE NRC SPENT ITS TIME IN 2022

During the year under review, the NRC undertook the following key activities:

1. Nomination Function
 - Recommending the re-election of Directors of SRM retiring at the 2022 Annual General Meeting.
 - Recommending the appointment of Derek Teh Wan Wei as the CEO of SRM
 - Recommending the appointment of Joyce Loh Mun Ching as the Chief Investment Officer of SRM
 - Recommending the adoption of the Fit and Proper Policy for Non-Executive Directors and Senior Management
 - Deliberating the Organisation Chart of SRM for 2023
 - Recommending the results of Fit and Proper Assessment on Directors and Senior Management for notification by the Board
2. Remuneration Function
 - Reviewing the Remuneration and Benefits for the Non-Executive Directors
 - Recommending the adoption of the Remuneration Policy for Non-Executive Directors
 - Deliberating the staff cost for SRM's Budget 2023
 - Deliberating the allocation of 2021 performance bonus, ex-gratia payment and 2022 salary increment
 - Deliberating 2022 Key Performance Indicator targets for the CEO of SRM
 - Deliberating the CEO's employment terms and approved bonus and increment for 2019 to 2021

NOMINATION & REMUNERATION COMMITTEE REPORT

(cont'd)

NOMINATION AND RECRUITMENT PROCESS

One of the NRC's key roles is to drive the recruitment process for new Directors and Senior Management. In considering candidates as potential Directors and/or Senior Management, the NRC will make reference to the Fit and Proper Policy which takes into account inter-alia the following criteria:

- Skills, knowledge, expertise and experience
- Time commitment, character, professionalism and integrity
- Perceived ability to work cohesively with other members of the Board
- Specialist knowledge or technical skills in line with the SRM's strategy
- Diversity in age, gender and experience/background

The Fit and Proper Policy is available on SENTRAL's website at <https://sentralreit.com>.

The appointment process of new Directors and Senior Management is set out in the diagram below:-



During the year under review, the Company sees several changes to SRM's organisation structure. Derek Teh Wan Wei was appointed as the CEO of SRM on 1 April 2022 and followed by the appointment of Joyce Loh Mun Ching as the Chief Investment Officer of SRM on 1 January 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) of Sentral REIT Management Sdn Bhd (“the Manager”), as the manager of Sentral REIT (“SENTRAL”), has adopted the relevant corporate governance disclosure under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”). In addition, the Board also observes the provisions of the Malaysian Code on Corporate Governance 2021 issued by the Securities Commission Malaysia (“Securities Commission”). Further information on SENTRAL’s corporate governance framework is also set out on pages 62 to 77. These efforts are all part of the Board’s recognition that a strong corporate governance framework is important. The Board also recognises that an effective corporate governance culture is critical to the Manager’s performance and consequently to the success of SENTRAL. The Board is committed to maintain a sound system of risk management and internal control with a view to safeguard the interest of the Unitholders, its investment and SENTRAL’s assets and to provide the following statement, which outline the nature and scope of internal control of the Manager during the financial year ended 31 December 2022.

BOARD RESPONSIBILITY

In discharging the Board’s principal responsibilities, the Board assumes the responsibility for the Manager’s system of risk management and internal control. The Board is responsible for the adequacy and integrity of the system of risk management and internal control. It is an essential part of the Board’s responsibilities to identify principal risks and ensuring that there are appropriate systems and policies in place to manage these risks; and reviewing the adequacy and integrity of these internal control system and policies. However, the Board acknowledged that this system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve the business strategies and objectives of SENTRAL. It therefore can only provide reasonable and not absolute assurance against material misstatements, losses or fraud.

The Board assesses principal risks when making property investment decisions by SENTRAL in order to mitigate any potential loss of value of Unitholders’ investment in SENTRAL. The Board also considers the changes during the period under review, in particular the business and economic environment and the property industry risk to ensure that there are policies and processes appropriate to manage any potential risk when making property investment decisions and to consider SENTRAL’s ability to respond to such changes.

The Board defines the processes to be adopted for its review of the adequacy and integrity of internal control. This includes both the scope and frequency of the reports it receives and reviews during the year and for such reports to be accompanied and supported with sound and appropriately assessed documents. The Board’s assessment of the adequacy and integrity of SENTRAL’s system of risk management and internal control includes identifying any significant failings or weaknesses in risk management and internal control and whether necessary actions are being taken promptly to remedy any such significant failings or weakness.

Our Chief Executive Officer has also provided the Board an assurance that SENTRAL’s risk management and internal control system is operating adequately and effectively, in all material aspect, based on the risk management and internal control system of SENTRAL.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The corporate governance framework established within the structure of SENTRAL includes the adoption of an Internal Audit function where BDO Governance Advisory Sdn Bhd (“BDO Governance”) was appointed by the Manager to carry out an independent internal audit on the operations of SENTRAL. BDO Governance confirms its internal audit methodology adopts the International Professional Practices Framework (IPPF) and is in compliance with the Institute of Internal Auditors Malaysia (IIAM) international auditing standards. In addition, this Statement on Risk Management and Internal Control is also a voluntary disclosure on the part of the Board in subscribing to a good corporate governance disclosure. The key processes that have been established in reviewing the adequacy and integrity of the on-going system of risk management and internal control include the following:

- (a) The Manager has in place an independent internal audit function which is outsourced to BDO Governance who reports directly to the Audit and Risk Committee (“ARC”) on its findings. The principle role of the internal audit function is to conduct regular reviews on the system of internal control of SENTRAL, and report on the effectiveness and efficiency of its operations, highlighting to the ARC significant findings in respect of non-compliances, if any;

The internal audit review undertaken by BDO Governance for the financial year 2022 and the findings arising from the review reported to the ARC include the following:

- (i) internal control review (“ICR”) on tenancy management to collection of rentals; and
- (ii) review of related party transactions for the financial year 2022 for compliance with established internal policies and procedures and applicable provisions of the Listing Requirements and the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission (“SC REIT Guidelines”) relating to related party transactions

and when required, undertake investigations as directed by the ARC. All findings and conclusion, including the recommended action plans, arising from the ICR, which was executed based on a risk-based approach, for financial year 2022 were tabled to the ARC. The reviews were conducted based on an internal audit plan developed together by the management and BDO Governance based on an entity risk assessment thereafter presented to ARC for approval.

The cost incurred for the internal audit function in respect of the financial year 2022 is RM43,000 (excluding services tax and disbursements) and is borne by the Manager.

The Board is satisfied that the current system of internal control for the Manager is adequate based on the reports from BDO Governance;

- (b) The ARC reviews, monitors and evaluates the effectiveness and adequacy of SENTRAL’s internal control, financial and risk management issues raised by the external and internal auditors, regulatory authorities and management. The reviews include reviewing written reports from the internal and external auditors, to ensure that where deficiencies in internal control have been identified, appropriate and prompt remedial action is taken by the management. The ARC also convenes meetings with external auditors, internal auditors, or both excluding the attendance of the other directors and management/employees of the Manager (where necessary). The ARC also reviews the adequacy of the scope, functions and competency of the internal audit function. The ARC also reviews and evaluates the procedures established to ensure compliance with applicable legislations, the SC REIT Guidelines and the Listing Requirements. At the same time, BDO Governance conducts a follow-up review on the agreed remedial actions with the management. This is to ascertain if management has resolved the concerns on key risks and weaknesses identified during the ICR on a timely basis. The status of remedial actions are reported to the ARC on an annual basis;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (cont'd)

- (c) At the beginning of every financial year, the Board reviews and approves the yearly budget and yearly asset enhancement works prepared by the management. The yearly budget which amongst others will entail revenue to be generated by SENTRAL and operating expenses, trust expenses and capital expenditure to be incurred by SENTRAL. The management prepares management report on a quarterly basis to update and explain any major variation to the Board on SENTRAL's financial results against the yearly budget approved by the Board at the beginning of the financial year, the status of major asset enhancement works carried out on the properties that has been approved by the Board, the status of expiry/renewal of tenancies/leases and other operational matters;
- (d) A risk management framework that provides a structure and framework under an Operation Manual in managing and accessing risk which includes amongst others, policies and procedures for the acquisition of property, financial and operational reporting, continuing listing and compliance obligations. The Operation Manual is subject to periodic review and provides a structured context for the Manager and personnel to undertake a review of the past performance and to profile the current and future risks facing their area of responsibility;
- (e) There is a set of risk management and internal control system which sets out the approval/authority limits imposed on directors and management for operating and capital expenditure, investments and divestments, bank borrowings, lease renewals and other operational matters. A set of authorized signatories were also established for cheque signatories' arrangements. The Board approves transactions exceeding certain threshold limits. Appropriate delegation of authority is also provided at management level to facilitate operational efficiency. Further, the Board and its committees operate within a clearly defined terms of reference with delegation of responsibilities clearly set out;
- (f) Internal control procedures to ensure that related party transactions are undertaken in compliance with the SC REIT Guidelines, the Listing Requirements and the Trust Deed; and are carried out on arm's length basis and on normal commercial terms, which are in the best interests of the Unitholders of SENTRAL. The Manager incorporates into its annual internal audit plan, a review of all related party transactions. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor related party transactions have been complied with;
- (g) In order to deal with any potential conflict of interest situations that may arise, the Manager's policy is that any such related party transaction, dealing, investment and appointment carried out for and on behalf of SENTRAL are to be executed on terms that are best available to SENTRAL and which are no less favourable to SENTRAL than on arm's length transactions between independent parties;
- (h) Whistle-blowing Policy and Anti-Bribery and Corruption Policy to provide employees of the Manager with well-defined procedures and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to SENTRAL and the Manager, and for independent investigation of any reports by employees and appropriate follow up action. The Whistle-blowing Policy is established to promote fraud awareness and the aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly, and to the extent possible be protected from reprisal; the Anti-Bribery and Corruption Policy is aimed at providing guidance to deal with improper solicitation, requests for bribes and other corrupt activities and issues that may arise in the course of business;
- (i) Scheduled regular meetings of the Board and ARC with representation from the management provide the key to systematic monitoring of SENTRAL's activities and for identifying, evaluating and managing the significant risks faced by SENTRAL. The Chief Executive Officer is entrusted to manage the daily operations of the Manager and SENTRAL and holds the responsibility of leading the respective heads of departments towards achieving the identified objectives; and
- (j) In order to maintain quality and efficiency, the Manager's personnel across all functions are given the opportunity to attend relevant trainings. A systematic staff performance appraisal mechanism has also been adopted to ensure adequate and sufficient rewards are awarded to well-deserving personnel.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement of Risk Management and Internal Control for inclusion in the annual report for financial year 2022 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

CONCLUSIONS

The Board is of the view that the risk management and internal control system in place for the financial year ended 31 December 2022 under review and up to the date of issuance of the annual report and financial statements is sound and sufficient to safeguard the interest of the Unitholders, its investment and SENTRAL's assets.

STATEMENT ON DIRECTORS' RESPONSIBILITY

for preparing the Annual Audited Financial Statements

In accordance with Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("Directors") of Sentral REIT Management Sdn Bhd, is responsible to ensure that the financial statements for the financial year ended 31 December 2022 have been prepared and drawn out in accordance with the applicable Financial Reporting Standards in Malaysia, applicable provisions of the Restated Deed of Trust Constituting Sentral REIT ("SENTRAL") dated 02 December 2019, as amended by Supplemental Deed dated 24 December 2020 and the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia, so as to give a true and fair view of the financial position of SENTRAL as at 31 December 2022 and of its financial performance and cash flows for the year then ended.

In preparing the financial statements for the financial year ended 31 December 2022, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.