



**SENTRAL
REIT**



Annual Report **2023**

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Proxy Form

CORPORATE INFORMATION

MANAGER

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

PRINCIPAL PLACE OF BUSINESS OF THE MANAGER

G27A Level 3A, Block B,
Platinum Sentral,
Jalan Sentral 2,
Kuala Lumpur Sentral,
50470 Kuala Lumpur

Telephone No. : 603-2786 8080
Facsimile No. : 603-2780 0098

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

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
Hizamuddin bin Jamalluddin
Aminuddin bin Mohd Arif

SECRETARY OF THE MANAGER

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

Irene 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

Nexcap Property
Consultants Sdn. Bhd.
E-9-15, Plaza Mont' Kiara
No. 2, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur

Telephone No. : 603-6121 2122

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	<p>The earlier of:</p> <p>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</p> <p>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</p>
Approved Fund Size	1,195,503,000
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

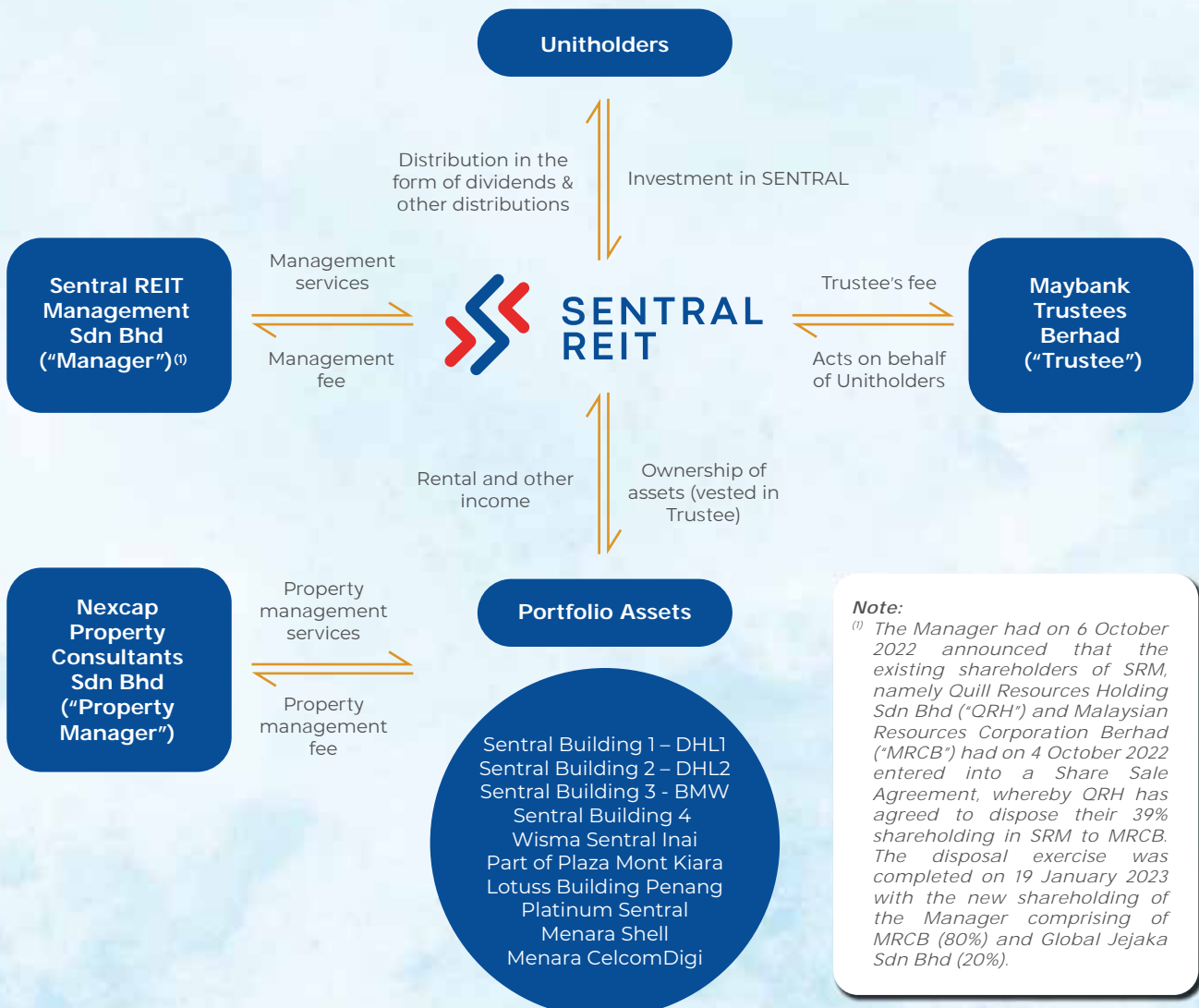
Background of SENTRAL

- 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.

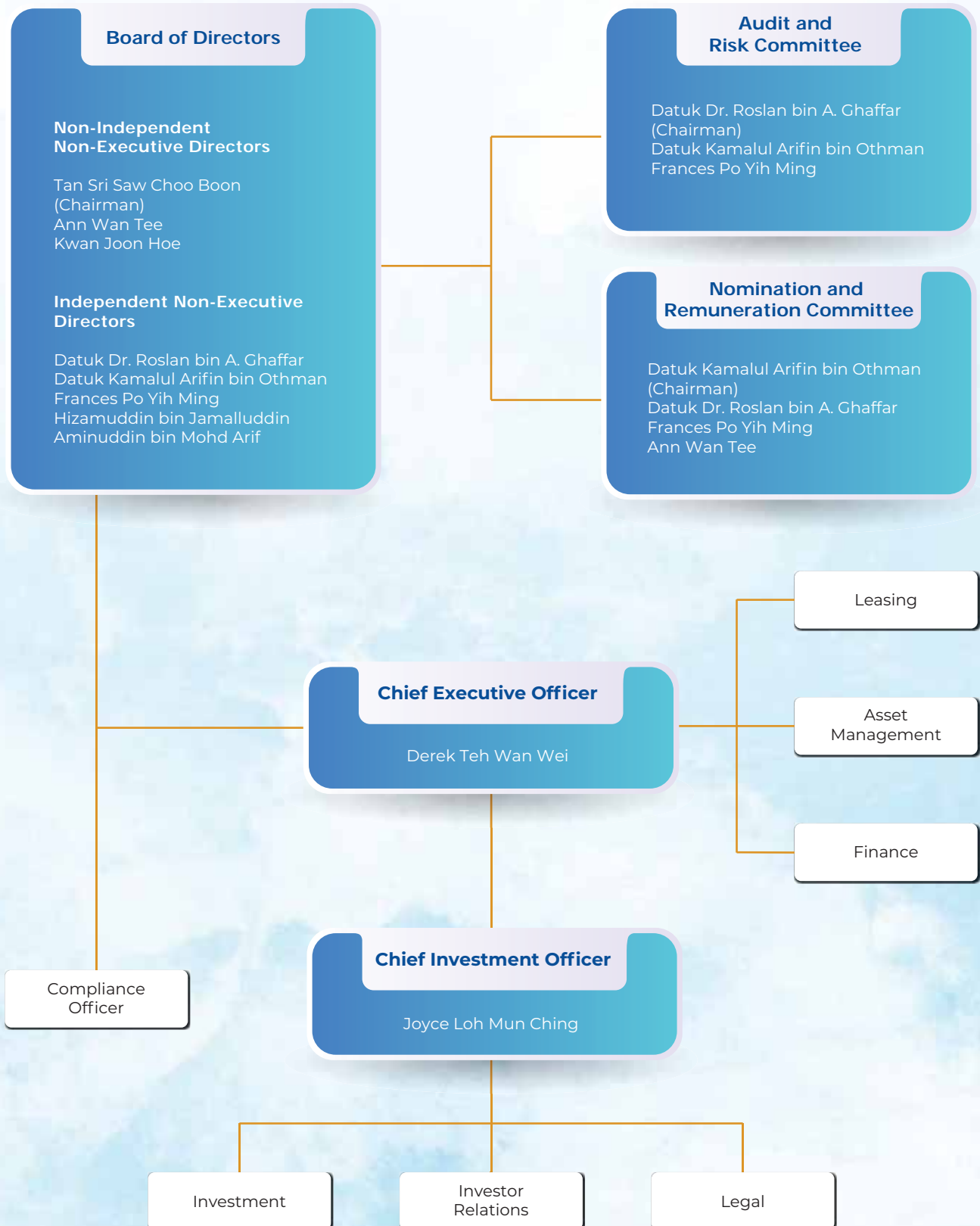
Investment Objective

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



ORGANISATION STRUCTURE OF THE MANAGER



PROFILE OF DIRECTORS OF THE MANAGER



TAN SRI SAW CHOO BOON

*Non-Independent
Non-Executive Chairman
Nominee of Global Jejaka Sdn Bhd,
a major shareholder of the Manager*



ANN WAN TEE

*Non-Independent Non-Executive Director
Nominee of MRCB, a major unitholder
of SENTRAL and major shareholder
of the Manager*

Nationality/Age/Gender

Malaysian/78/Male

Date Appointed to the Board

22 January 2016

Board Committee Membership

Nil

No. of Board Meetings Attended in 2023

6/6

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.

Nationality/Age/Gender

Malaysian/53/Male

Date Appointed to the Board

31 March 2015

Board Committee Membership

Member of the Nomination & Remuneration Committee

No. of Board Meetings Attended in 2023

6/6

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
Nominee of MRCB, a major
unitholder of SENTRAL and major
shareholder of the Manager*

DATUK DR. ROSLAN BIN A. GHAFFAR

Independent Non- Executive Director



Nationality/Age/Gender

Malaysian/42/Male

Date Appointed to the Board

31 March 2015

Board Committee Membership

Nil

No. of Board Meetings Attended in 2023

6/6

Academic/Professional Qualification/Professional Membership

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

Present Directorships

- 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.

Nationality/Age/Gender

Malaysian/72/Male

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 2023

6/6

Academic/Professional Qualification/Professional Membership

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

Present Directorship

- 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



FRANCES PO YIH MING

Independent Non-Executive Director

Nationality/Age/Gender

Malaysian/64/Male

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 2023

6/6

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 Membership/Appointment/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.

Nationality/Age/Gender

Malaysian/65/Female

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 2023

6/6

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.
- Member of Institute of Corporate Directors Malaysia

Present Directorship

- 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 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.

PROFILE OF DIRECTORS OF THE MANAGER

(cont'd)



AMINUDDIN BIN MOHD ARIF
Independent Non-Executive Director



HIZAMUDDIN BIN JAMALLUDDIN
Independent Non-Executive Director

Nationality/Age/Gender

Malaysian/49/Male

Date Appointed to the Board

1 December 2023

Board Committee Membership

Nil

No. of Board Meetings Attended in 2023

Nil

Academic/Professional Qualification/Professional Membership

- M.A (Cantab) in Economics from University of Cambridge
- Association for Investment Managers and Research (AIMR) – Chartered Financial Analysts (CFA) Level 1

Present Directorship

- EL Kahff Resources Sdn Bhd
- Atlas Escapes Sdn Bhd
- Sentral REIT Management SB

Working Experience

Upon his graduation in 1997, Aminuddin joined Sime Securities Sdn Bhd as an Economist, Research Department and thereafter, as Marketing Executive with Sime AXA Assurance Sdn Bhd from 1998 to 1999. From 2000 to 2001, he was with Consolidated Plantations Bhd as the Senior Executive, Corporate Planning.

From 2001 to 2014, he was attached to various government agencies having served as the Special Officer to the Minister of Youth and Sports, Private Secretary to the Minister of Education and Minister of Home Affairs and Principal Private Secretary to the Minister of Transport. Aminuddin is currently the Group Chief Corporate Officer at Jasa Baiduri Sdn Bhd.

Aminuddin is the brother-in-law of Ahmad Zulqarnain Onn, the Chief Executive Officer of Employees Provident Fund ("EPF"). EPF is one of the major unitholders of SENTRAL.

ADDITIONAL INFORMATION

Save as disclosed:

1. 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 or potential 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

Nationality/Age/Gender

Malaysian/53/Male

Date Appointed to the Board

1 December 2023

Board Committee Membership

Nil

No. of Board Meetings Attended in 2023

Nil

Academic/Professional Qualification/Professional Membership

- Diploma in Business Studies from MARA Institute of Technology
- Bachelor of Science, Finance from Northern Illinois University, USA
- Senior Associate Member, Chartered Institute of Islamic Finance Professionals

Present Directorship

- RHB Islamic Bank Berhad
- RHB Insurance Berhad
- Love & Laugh International Sdn Bhd
- Sentral REIT Management Sdn Bhd

Working Experience

Hizamuddin has an extensive experience in the field of Islamic banking and has more than 20 years of experience in corporate management, particularly in corporate planning, corporate finance (both equity & capital market), debt restructuring, enterprise risk management, cross border mergers and acquisitions, privatisation, investor relations and stakeholders engagement.

He was the Chief Executive Officer of Urusharta Jamaah Sdn Bhd ("UJSB"), a Special Purpose Vehicle owned by Minister of Finance Incorporated, one of the largest Shariah-based equity house in Malaysia.

Prior to UJSB, Hizamuddin was the Executive Director, Investment of Lembaga Tabung Haji ("LTH"), a position that he assumed after serving as LTH's Chief Strategy Officer and Chief of Staff. Prior to joining LTH, he was the Chief Strategy Officer of several entities namely, BIMB Holdings Berhad, Bank Islam Malaysia Berhad and MTD Capital.

During the Asian Financial Crisis 1997, he served as a Special Assistant to the Managing Director cum Corporate Finance Specialist at Pengurusan Danaharta Nasional Berhad. He was also instrumental in the establishment of PrudentialBSN Takaful Berhad in 2006.

Hizamuddin was instrumental in initiating and promoting key Islamic Finance initiatives by Bank Negara Malaysia where he was involved in amongst others; the establishment of the Investment Account Platform, development and execution of the restricted investment account under the Islamic Financial Services Act, 2013, and Dana Al Ansar, a collaboration with LTH to provide dedicated funds for Muslim Bumiputra SMEs. He also spearheaded the Deposit Transition Plan and was instrumental in the integration of the principles of Value Based Intermediary in banks business model.

He was the recipient of the Upcoming Personality of Islamic Finance (Leadership) by the Global Islamic Finance Award 2016.

THE MANAGEMENT TEAM OF THE MANAGER



Seated from left to right :

Shirley Tam Soot Lee	<i>General Manager, Finance</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>

Standing from left to right :

Alex Low Kam Seng	<i>Manager, Asset Management</i>
Phuah Ngah Yuin	<i>Manager, Finance</i>
Estee Hew Chin Ling	<i>Senior Manager, Investment & Asset Management</i>
Leong Foong Yin	<i>Manager, Finance</i>
Alice Yap Soh Ping	<i>Manager, Lease Administration</i>
Christie Pun Nyuk Len	<i>Senior Manager, Lease Administration</i>
Jason Chin Hann Min	<i>Senior Manager, Asset Management</i>

THE MANAGEMENT TEAM OF THE MANAGER

(cont'd)



DEREK TEH WAN WEI
Chief Executive Officer

Nationality/Age/Gender
Malaysian/45/Male



JOYCE LOH MUN CHING
Chief Investment Officer

Nationality/Age/Gender
Malaysian/45/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.

He also served as the Executive Committee's member of the Malaysian REIT Managers Association.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholders of the Manager and/or major unitholders of SENTRAL. He does not have personal interest in any business arrangements involving the Manager/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 13 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 shareholders of the Manager and/or major unitholders of SENTRAL. She does not have personal interest in any business arrangements involving the Manager/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	2023	2022	2021	2020	2019
Total Asset Value (RM)	2,616,044,650	2,146,717,146	2,180,376,227	2,227,662,488	2,213,704,358
Net Asset Value ("NAV") (RM)					
- Before income distribution	1,353,481,351	1,291,041,895	1,317,865,770	1,323,501,754	1,323,489,418
- After income distribution	1,345,351,930	1,254,386,916	1,275,208,806	1,284,381,674	1,287,370,331
Units in circulation	1,195,503,000	1,071,783,000	1,071,783,000	1,071,783,000	1,071,783,000
NAV per unit (RM)	1.1321	1.2046	1.2296	1.2349	1.2348
Highest NAV per unit (RM)	1.2086	1.2312	1.2458	1.2445	1.2801
Lowest NAV per unit (RM)	1.1321	1.1960	1.2053	1.2072	1.2348
Highest traded price per unit (RM)	0.915	1.02	0.95	1.00	1.12
Lowest traded price per unit (RM)	0.775	0.85	0.86	0.51	0.99
Distribution Per Unit ("DPU") (sen)	6.68	6.82	7.41	7.08	6.80
- Interim	3.19	3.40	3.43	3.43	3.43
- Advance	2.81	-	-	-	-
- Final	0.68	3.42	3.98	3.65	3.37
Dates of Distribution					
- Interim	18 Sept 2023	30 Sept 2022	20 Sep 2021	30 Sep 2020	23 Sep 2019
- Advance	4 Jan 2024	-	-	-	-
- Final	29 Feb 2024	28 Feb 2023	28 Feb 2022	26 Feb 2021	28 Feb 2020
Effect of Income Distribution on NAV per unit					
- Before Distribution (RM)	1.1321	1.2046	1.2296	1.2349	1.2348
- After Distribution (RM)	1.1253	1.1704	1.1898	1.1984	1.2011
Closing price on the last trading day	0.785	0.895	0.905	0.875	1.00
Distribution yield (per annum) ^(a)	8.51%	7.62%	8.19%	8.09%	6.80%
MER ^(b)	1.14%	1.09%	1.10%	1.09%	1.06%
Average Total Returns					
- for 1 year ^{(c)(i)}	5.59%	5.96%	6.84%	6.55%	5.83%
- 3 financial years ^{(c)(iii)}	18.39%	19.34%	19.22%	19.23%	19.83%
- 5 financial years ^{(c)(iii)}	30.77%	32.03%	33.21%	31.18%	31.82%
Annual Total Returns ^(d) (RM)	74,221,483	73,625,238	84,485,957	80,954,941	72,107,547
Proposed final income distribution	8,129,421	36,654,979	42,656,964	39,120,080	36,119,087

(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 2023 divided by the weighted average unitholders capital for the financial year ended 2023.

(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 2023, SENTRAL's investment comprised ten (10) commercial buildings with four (4) located in Cyberjaya, four (4) in Kuala Lumpur, one (1) in Petaling Jaya and one (1) in Penang. The details of SENTRAL's properties are as follows.



SENTRAL 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, 21 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 2023 : RM135,000,000*
- Name of Valuer : CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2023: 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 : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM1,184,227

Note:

* On 14 August 2008, the respective pieces of land on which Sentral Building 1 – DHL 1 (then known as Quill Building 1) and Sentral Building 2 – DHL 2 (then known as Quill Building 4) 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 Sentral Building 1 – DHL 1 and Sentral Building 2 – 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)



SENTRAL BUILDING 2 – 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, 17 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 2023 : RM135,000,000*
- Name of Valuer: CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2023: 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 : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM755,194

Note:

* On 14 August 2008, the respective pieces of land on which Sentral Building 2 (then known as Quill Building 1 – DHL 1 and Sentral Building 2 – DHL 2 (then known as Quill Building 4) 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 Sentral Building 1 – DHL 1 and Sentral Building 2 – 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)



SENTRAL 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, 19 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 2023: RM71,000,000
- Name of Valuer : IVPS Property Consultants Sdn. Bhd.

- Occupancy as at 31 December 2023 : 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

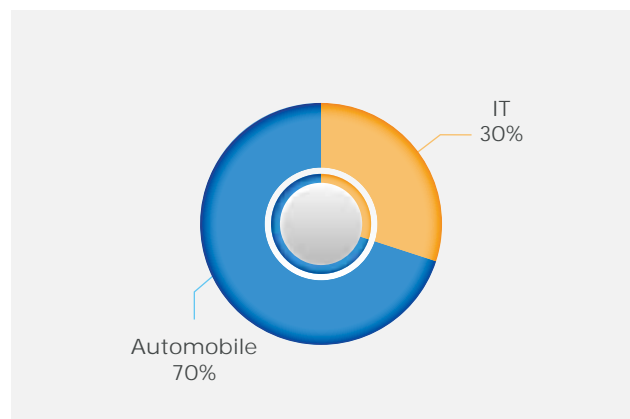
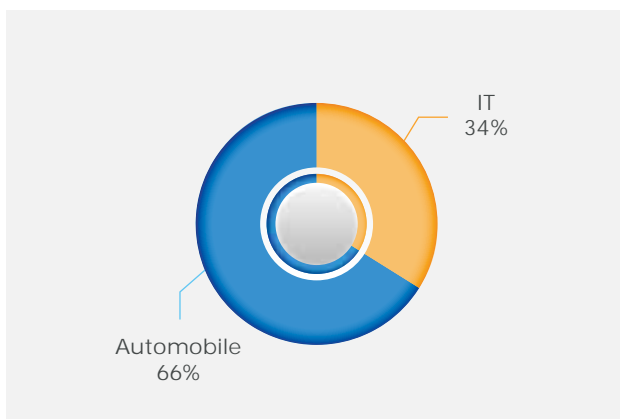
MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



SENTRAL BUILDING 3 - BMW (CONT'D)

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



- Property Manager : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year :RM3,095,642

MANAGEMENT DISCUSSION AND ANALYSIS

- PORTFOLIO OVERVIEW

(cont'd)



SENTRAL BUILDING 4

- 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, 20 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 2023 : RM108,000,000
- Name of Valuer : IVPS Property Consultants Sdn. Bhd.
- Occupancy as at 31 December 2023: 100%
- Tenant : U.C.I. Education Sdn. Bhd
- Tenancy Period : 3+3+3+3 years from 1 January 2024
- Trade Sector Analysis
 - By Percentage of Occupied Net Lettable Area – 100% Education Centre Tenant
 - By Percentage of Gross Rental – 100% Education Centre Tenant
- Property Manager : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM1,010,881

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



WISMA SENTRAL INAI

- 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, 30 years
- Description : 12-storey office building with a mezzanine floor and three split-levels basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Nil
- 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 2023 : RM154,000,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn. Bhd.
- Occupancy as at 31 December 2023 : Vacant
- Property Manager : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM1,690,434

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, 21 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 : Nil
- 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 2023 : RM113,000,000
- Name of Valuer : Knight Frank Malaysia Sdn. Bhd.
- Occupancy as at 31 December 2023 : 94%
- Tenants : Multi-tenanted retail tenants from various sectors, including banking, food & beverages, beauty & fashion, preschool/childcare, fitness and convenient marts
- Tenancy Period : ranging between 1 to 3 years period

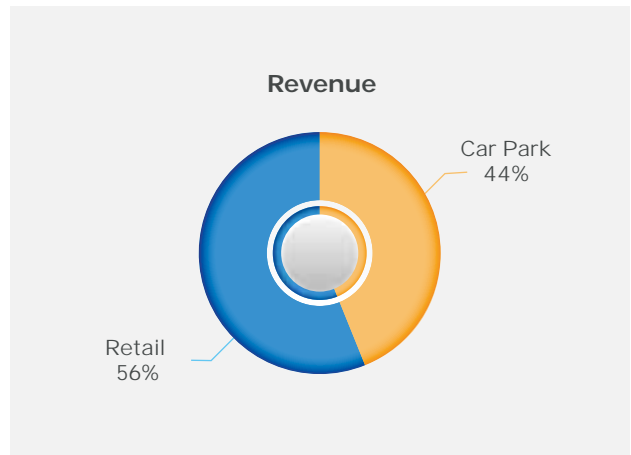
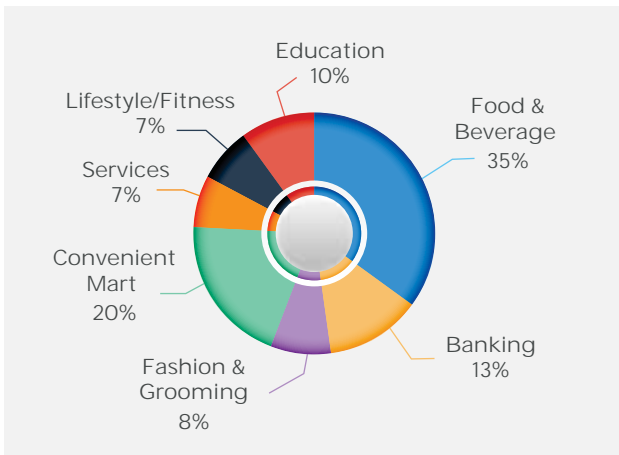
MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(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 : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year :RM2,879,670

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, 19 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 2023 : RM145,000,000
- Name of Valuer : CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2023 : 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 : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM637,778

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, 12 years
- Description: 5 blocks of 4 to 7 storey commercial building comprising office-cum-retail space 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 2023: RM673,000,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn Bhd
- Occupancy as at 31 December 2023: 97%
- 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+3.17 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

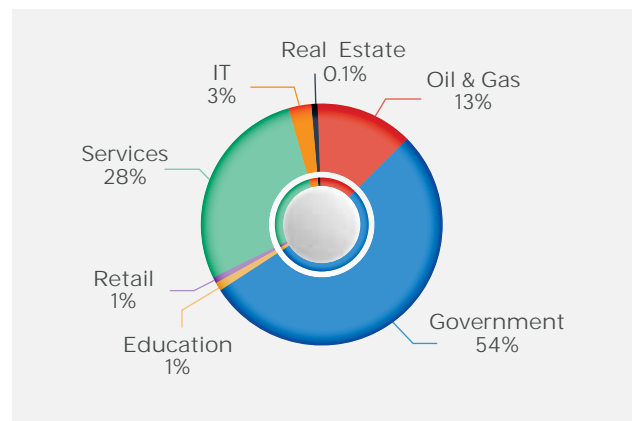
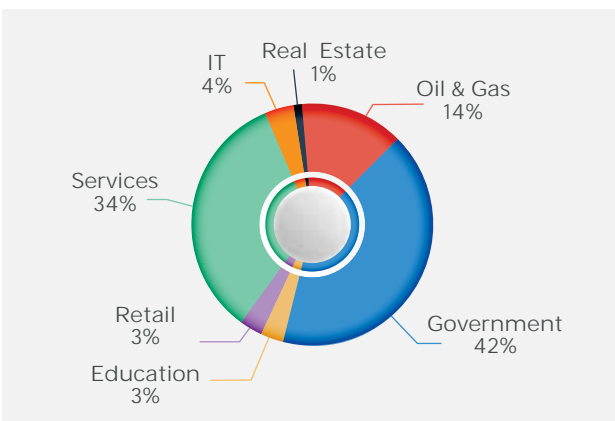
- PORTFOLIO OVERVIEW

(cont'd)



PLATINUM SENTRAL (CONT'D)

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



- Property Manager : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM14,194,987

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, 10 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 2023 : RM672,500,000
- Name of Valuer : Knight Frank Malaysia Sdn. Bhd.
- Occupancy as at 31 December 2023: 99%

MANAGEMENT DISCUSSION AND ANALYSIS

- PORTFOLIO OVERVIEW

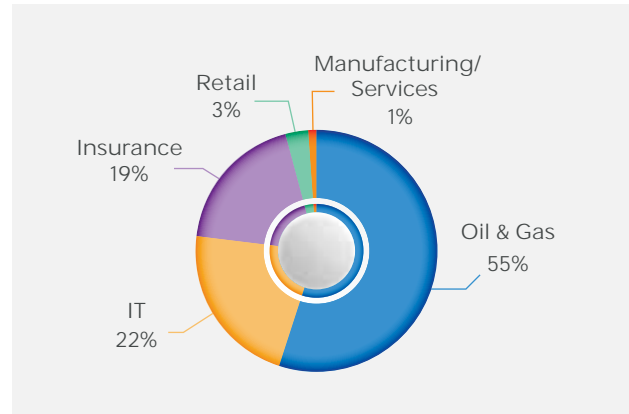
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- Major Tenants and Tenancy Details:

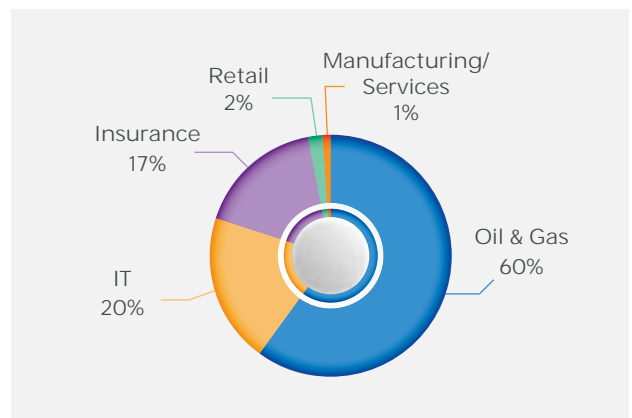
Tenant	Shell Malaysia Trading Sdn. Bhd.
Tenancy Period	15+5 years from 1 November 2013
Tenant	AmGeneral Insurance Berhad
Tenancy Period	3+3+1+1.5 years from 1 August 2015
Tenant	Google Services Malaysia Sdn. Bhd.
Tenancy Period	3+3+3+3+3 years from 1 June 2019 3+3+3+3+3 years from 1 April 2020 3+3+3+3+3 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+3.6 years from 7 June 2014
Remaining Tenants	Retail tenants from various sectors including banking, food & beverages, clinic, childcare centre and convenient stores
Tenancy Period	Ranging from 1 year

- Trade Sector Analysis:

- By Percentage of Occupied Net Lettable Area



- By Percentage of Gross Rental



- Property Manager : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM17,507,598

MANAGEMENT DISCUSSION AND ANALYSIS

- PORTFOLIO OVERVIEW

(cont'd)



MENARA CELCOMDIGI

- Address / Location: No 6, Persiaran Barat, Seksyen 52, PJ Sentral, 46200 Petaling Jaya, Selangor Lumpur
- Title : HSD 277413, Lot No PT 11 Section 52, Town of Petaling Jaya, District of Petaling, Selangor
- Property Type and Age: Commercial Building, approximately 5 years
- Description: A twenty-seven (27) storey purpose-built office building erected on six (6) levels of podium and three (3) levels of basement carpark
- Tenure: Leasehold 99 years expiring on 10 November 2110 (Unexpired term of approximately 87 years)
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area: 450,000 sq. ft.
- Existing Use : Commercial building
- Parking Space : 788 lots
- Acquisition Price: RM450,000,000
- Date of Acquisition: 11 December 2023
- Market Value as at 23 June 2023: RM450,000,000
- Name of Valuer : CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2023: 100%
- Tenant : Celcom Berhad (formerly known as Celcom Axiata Berhad)
- Tenancy Period :21 years from 1 January 2020
- Trade Sector Analysis:
 - By Percentage of Occupied Net Lettable Area – 100% Telecommunication Tenant
 - By Percentage of Gross Rental – 100% Telecommunication Tenant
- Property Manager : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM6,092,083

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

OVERVIEW – 2023 OPERATING ENVIRONMENT

Malaysia experienced steady economic recovery despite persistent external factors such as volatile financial markets due to tightening monetary policies and prolonged geopolitical tensions affecting global growth. Overall, 2023 growth for the Malaysian economy normalised to 3.7% following a higher growth registered in 2022 of 8.7%. GDP growth was supported by resilient domestic demand with the services sector being the largest contributor to the economy due to the surge in tourism activities and consumer spending. The construction sector also helped to minimize the impact of external volatilities with the acceleration of infrastructure projects and realisation of investment in commercial and residential developments.

(Source: Ministry of Finance Budget 2024 - Economic Outlook 2024)

The Malaysian domestic financial market was volatile in 2023. The Kuala Lumpur Composite Index (“KLCI”) began the year on a bearish note below 1,500 points and registered a further decline towards the end the year to 1,454.66. The performance of the Malaysian equity market was affected by cautious sentiment weighed in by weaker corporate earnings, tighter global monetary conditions following persistent high inflation and the weak Ringgit. However, the Kuala Lumpur Real Estate Index (“KLREI”) outperformed the KLCI with its commendable 34.2% improvement relative to the start of the year with the positive re-rating of the property sector. Key drivers for the sector included catalytic infrastructure developments and increase of investments in the property sector.

There was also positive momentum in the Malaysian Real Estate Investment Trust (“M-REIT”) sector throughout 2023 driven by investment activities from all REIT asset classes. Many M-REITs announced their respective investment and equity funding activities, particularly on acquisition of retail, office and industrial properties, bringing the total market capitalisation for M-REITs to approximately RM43 billion at the end of 2023. The financial performance for the M-REITs continued to be impacted by broader market uncertainties, including rising interest rates and structural oversupply in the retail and office sectors but catalyst such as strong domestic demand and gradual improvement in tourist arrival to Malaysia helped cushion the negative impacts.

In the anticipation of steady economic recovery following improvements in domestic growth, Bank Negara Malaysia (“BNM”) eased its monetary tightening with the emphasis of striking a balance between managing growth and inflationary pressures. In 2023, the Overnight Policy Rate (“OPR”) was increased only once in May 2023 by 25 basis points (bps) from 2.75% held since 3 November 2022, to 3.00%. While there seems to be signals of a pause in OPR hikes moving into 2024, there remains risk of inflationary pressure with fluctuations in global commodity prices as well as domestic policy on subsidies and price controls which could change BNM’s stance on the OPR level.

(Source : BNM)

The Malaysian Government Securities (“MGS”) and corporate bond yields trended upwards, due to upward adjustment of the OPR, U.S. Treasury and external monetary movements. The increase in Malaysian bond yields resulted in the narrowing of the yield spread between M-REIT sector and Malaysian bonds but the sector still demonstrated resilience and remains a stable defensive investment option. Despite the high interest rate environment, the current environment remains favourable to M-REIT as the sector is still recording an average yield of 4% - 6% and we believe that exposure to defensive and high-dividend yield investments such as M-REIT would still be the preferred strategy in these volatile times.

MANAGEMENT DISCUSSION AND ANALYSIS

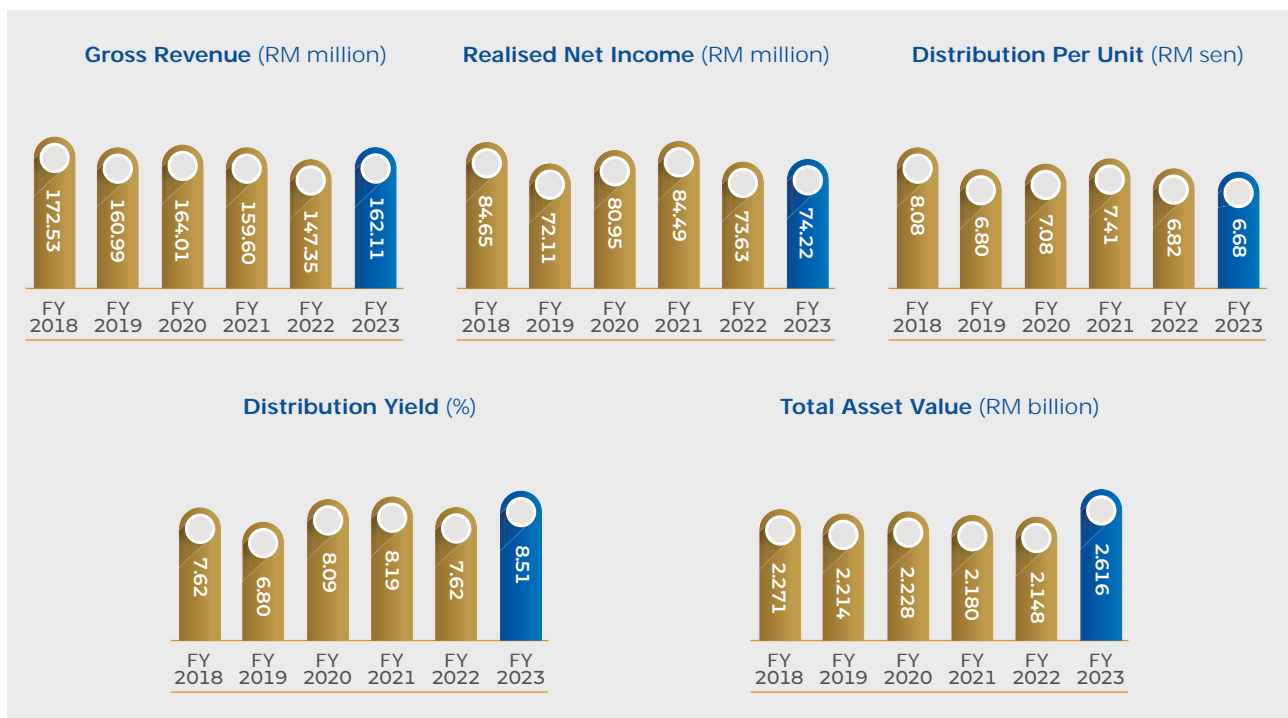
- OPERATIONAL OVERVIEW

(cont'd)

The Klang Valley office market remained challenging in 2023. As at the end of 2023, the cumulative existing supply stands at circa 117.7 million sq. ft. The volume of future office supply in Klang Valley is estimated at 1.7 million sq. ft. with concentration of supply in Kuala Lumpur scheduled for completion by end 2024. The Klang Valley overall occupancy rate declined to 73.0% in 2023 compared to the previous year of 73.9%. Meanwhile, occupancy rates in Cyberjaya declined 2% to 70.3% from the previous year's rate of 72.2%. In terms of outlook, the rental rates and occupancy levels of office buildings in KL City 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. In contrast, market demand for office space in KL Fringe and Selangor is anticipated to remain stable, attributed to its established location, comprehensive infrastructure, and limited incoming supply of Grade A offices. The incoming supply coupled with the "flight to quality" trend 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 2023 prepared by Knight Frank Malaysia Sdn. Bhd. for SENTRAL)

FINANCIAL PERFORMANCE



For financial year ended 31 December 2023 ("FY2023"), SENTRAL recorded gross revenue of RM162.11 million, an increase of approximately RM14.8 million or 10.0% compared to RM147.35 million recorded in financial year ended 31 December 2022 ("FY2022"). The increase was mainly due to higher revenue generated from Platinum Sentral, Menara Shell and revenue contribution from the newly acquired Menara CelcomDigi since December 2023, as well as the impact of revenue straight-lining over the lease term pursuant to requirements of MFRS 16 Leases. Correspondingly, it recorded a net property income of RM124.87 million for FY2023, representing an increase of 8.9% as compared to RM114.70 million recorded in the preceding financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

SENTRAL recorded a total realised income and distributable income of RM74.22 million for FY2023, an increase of 0.8% from the total realised income and distributable income of RM73.63 million for FY2022. The increase is mainly due to the higher net property income net off higher finance cost incurred during the year. Correspondingly, the Realized Earnings Per Unit ("EPU") and distributable income per unit for FY2023 was 6.88 sen, which is approximately 0.14% higher compared to the EPU and distributable income per unit of 6.87 sen recorded in FY2022, after taking into account the increased fund size of 1.195 billion units from 1.072 billion units subsequent to the completion of the placement exercise of up to 123,720,000 units on 8 December 2023.

Taking into consideration the on-going uncertainties and challenging operating landscape, SENTRAL's financial performance in FY2023 was satisfactory with its financial performance meeting market consensus. The financial results in FY2023 were anchored by the stable performance of its properties in KL Sentral and its enhanced portfolio with the inclusion of Menara CelcomDigi in December 2023, as well as the ability of the Manager to manage operational cost 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 FY2023. Through these efforts, SENTRAL recorded an improved weighted average lease expiry profile ("WALE") and average occupancy rate of 5.65 years and 89% respectively, as at 31 December 2023.

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 23 January 2024, the Board had declared a final Distribution Per Unit ("DPU") of 0.68 sen for the period from 7 Dec 2023 to 31 December 2023 which was paid out to unitholders of SENTRAL on Thursday, 29 February 2024.

FY2023 DPU of 6.68 sen consist of the following distribution declared:

1.	First interim distribution for the period from 1 January 2023 to 30 June 2023 which was paid to SENTRAL unitholders on 18 September 2023	3.19 sen
2.	Advance distribution for the period from 1 July 2023 to 6 December 2023 paid on 4 January 2024	2.81 sen
3.	Proposed final distribution for the period from 7 December 2023 to 31 December 2023	0.68 sen
FY2023 DPU		6.68 sen

The Trustee and the Board of the Manager did not recommend any further distribution for FY2023.

On a year-on-year comparison, the FY2023 DPU of 6.68 sen is 2.0% lower than the FY2022 DPU of 6.82 sen. This translates to a distribution yield of 8.51% based on the closing price of RM0.785 per unit as at 29 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE

(A) Portfolio Highlights

As at 31 December 2023, SENTRAL's portfolio investment comprised of ten (10) commercial buildings with four (4) located in Cyberjaya, four (4) in Kuala Lumpur, one (1) in Penang and one (1) newly acquired property in Petaling Jaya. SENTRAL continued to receive steady income from this portfolio of assets in FY2023. For further details of each property, kindly refer to SENTRAL's Portfolio Overview on pages 13 to 26.

Revaluation of Properties as at 31 December 2023

Summarised below is the latest valuation of SENTRAL's portfolio of properties as at 31 December 2023:

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

The annual valuation of SENTRAL's portfolio of properties was conducted at the close of FY2023. SENTRAL's total portfolio registered a portfolio value of RM2.521 billion for FY2023 compared to the net book value as at 31 December 2023⁶ of RM2.522 billion, translating to a revaluation loss of RM1.01 million. The portfolio revaluation loss was mainly due to the capitalisation of enhancement works for selected properties and the acquisition cost in respect of Menara CelcomDigi.

Notes:

1. Formerly known as Quill Building 1-DHL 1 and Quill Building 4-DHL 2
2. Formerly known as Quill Building 3-BMW
3. Formerly known as Quill Building 2-HSBC
4. Formerly known as Wisma TechnipFMC
5. The acquisition of Menara CelcomDigi was completed on 11 December 2023
6. The net book value as at 31 December 2023 (prior to the revaluation) for the properties comprise of the brought forward net book value as at 31 December 2022 together with asset enhancement related costs incurred in FY2023

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(A) Portfolio Highlights (cont'd)

The fair valuation loss on investment properties recognized in the Consolidated Statement of Comprehensive Income amounts to RM1.96 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 2023 valuation	(1,010)
Add: Unbilled lease income receivable	(954)
Fair value loss of investment properties (Unrealised)	(1,964)

Upon incorporating the fair value loss of investment properties, the total Net Asset Value ("NAV") and NAV per unit (after income distribution) are RM1.345 billion and RM1.1253 per unit, respectively (FY2022 total NAV and NAV per unit (after income distribution) were RM1.254 billion and RM1.1704 per unit respectively).

Property Portfolio Summary Information

Portfolio details	FY2023	FY2022
No of Assets – Commercial Real Estates ⁽¹⁾	10	9
Valuation of Investment Properties (RM'000)	2,521,500 ⁽³⁾	2,060,700 ⁽²⁾
Net Lettable Area ("NLA") (sq. ft.)	2,565,063	2,114,938
Portfolio Occupancy rate (%)	89	77
Weighted Average Lease Expiry (years)	5.65	3.19
Renewal Rate (%)	82.4	41.0

Notes:

- 1) SENTRAL's composition of investment portfolio consists of only real estate assets
- 2) 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
- 3) After taking into account the accrued rental income of RM14.48 million as required under MFRS 140, paragraph 50, the investment properties amount as shown in the Consolidated Statement of Financial Position is RM2.51 billion

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

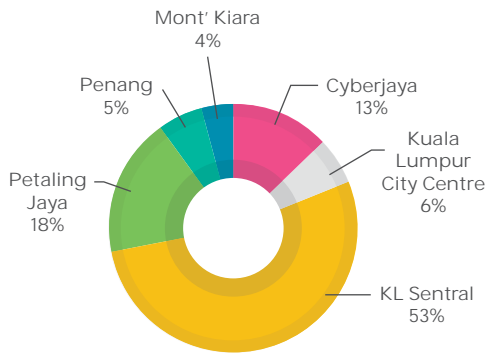
(cont'd)

BUSINESS PERFORMANCE (cont'd)

(A) Portfolio Highlights (cont'd)

Geographical Diversification (by Valuation)

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

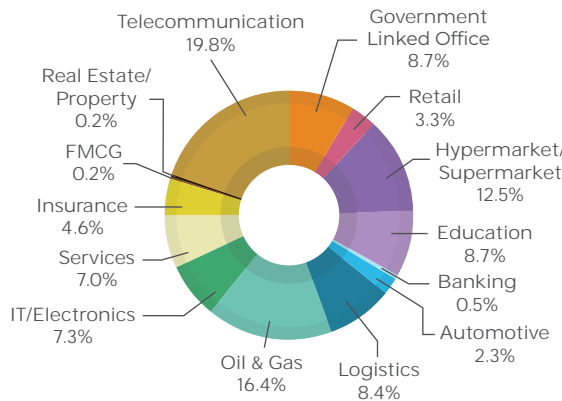


Klang Valley	82%
Cyberjaya	13%
Penang	5%

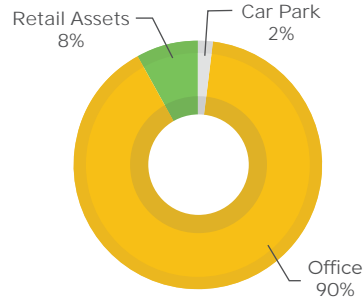
Note:

- (1) Based on valuation dated 31 December 2023

A Well Balance Tenancy Mix (By Net Lettable Area)



Segmental Contributions (By Valuation)



Notes:

- (1) Office comprises Sentral Buildings, Platinum Sentral, Menara Shell, Wisma Sentral Inai and Menara CelcomDigi
- (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 2023

(B) Review of Operation Activities

The normalisation of business activities since the pandemic has provided impetus for the Klang Valley office market. The operating environment normalised with many companies moving back to its pre-COVID-19 operating mode. While the operating environment remained challenging due to oversupply conditions in selected areas in Klang Valley especially in the central business district of Kuala Lumpur, SENTRAL's leasing activities picked up momentum in 2023 in comparison to the previous year due to the improved business conditions in 2023. Market demand for office spaces in KL Fringe remain healthy, which has translated to stable rental and occupancy levels.

SENTRAL's leasing activities were on an uptake with many corporates initiating improvements to their office space requirements that support business needs and productivity. In addition, with the influx of newly completed office buildings, there was a flight to quality trend by corporates embarking on these operational changes. Specifically, corporate tenants were 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.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

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

While the flexible or hybrid work arrangements have become a permanent operating mode for some corporates, we believe that this shift will not eliminate the importance of office space for work and collaboration. Physical presence in key locations within the city centre or in key business districts remain essential for majority of the office occupiers in Klang Valley. In terms of sectors, office demand is still predominantly from the services sector, serviced offices, shared service operations, business process outsourcing sector ("BPO"), IT and technology-based sectors. Although, the oil & gas and financial services sectors are still the bulk of the office occupiers in Klang Valley, these sectors have remained cautious in its rental commitments amid weaker corporate earnings and subdued sector performance.

Leasing Updates

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 stabilising its portfolio's occupancy rate.

SENTRAL had approximately 162,000 sq. ft. or 10% of its total committed NLA due for renewal in 2023. Our leasing and asset management strategies throughout the year successfully delivered a take-up rate of approximately 133,000 sq. ft. of NLA or approximately 82% of the total leases due in 2023. The healthy retention rate recorded in 2023 was mainly due to the renewal of leases in Platinum Sentral, Menara Shell and retail units in Plaza Mont' Kiara. In addition to the above, we are pleased to highlight that approximately 285,000 sq. ft. of vacant spaces were successfully leased in 2023. Our active leasing strategies were effective in leasing out SENTRAL's vacant office building in Cyberjaya, namely Sentral Building 4 which was vacant since April 2022, as well as retail spaces in Platinum Sentral and Plaza Mont' Kiara. These positive leasing outcomes

together with the inclusion of the newly acquired Menara CelcomDigi in December 2023 translated to an improved average occupancy rate of 89% as of 31 December 2023. SENTRAL recorded a healthy portfolio occupancy which is well above the Klang Valley office market average occupancy rate of 73% in 2023.

Moving forward to 2024, we anticipate competition in the Klang Valley office market to remain challenging in a midst of the on-going oversupply condition in certain localities. 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 2024. With the positive leasing outcomes achieved in 2023 for selected properties in KL Sentral and Cyberjaya, we will continue to pursue SENTRAL's on-going marketing programmes for leases due in 2024. Part of SENTRAL's tenant management strategies include periodic tenant engagements to understand tenants' requirement regarding building specifications and amenities. These requirements will be prioritised when planning for SENTRAL's yearly asset enhancement. We believe that these enhancements are necessary to ensure our properties remain competitive and relevant.

SENTRAL will leverage on new and existing networks to market existing vacant 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 enhancing and/or repurposing some of its existing buildings to cater for non-office utilisation where possible or divestment, if the said proposal meets SENTRAL's divestment criteria.

Asset Management

SENTRAL embarks on refurbishments and building enhancement initiatives on a yearly basis mainly aimed at promoting a conducive work environment for tenants and prioritising a safer and sustainable environment, in alignment with tenants' health, safety and environment goals.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

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

Asset Management (cont'd)

SENTRAL also aims to further augment its green footprint by progressively increasing its composition green buildings in its portfolio. Green buildings and buildings with green features in SENTRAL's existing portfolio comprise of Platinum Sentral, Menara Shell and the newly acquired Menara CelcomDigi. The inclusion of Menara CelcomDigi in its portfolio since December 2023 has increased the percentage of SENTRAL's green buildings from 65.0% to 71.2% and 49.2% to 58.2% in terms of portfolio valuation and NLA, respectively. Menara CelcomDigi is certified as a LEED Gold Green Building in November 2020 and was constructed based on the criteria and design requirements set for this certification, which will translate into significant energy savings over the long-term. As an extension to this on-going effort, SENTRAL had in 2023 embarked on green building accreditation gap analysis for some of its existing buildings to ascertain the criteria to reach the desired green accreditation. This will help SENTRAL to determine the green enhancements that is feasible and applicable for the buildings in planning for its future planned enhancements.

Planned improvement works at Platinum Sentral was completed in 3Q2023. Building improvements at Platinum Sentral include amongst others installation of enhanced lighting system throughout the common areas of the building, external and internal lobby upgrades, expansion of retail areas at the internal retail podium, upgrade of the alfresco retail dining area and new landscape design at the West Courtyard. Under this initiative, the building's safety features were also prioritized with the upgrade of the outdoor courtyard wood deck area and the enhancement of the lighting system to provide better visibility at Levels 2 and 3 of Platinum Sentral.

(C) Review of Investment and Divestment Activities

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 Securities Commission's Listed REIT Guidelines ("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.

SENTRAL remains focused in achieving its 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 returns 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 pare down borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(C) Review of Investment and Divestment Activities (cont'd)

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:

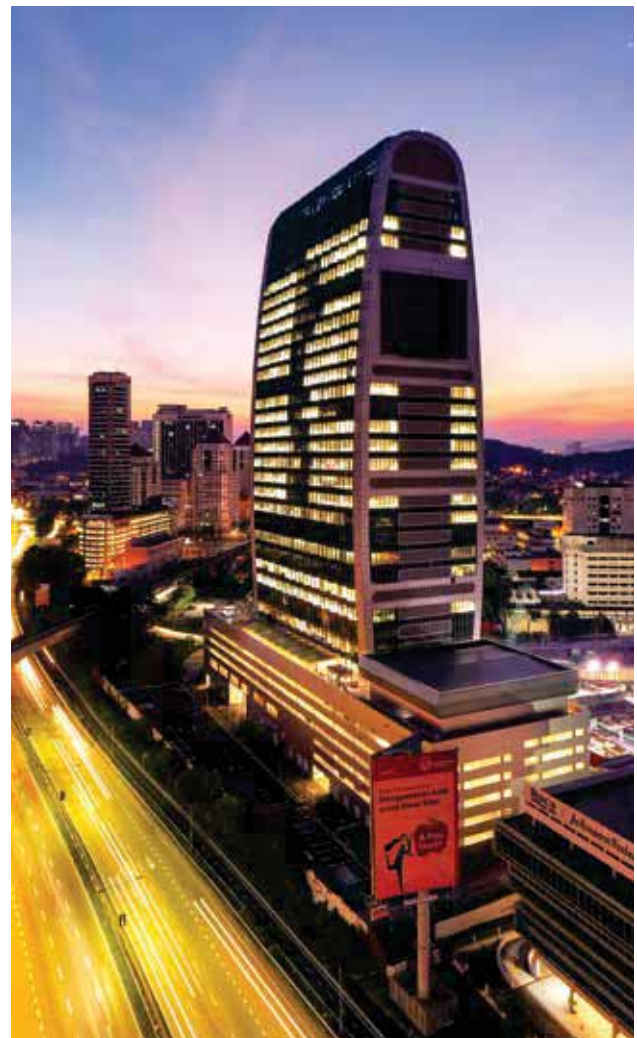
- Maximization of tenant retention through proactive tenant management and efficient property related services;
- Diversification of tenant base to balance exposure to certain business sectors that are more susceptible to general economic cycles;
- Implementation of proactive marketing plans;
- Continued 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 2023

Acquisition of Menara CelcomDigi

On 25 July 2023, Maybank Trustees Berhad, as trustee of SENTRAL entered into the sale and purchase agreement with Puncak Wangi Sdn Bhd, a wholly owned subsidiary of Malaysian Resources Corporation Berhad ("MRCB") for the acquisition of Menara CelcomDigi (the "Property") for a purchase consideration of RM450.0 million ("Acquisition"). The Property is a 27-storey purposed built office building erected on 6 levels of podiums and 3 levels of basement car park.



MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(C) Review of Investment and Divestment Activities (cont'd)

Investment / Divestment Activities in 2023 (cont'd)

Acquisition of Menara CelcomDigi (cont'd)

The Property is easily accessible from all parts of Petaling Jaya New Town via Federal Highway, Jalan Timur and thereafter onto Persiaran Barat, leading to the Property. The Property is also accessible via public transportation i.e. LRT Kelana Jaya Line exiting at Taman Jaya LRT Station.



The Property is currently leased to Celcom Berhad (“Celcom”) for 15 years commencing from 1 January 2020 and expiring on 31 December 2034, with an automatic extension of 2 further terms of 3 years each expiring on 31 December 2040 (“Lease”) pursuant to the Lease Agreement dated 20 January 2020 which has been novated to SENTRAL pursuant to the Acquisition.

Further information of Property is disclosed on page 26, under the Portfolio Overview section of this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(C) Review of Investment and Divestment Activities (cont'd)

Rationale and Benefits of the Acquisition:

1. Quality office building within a satellite city with good connectivity
 - Strategically located in a prime commercial hub within Petaling Jaya New Town in Petaling Jaya, Selangor which comprises mainly of office buildings, hotels, government offices, shopping malls, shop/offices and hypermarket.
 - Good connectivity to the capital city of Kuala Lumpur through convenient access to the LRT Kelana Jaya Line from the nearby Taman Jaya LRT Station and the Federal Highway.
2. Augments SENTRAL's green footprint
 - The Property is certified as a LEED Gold Green building.
 - Further augments SENTRAL's green footprint and boost SENTRAL's existing portfolio of green buildings and buildings with green features such as Menara Shell and Platinum Sentral.
3. Fully occupied with a long-term lease by Celcom with built-in rental escalation clauses and renewal options
 - Celcom entered into a 15-year lease of the Property, with an automatic extension of 2 terms of 3 years each up to December 2040.
 - The long-term lease with rental reversions during the lease period and at the start of the two extension periods will provide income stability and resilience to SENTRAL's portfolio.

4. Further enhances and rebalances SENTRAL's portfolio
 - The fully occupied Property has uplift SENTRAL's portfolio's weighted average lease to expiry (WALE) (by NLA) from 3.19 years (in 3Q 2023) to 5.65 years in 4Q 2023.
 - The portfolio occupancy rate (by NLA) increased from 86% (in 3Q 2023) to 89% with the inclusion of the Property in 4Q 2023.
 - Strengthen and improve the quality of SENTRAL's tenant base with the addition of a high quality and established tenant in the telecommunications sector.
5. Increases total asset size and portfolio geographical diversification
 - Strengthen SENTRAL's position as a sizeable and geographically diversified commercial REIT. SENTRAL's total asset size has increased from approximately RM2.1 billion in FY2022 to approximately RM2.52 billion in FY2023.
6. The Acquisition expected to enhance SENTRAL's distribution and improve total Unitholders' return in the long run.

Funding for the Acquisition

The purchase consideration and the expenses relating to the proposals of RM454.8⁽¹⁾ million was funded via a combination of proceeds from the placement exercise and borrowings. The breakdown of the funding obtained for the Acquisition is set out below:

	RM' million
Borrowings ⁽³⁾	362.0
Gross proceeds from the placement exercise	92.8
Sub-total	454.8
Internally generated funds ⁽²⁾	4.5
Total	459.3

The placement exercise entailed the issuance of 123,720,000 placement units at an issue price of RM0.75 per placement unit, representing a discount of approximately 9.0% to the 5-day VWAP of the units up to and including 22 November 2023 of RM0.8261.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(C) Review of Investment and Divestment Activities (cont'd)

Funding for the Acquisition (cont'd)

To demonstrate its commitment to support the continued growth of SENTRAL and its confidence in the future prospects of SENTRAL, MRCB, being SENTRAL's major unitholder holding approximately 27.9% of the existing total units in issue prior to the placement exercise, had given an undertaking via its letter dated 25 July 2023 to unconditionally subscribe for up to 34,568,734 placement units in order to maintain its unitholding in SENTRAL immediately prior to the placement exercise at the issue price to be determined by way of bookbuilding.

Pursuant to the placement exercise, 89,151,300 placement units were allocated to successfully identified placees and 34,568,700 placement units were allocated to MRCB. Accordingly, the placement exercise successfully raised a total gross proceeds of RM92.8 million. The placement units were listed on Bursa Securities on 8 December 2023 and the Acquisition was subsequently completed on 11 December 2023.

Save for the above, there were no other acquisitions and/or divestments in 2023.

Notes:

1. The funding required to undertake the proposals are set out below:

Purpose	RM' million
Purchase consideration	450.0
Estimated expenses relating to the proposals	4.8
Total	454.8

The estimated expenses relating to the proposals comprise of professional fees, placement fees, fees payable to the relevant authorities, borrowing related cost, cost of convening the meeting of unitholders of SENTRAL and other incidental expenses

2. Additional cost representing the acquisition fee of 1.0% of the purchase consideration due to the Manager amounting to RM4.5 million will be funded via internally generated funds of SENTRAL
3. RM362.0 million nominal value unrated Medium-Term Notes ("MTN") were issued under the 4th issuance of the 20-year Kinabalu Capital MTN Programme to partly fund the Acquisition

MANAGEMENT DISCUSSION AND ANALYSIS

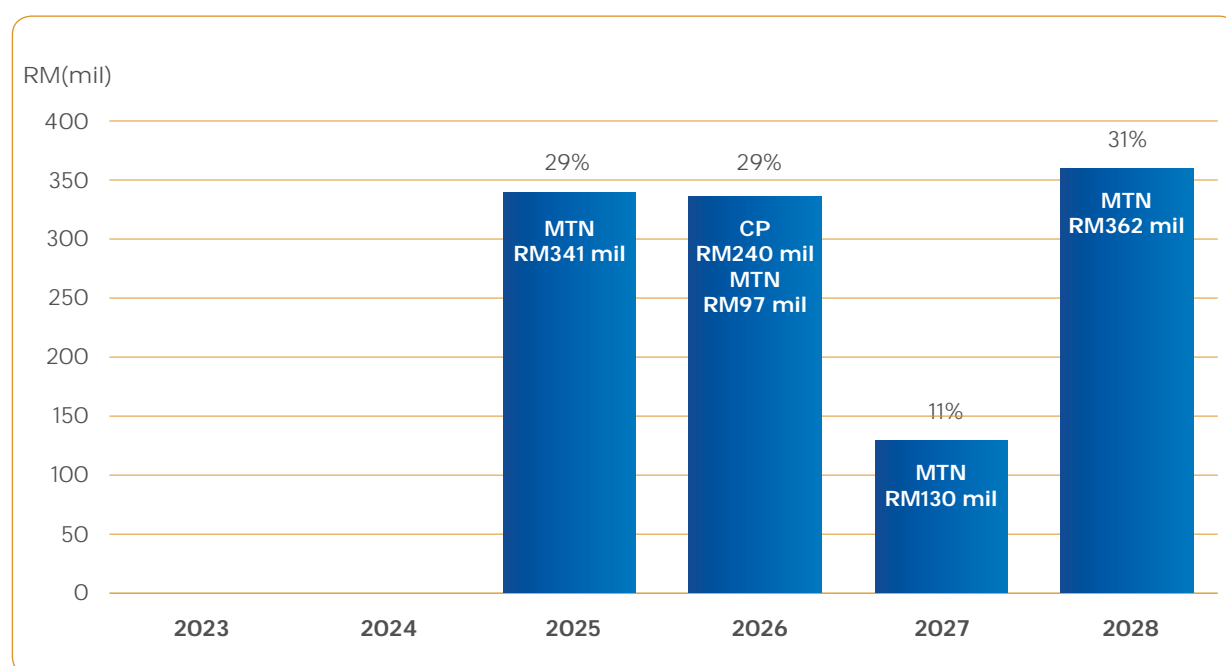
- OPERATIONAL OVERVIEW

(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. The completion of the financing exercise for the Acquisition has extended SENTRAL's debt average term to maturity to 3.10 years. SENTRAL's next refinancing exercise will be in 2025, as depicted below:



Notes:

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

Summarised below is SENTRAL's financial indicators which have remained stable in FY2023:

Details	FY 2023	FY 2022
Total Debt (RM' million)	1,165.13	804.73
Average Cost of Debt (% p.a.)	4.40	3.62
Average Debt to Maturity (years)	3.10	3.30
Gearing Ratio (%)	44.54	37.48
Interest Coverage (%)	3.07	3.56
Fixed and Float Rate Composition (%)	24% Fixed / 76% Float	34% Fixed / 66% Float

SENTRAL's gearing ratio of 44.54% as at 31 December 2023 is within the Listed REITs Guidelines requirement where borrowings must not exceed of 50% of the total asset value.

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.

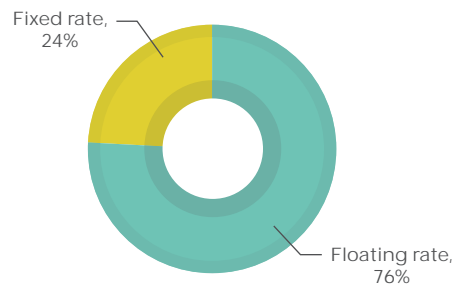
Liquidity Risk

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. 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, subsequent to the additional financing of RM362 million facilitated under the 20-year Kinabalu Capital Sdn Bhd MTN Programme to partly finance the Acquisition, a sizeable portion of SENTRAL's borrowings remained on floating interest rate.



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.

In 2023, The OPR was kept at 3.00% since May 2023. It is anticipated that BNM will keep monetary policy unchanged and will continue to remain supportive of economic recovery throughout 2024. Any change in monetary policy will be guided on how the overall domestic inflation and domestic growth performs.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(E) Risk Management (cont'd)

Health and Safety Risk

The experience of the Covid-19 pandemic has given everyone a heightened awareness of the role the building's surrounding in ensuring our tenants' health and wellbeing is prioritised. To mitigate the risk of infectious diseases, accidents or occurrence of safety hazards, it is essential for SENTRAL to design and implement health and safety measures to boost workplace safety and hygiene. The essential safety considerations include regular testing and checking of firefighting equipment, escape routes, ventilation systems, lighting systems as well as cleanliness and hygiene of common areas. At SENTRAL, high importance is placed on managing health and safety, therefore assessment of such risk will be done periodically to ensure appropriate control and mitigation measures are put in place.

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 SENTRAL's 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 2024, the Malaysian economy is expected to grow moderately between 4.0% – 5.0%. This is backed by strong economic fundamentals and strategies outline in the Malaysian Budget 2024 which will include the facilitation of industry transformation and productivity growth.

Almost all economic sectors are projected to expand on the supply side, led by the construction, services and manufacturing sectors. The real estate and business services subsector is poised to grow by 5.4% owing to the increase in non-residential and residential transactions. The implementation of New Industry Master Plan (NIMP) 2030 is expected to improve the performance of non-residential buildings subsector by developing an ecosystem to attract investments into the country.

(Source: Ministry of Financial Budget 2024 - Economic Outlook 2024)

Under the revised Budget 2023 and Budget 2024, the government has introduced various subsidies and incentives to support the business industry. Highlights include the designation of TRX as Malaysia's international financial hub and special economic zone to attract high-quality foreign investment; the extension of Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) until December 2025 to encourage sustainable initiatives; and the Global Services Hub (GSH) incentive to boost Malaysia's competitiveness as a leader in the global services sector.

(Source: Property Market Overview 2023 prepared by Knight Frank Malaysia Sdn. Bhd. for SENTRAL)

The Kuala Lumpur office market down cycle is expected to persist in 2024 as future supply of office space in Klang Valley continue to come on steam and outweigh demand especially in the KL City Centre. We expect to see these pressures be alleviated with the eventual improvement in the economy through the government initiatives to revive the country economy post pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

(cont'd)

OUTLOOK AND PROSPECTS (cont'd)

Leasing enquiries remain healthy for office developments within the KL Fringes 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 encouraging, as compared to the banking and oil & gas sectors which have traditionally bolstered the demand for the Klang Valley office space.

The challenging sector outlook will exert pressure on SENTRAL's operation. While SENTRAL's leasing activities have picked up momentum in 2023, the office segment continues to be pressured by the change in working arrangements and the oversupply conditions in selected areas within Klang Valley. Notwithstanding, the Manager believes that SENTRAL's operation will be able to sustain these challenges as it continues to intensify efforts to manage SENTRAL's operations efficiently underpinned by its proactive approach towards asset, portfolio and cost management. SENTRAL's focus in 2024 will be on asset management and leasing strategies that are centred on cost optimisation and tenant retention while continuing to pursue growth by actively exploring acquisition opportunities based on a prudent acquisition strategy.

MANAGEMENT DISCUSSION AND ANALYSIS

- TRADING PERFORMANCE AND INVESTOR RELATION

(A) TRADING PERFORMANCE

Unit Price Performance

SENTRAL's Monthly Trading Performance for 2023



	Trading Volume	Month-end closing Price (RM)
Jan-23	9,399,700	0.905
Feb-23	5,213,300	0.885
Mar-23	6,634,300	0.860
Apr-23	3,608,800	0.865
May-23	4,091,800	0.845
Jun-23	4,615,000	0.815
Jul-23	3,293,500	0.840
Aug-23	7,227,300	0.820
Sep-23	3,581,300	0.825
Oct-23	3,199,000	0.825
Nov-23	8,838,700	0.825
Dec-23	15,276,600	0.785

MANAGEMENT DISCUSSION AND ANALYSIS

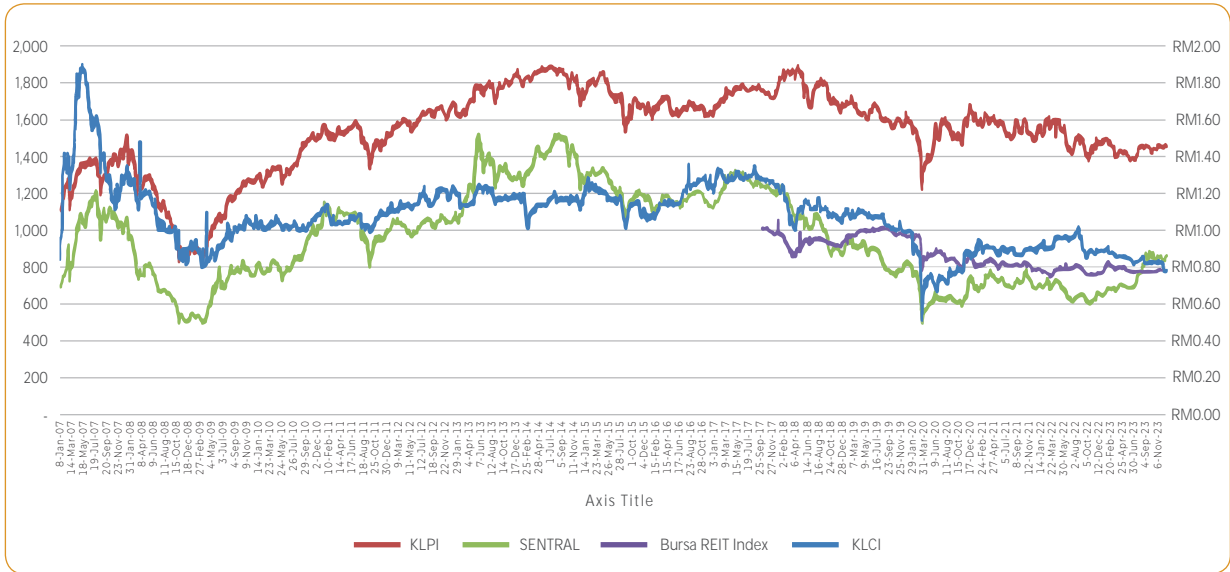
- TRADING PERFORMANCE AND INVESTOR RELATION

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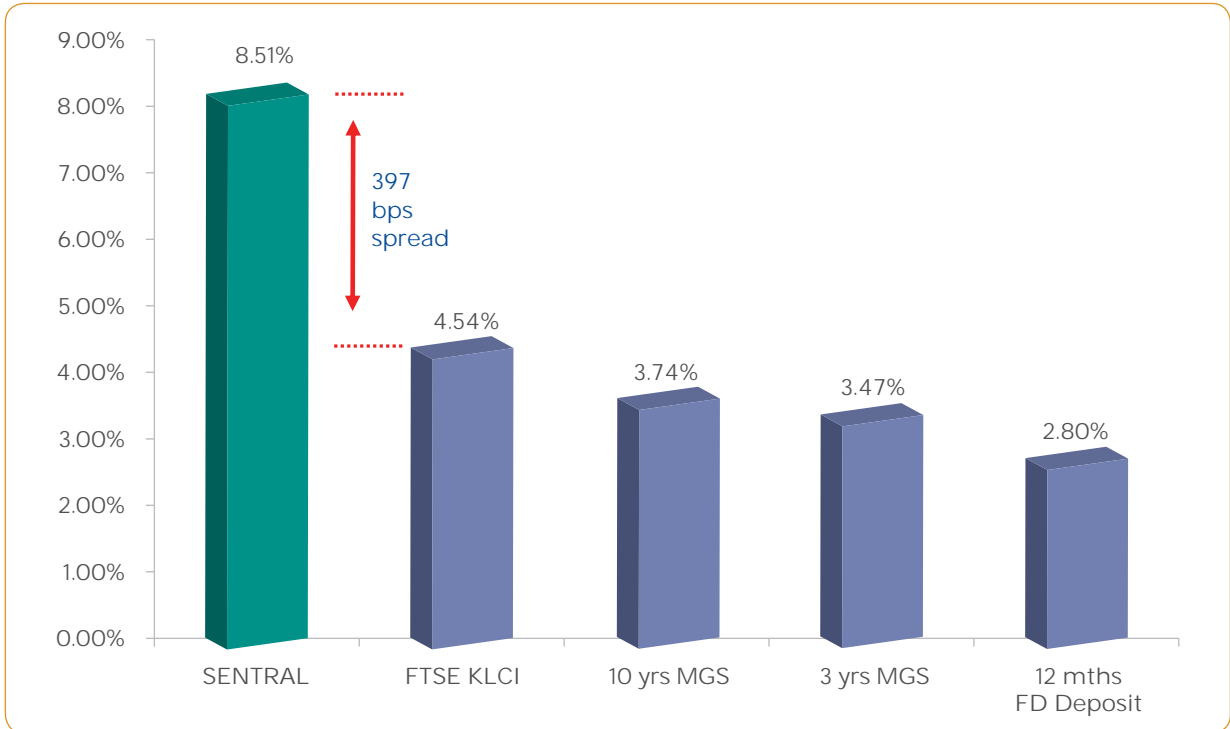
(A) TRADING PERFORMANCE (cont'd)

SENTRAL's Unit Price versus Performance Benchmarks

- 8 January 2007 (from Listing Date) to 31 December 2023



Comparative Yields



Source:

- 1) Rates for 5-yrs MGS & 10-yrs MGS rate was obtained from HSBC Daily Commentary Report dated 29 December 2023
- 2) 12 months FD rate is from Maybank
- 3) Dividend Yield of FTSE Bursa Malaysia KLCI as at 29 December 2023 is from Bloomberg

MANAGEMENT DISCUSSION AND ANALYSIS

- TRADING PERFORMANCE AND INVESTOR RELATION

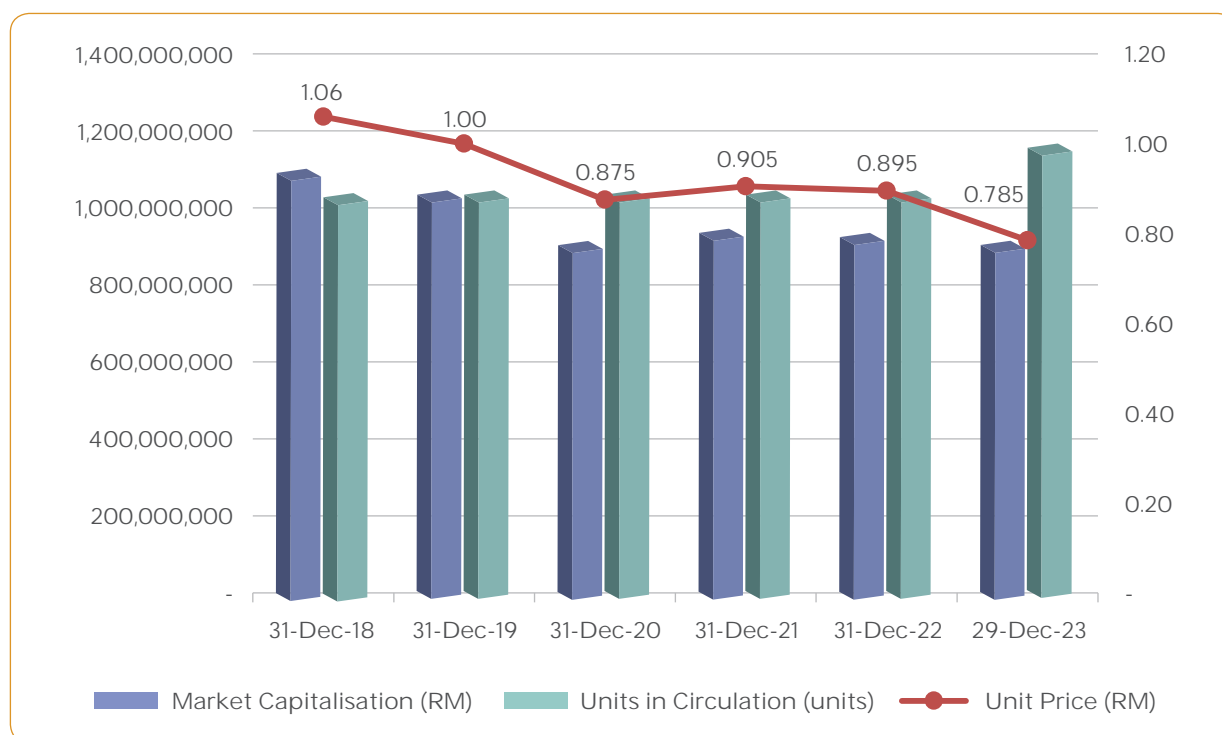
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(A) TRADING PERFORMANCE (cont'd)

Market Capitalisation

As at 31 Dec 2011 – RM421,341,480	As at 31 Dec 2018 – RM1,136,089,980
As at 31 Dec 2012 – RM479,861,130	As at 31 Dec 2019 – RM1,071,783,000
As at 31 Dec 2013 – RM460,354,580	As at 31 Dec 2020 – RM937,810,125
As at 31 Dec 2014 – RM456,453,270	As at 31 Dec 2021 – RM969,963,615
As at 31 Dec 2015 – RM714,291,480	As at 31 Dec 2022 – RM959,245,785
As at 31 Dec 2016 – RM1,281,600,000	As at 29 Dec 2023 – RM938,469,855
As at 31 Dec 2017 – RM1,335,000,000	

Market Capitalisation, Unit Price and Units in Circulation



	Market Capitalisation (RM)	Unit Price (RM)	Units in Circulation (units)
31-Dec-18	1,136,089,980	1.06	1,071,783,000
31-Dec-19	1,071,783,000	1.00	1,071,783,000
31-Dec-20	937,810,125	0.875	1,071,783,000
31-Dec-21	969,963,615	0.905	1,071,783,000
31-Dec-22	959,245,785	0.895	1,071,783,000
29-Dec-23	938,469,855	0.785	1,195,503,000

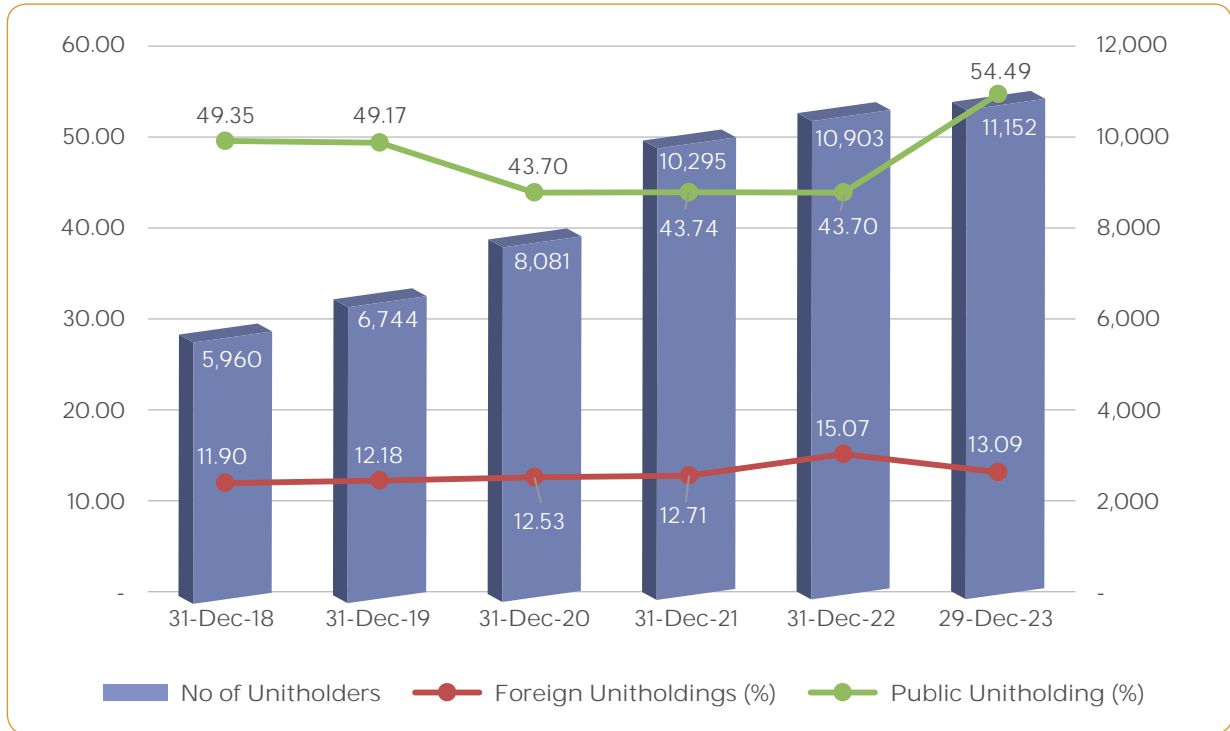
MANAGEMENT DISCUSSION AND ANALYSIS

- TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

(A) TRADING PERFORMANCE (cont'd)

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



	No of Unitholders	Foreign Unitholding (%)	Public Unitholding (%)
31-Dec-18	5,960	11.90	49.35
31-Dec-19	6,744	12.18	49.17
31-Dec-20	8,081	12.53	43.70
31-Dec-21	10,295	12.71	43.74
31-Dec-22	10,903	15.07	43.70
29-Dec-23	11,152	13.09	54.49

MANAGEMENT DISCUSSION AND ANALYSIS

- TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

(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 ■ Financiers
Conferences	<ul style="list-style-type: none"> ■ Investors conferences ■ Industry conferences ■ Non-deal roadshows 	<ul style="list-style-type: none"> ■ Institutional investors ■ Analysts ■ Retail investors
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
Research coverage	<ul style="list-style-type: none"> ■ 6 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

MANAGEMENT DISCUSSION AND ANALYSIS

- TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

(B) INVESTOR RELATIONS (“IR”) INITIATIVES (cont'd)

Unitholders' Meetings

Eleventh Annual Unitholders' Meeting

SENTRAL's 11th Annual General Meeting (“11th AGM”) was held on 12 April 2023, virtually 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 (“Broadcast Venue”). The virtual 11th AGM was conducted in accordance with the practices that have already been adopted by other internationally developed capital markets.

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 FY2022. 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 SENTRAL'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.

Unitholders' Meeting dated 15 November 2023

The Unitholders' Meeting was held virtually through live streaming from the Broadcast Venue on 15 November 2023 to seek the approval of the non-interested unitholders of SENTRAL for the following ordinary resolutions:

Ordinary Resolution 1	Proposed acquisition of Menara CelcomDigi, by the Maybank Trustees Berhad, acting solely in the capacity as trustee of SENTRAL from Puncak Wangi Sdn Bhd, a wholly owned subsidiary of Malaysian Resources Corporation Berhad (“MRCB”) for a purchase consideration of RM450.0 million
Ordinary Resolution 2	Proposed placement up to 123,720,000 new units in SENTRAL, representing up to approximately 11.5% of the existing total units in issue, at an issue price to be determined later by way of bookbuilding
Ordinary Resolution 3	Proposed placement of up to 34,568,734 placement units to MRCB, being the major unitholder of SENTRAL, pursuant to the Proposed Placement

We are pleased to report that the resolution for all 3 ordinary resolutions were duly passed.

MANAGEMENT DISCUSSION AND ANALYSIS

- TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

(B) INVESTOR RELATIONS (“IR”) INITIATIVES (cont'd)

Research Coverage in 2023

In 2023, SENTRAL was covered by 6 research houses. Below is a summary of the reports published for SENTRAL's 4Q 2023 results:

Coverage	Rating	Target Price (RM per unit)
RHB Research Institute	Buy	0.91
Hong Leong Investment Bank Research	Hold	0.75
Maybank IB Research	Buy	0.98
UOB Kay Hian Research	Hold	0.87

Note:

CGS-CIMB Research and KAF Research did not report on SENTRAL's 4Q 2023 results

(C) CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

SENTRAL's CSR initiatives are carried out by SRM as the REIT Manager. Our efforts in 2023 continued to focus on supporting and facilitating the welfare and education of the children from the poor, marginalized and vulnerable communities.

In 2023, SRM's collaborated with 3 non-profit organization namely Good Shepherd Services, Yayasan Ozanam and Persatuan Kebajikan Kanak-Kanak Kajang on the following projects.

1. Sponsor-A-Child Education Fund (“Ed Fund”)

Similar to 2022's sponsorship, SRM continued to partner with Good Shepherd Services (“GSS”) and contributed RM72,000.00 to Sponsor-A-Child Education Fund. (“Ed Fund”). This financial aid will directly support 51 students in rural Sabah located in the districts of Keningau, Telupid, Kota Marudu, Beluran, Ranau and Tawau to meet their schooling expenses which includes hostel fees, transportation costs, academic materials, and other operational costs with the objective of enabling these students to attend school regularly.

GSS is a non-profit organization incorporated as a company limited by guarantee in 2015. The social services of GSS with extensive grassroots in Sabah includes residential services, service centre and outreach programs for those who are underserved and vulnerable, particularly women and children.

MANAGEMENT DISCUSSION AND ANALYSIS

- TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

(C) CORPORATE SOCIAL RESPONSIBILITY ("CSR") (cont'd)

2. [ENUMA Literacy Lab Project \("Sekolah ENUMA"\) with Sekolah Kebangsaan Lanas, Keningau, Sabah](#)

SRM contributed RM45,310.00 to GSS to set up Sekolah ENUMA which will run over 2 years at Sekolah Kebangsaan Lanas in the Sook district, Keningau.

Sekolah ENUMA is a digital learning application designed to help students aged between 5 and 8 years old to tackle learning challenges interactively. The application is designed using the Android operating system and does not require internet connection once downloaded, so they are suitable for use in remote locations and communities. These students have the opportunity to learn from a variety of learning activities, games, e-books, and child-friendly videos, and their progress in 3 key subjects namely, Bahasa Melayu, English, and Mathematics will be monitored using a learning management system.

The project will benefit 92 students consisting from pre-school, primary 1, primary 2 and special needs children. The grant covers the purchase of tablets, software, headsets, and other operations costs to set up and run the program.

3. [Yayasan Ozanam Education Fund](#)

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).

A total contribution of RM63,858.00 was earmarked to the Yayasan Ozanam Education Fund to provide financial aid to 6 students under Ozanam homes. These student are currently undertaking degree and diploma courses from local universities. The financial aid will cover their costs of tuition fees, transportation, and other academic expenses.

4. [Donation to Persatuan Kebajikan Kanak-Kanak Kajang](#)

Persatuan Kebajikan Kanak-Kanak Kajang is a registered voluntary welfare organization that helps abused, neglected, abandoned or at-risk children of all races located at Kajang. The centre started off as a shelter for kids from poor and broken homes, without proper meals and family supervision. With public and corporate donation, the centre has been running feeding programs to provide free meals and free tuition to children from the marginalized communities from Semenyih and Kajang areas.

Currently, there are 40 students from the age of 5 to 17 years old attending the centre for tuition and free meals before or after school. In 2023, SRM donated RM16,200.00 to cover some of the centre's operation costs, which include rent, utilities, workbooks, and study materials for 12 months.

PROPERTY MARKET OVERVIEW 2023

PROPERTY MARKET OVERVIEW 2023 PREPARED BY KNIGHT FRANK MALAYSIA SDN BHD FOR SENTRAL

MARKET INDICATIONS

During 4Q2023, the Malaysian economy expanded by 3.4% (3Q2023: 3.3%; 2Q2023: 2.9%; 1Q2023: 5.6%), driven by domestic demand, improved labour market conditions, recovery in tourism activities and higher construction activity. For the full year of 2023, the country's GDP growth was recorded at 3.8%. Moving into 2024, economic expansion is expected to range from 4.0% to 5.0%, anchored by domestic demand, further recovery in tourist arrivals and growing investment activity, coupled with various measures and initiatives outlined in Budget 2024.

Headline inflation eased to 1.6% in 4Q2023 (3Q2023: 2.0%; 2Q2023: 2.8%; 1Q2023: 3.6%). This continued moderation was attributed to the easing of inflation in selected core services items. For the full year of 2023, the country's headline inflation stood at 2.5%.

Malaysia's unemployment rate continues to decline to below 4.0%, recording at 3.4% in 3Q2023 as labour demand continuously expands to accommodate the capacity for business operations as more economic activities resume. For the full year of 2023, the unemployment rate is forecasted to be at 3.5%.

On the lending front, Bank Negara Malaysia maintained its overnight policy rate (OPR) at 3.00% in November 2023, following its last hike from 2.75% to 3.00% in March 2023. At the current OPR level, the monetary policy continues to provide support to the economy and aligns with the present evaluation of inflation and growth prospects.

The Business Conditions Index (BCI) continued to decline by 2.7 points q-o-q to record at 79.7 points as of 3Q2023 (2Q2023: 82.4 points) - the lowest since 2Q2020. The private sector holds a negative outlook regarding business conditions in the short term amid the current global uncertainties, rising prices and supply chain disruptions.

Looking ahead, despite the inflationary pressures and high OPR, the property market appears to be moving in a positive direction, underpinned by healthy demand, laudable government initiatives in supporting homeownership as well as the progression of catalytic infrastructure projects.

MALAYSIA: RETAIL PERFORMANCE

Malaysia's retail industry, which was severely disrupted following onset of the COVID-19 pandemic in early 2020, registered a deep contraction of -16.3% in retail sales in 2020, its worst performance since the Asian Financial Crisis (1998: -20.0%). In 2021, there was improvement in the retail industry, posting a smaller annual contraction of 1.9% despite the re-imposition of various phases of lockdown. The robust growth continued into 2022 at 33.3% following newfound optimism as the country transitions to the endemic phase in April 2022.

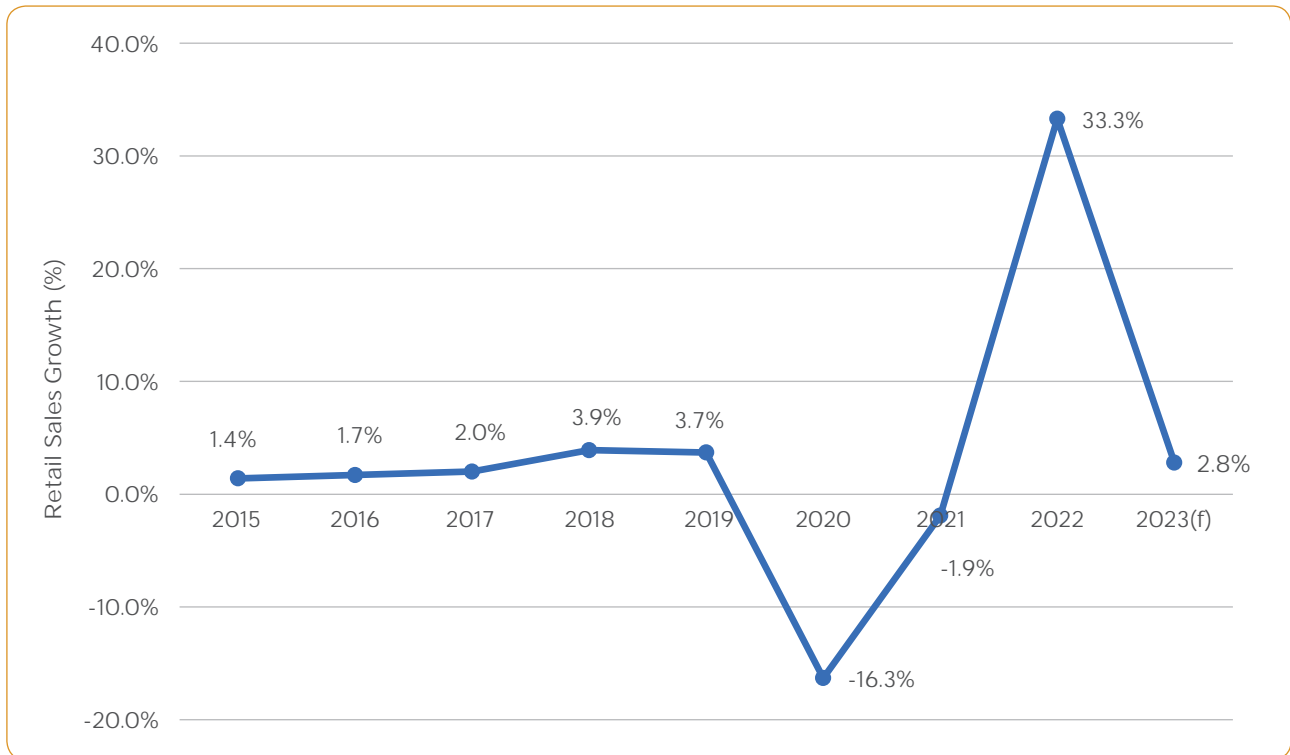
For the year 2023, Retail Group Malaysia (RGM) has revised the country's retail sales growth upwards from 2.7% to 2.8%, this follows a yearly growth of 2.7% in 3Q2023, higher than its initial forecast of 1.4%. However, market challenges such as rising cost of living leading to lower purchasing power, high commodity prices and increase in the national minimum wage will continue to hinder growth.

PROPERTY MARKET OVERVIEW 2023

(cont'd)

MALAYSIA: RETAIL PERFORMANCE (cont'd)

Chart 1: Malaysia - Retail Sales Growth, 2015 to 2023^(f)



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

Note: (f) = Forecast

In 1Q2023, the MIER Consumer Sentiments Index (CSI) dropped below the optimism threshold to register at 99.2 points (4Q2022: 105.3 points) and it has since continued to decline further, to record at 90.8 points and 78.9 points in 2Q2023 and 3Q2023 respectively. The downtrend was mainly due to the decline in jobs and income expectations as well as growing inflation worries, leading to the slowdown in spending plans.

PROPERTY MARKET OVERVIEW 2023

(cont'd)

OFFICE MARKET OVERVIEW

1.0 GREATER KUALA LUMPUR / KLANG VALLEY

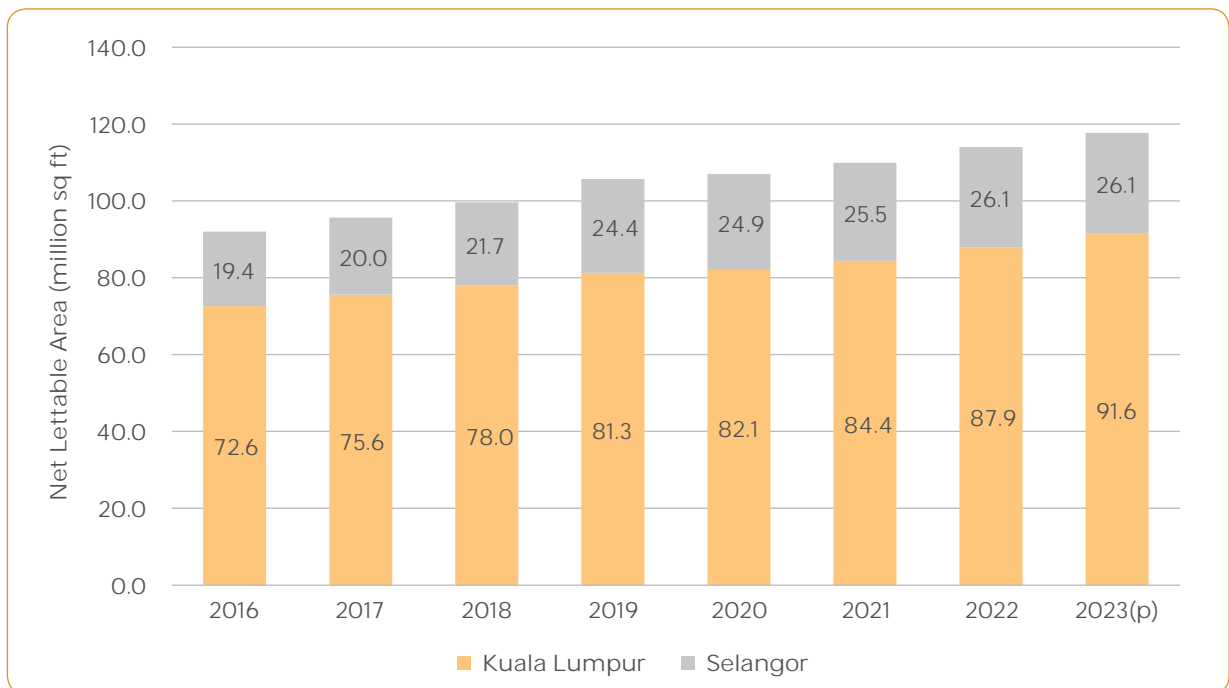
1.1 Supply: Existing and Future

The existing supply of purpose-built office space in Greater Kuala Lumpur / Klang Valley, has grown steadily over the years. As at the end of 2023, the cumulative existing supply stands at circa 117.7 million sq ft.

In Kuala Lumpur, the cumulative office stock was higher by circa 3.7 million sq ft during the year. This follows the completions of Pavilion Damansara Heights Corporate Towers 6, 7, 8 & 9 (Phase 1) in 1Q2023; Sunway V2 (Velocity 2) Office Tower in 2Q2023; Aspire Tower and Pavilion Damansara Heights Corporate Towers 3, 3A & 5 (Phase 1) in 3Q2023; as well as PNB 1194, Merdeka 118 Tower and Pavilion Damansara Heights Corporate Tower 2 (Phase 1) in 4Q2023.

As for Selangor, there were no notable new completions in 2023.

Chart 2: Greater KL / Klang Valley: Cumulative Supply of Purpose-Built Office Space, 2016 to 2023^(p)



Source: Knight Frank Research

Notes: (p) = Preliminary data

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

By the end of 2024, circa 1.7 million sq ft of supply pipeline is scheduled to come on-stream. The bulk of incoming office supply at circa 1.4 million sq ft (81.7%) will be from Kuala Lumpur with the balance space of circa 0.3 million sq ft (18.3%) from Selangor.

The three upcoming office buildings in the capital city include Felcra Tower, The Exchange TRX and Oxley Tower while in KL Fringe, they are TNB Gold @ Bangsar and Pavilion Damansara Heights Corporate Tower 1 (Phase 1). The only upcoming building in Selangor is Office Towers @ Atwater.

PROPERTY MARKET OVERVIEW 2023

(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

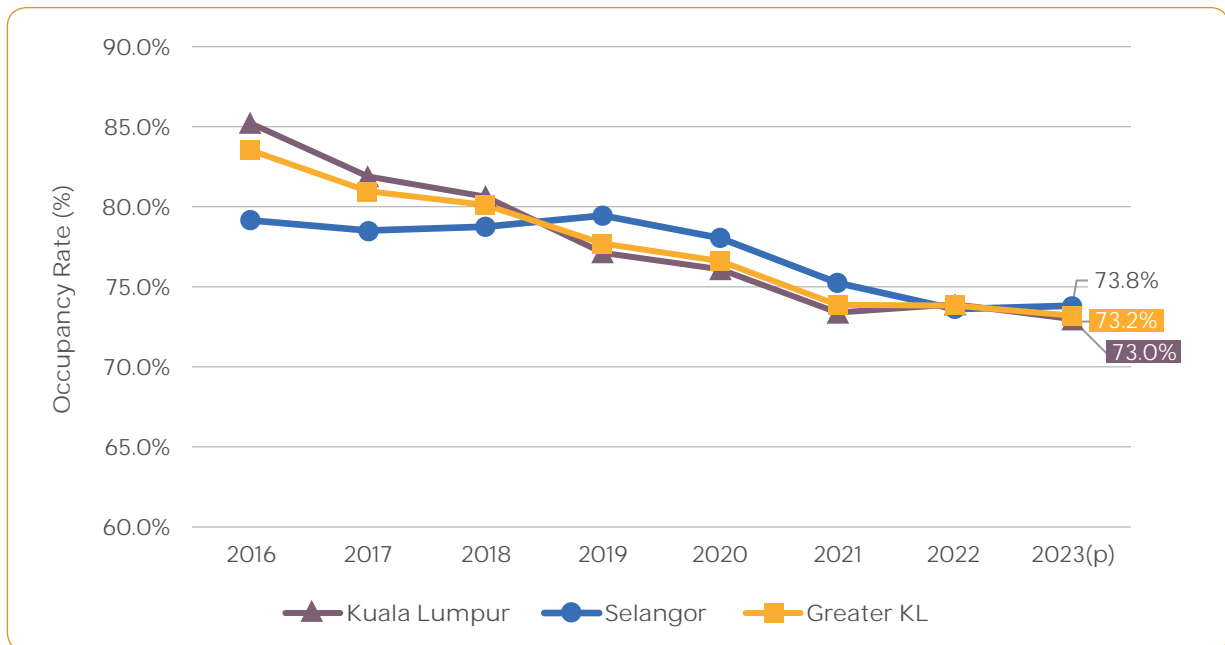
1.0 GREATER KUALA LUMPUR / KLANG VALLEY (cont'd)

1.2 Occupancy Rates

During 2023, the overall occupancy rate of office space in Greater KL / Klang Valley experienced a slight decline to record at 73.2% (2022: 73.8%). This was mainly due to the lower occupancy rate in the Kuala Lumpur office market (2023: 73.0% / 2022: 73.9%) following the addition of 3.7 million sq ft of new supply during the year.

In contrast, the occupational demand in Selangor improved slightly to record at 73.8% (2022: 73.6%).

Chart 3: Greater KL / Klang Valley: Occupancy Trend for Purpose-Built Office Space, 2016 to 2023^(p)



Source: Knight Frank Research

Note: (p) = Preliminary data

As of 2023, the overall occupancy rates for the sub-markets of Petaling Jaya, Subang Jaya and Shah Alam were marginally higher by 0.8%, 2.0% and 0.6% to record at 72.2%, 79.2% and 86.3% respectively (2022: Petaling Jaya – 71.3%, Subang Jaya – 77.2% and Shah Alam – 85.7%) while for Cyberjaya, it declined by 2.0% to record at 70.3% (2022: 72.2%).

1.3 Rental Rates

The average rental rate of office space in Kuala Lumpur was marginally higher at RM6.19 per sq ft per month in 2023 (2022: RM6.15 per sq ft per month). This follows the completions of new buildings with improved specifications such as Merdeka 118 Tower which command higher average rental rates. 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 OVERVIEW 2023

(cont'd)

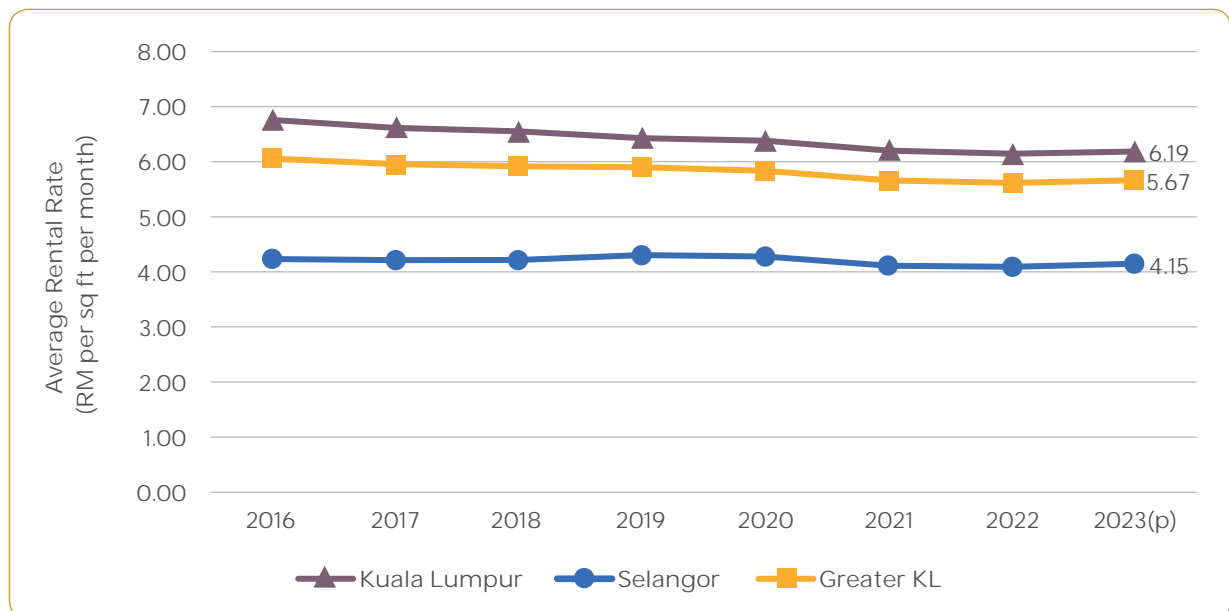
OFFICE MARKET OVERVIEW (cont'd)

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

1.3 Rental Rates (cont'd)

Similarly, the average office rent in Selangor was also higher at RM4.15 per sq ft per month during the review period (2022: RM4.09 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 RM4.47 per sq ft; RM4.17 per sq ft; RM3.44 per sq ft and RM3.72 per sq ft respectively.

Chart 4: Greater KL / Klang Valley: Average Rental Rates, 2016 to 2023^(p)



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

1.4 Capital Values

In KL City, notable office transactions last year (2022) include Bangunan KWSP, Faber Imperial Court, The Weld, Wisma Ambank and Menara Naza Kampung Baru with total consideration of circa RM685.9 million. As for KL Fringe, Bangunan AHP and Wisma TM changed hands during the year with a total value of circa RM121.3 million. In Selangor, there were three notable office transactions, namely Block N @ Jaya One, Quill 9 and Menara Amfirst, at a total consideration of circa RM281.9 million.

Meanwhile, in 2023, three office buildings in KL City, namely Menara HSBC Leboh Ampang, Menara TM Semarak and Tower 3 @ Oxley Towers KLCC, were sold at a total consideration of circa RM532.8 million. There was no notable transaction in KL Fringe during the year while for Selangor, there were six notable office transactions, namely Qi Tower, Bangunan KWSP Damansara Fairway, Menara CelcomDigi, 3 Damansara, Menara Serba Dinamik and Tower 2 of PJ Sentral, with total consideration estimated at RM922.8 million.

PROPERTY MARKET OVERVIEW 2023

(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

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

1.4 Capital Values (cont'd)

Table 1: Greater KL / Klang Valley: Notable Office Transactions, 2022 & 2023

Transaction Date	Building Name	Locality	Tenure	Estimated NLA (sq ft)	Consideration (RM)	Analysis (RM / sq ft)
2022						
January 2022	Bangunan KWSP ⁽¹⁾	Changkat Raja Chulan	Freehold	108,000	62,000,000	574
February 2022	Faber Imperial Court ⁽²⁾	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 ⁽³⁾	Seksyen 13, Petaling Jaya	N/A	28,600	19,880,000	695
April 2022	Quill 9 ⁽⁴⁾	Seksyen 19, Petaling Jaya	Leasehold	280,000	200,000,000	714
May 2022	Bangunan AHP ⁽⁵⁾	Taman Tun Dr Ismail	Freehold	88,272	86,000,000	974
July 2022	Menara Amfirst	Seksyen 19, Petaling Jaya	Freehold	155,747	62,000,000	398
August 2022	The Weld ⁽⁶⁾	Jalan Raja Chulan	Freehold	269,593	305,000,000	1,131
September 2022	Wisma Ambank ⁽⁷⁾	Jalan Pudu	Freehold	55,700	22,000,000	395
September 2022	Menara Naza Kg. Baru ⁽⁸⁾	Jalan Raja Muda Abdul Aziz	Freehold	117,422	51,940,000	442
September 2022	Wisma TM ⁽⁹⁾	Taman Desa	Freehold	85,751	35,288,000	412

PROPERTY MARKET OVERVIEW 2023

(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

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

1.4 Capital Values (cont'd)

Table 1: Greater KL / Klang Valley: Notable Office Transactions, 2022 & 2023

Transaction Date	Building Name	Locality	Tenure	Estimated NLA (sq ft)	Consideration (RM)	Analysis (RM / sq ft)
2023						
January 2023	Menara HSBC Leboh Ampang ⁽¹⁰⁾	Leboh Ampang	Freehold	172,245	55,000,000	319
April 2023	Qi Tower	Seksyen 8, Petaling Jaya	Leasehold	103,000	88,810,000	862
April 2023	Bangunan KWSP Damansara Fairway ⁽¹¹⁾	Persiaran Tropicana, Petaling Jaya	Leasehold	61,714	24,000,000	389
June 2023	Menara CelcomDigi ⁽¹²⁾	Seksyen 52, Petaling Jaya	Leasehold	450,000	450,000,000	1,000
July 2023	Menara TM Semarak ⁽¹³⁾	Jalan Raja Muda Abdul Aziz	Leasehold	324,155	72,000,000	222
September 2023	3 Damansara ⁽¹⁴⁾	Damansara Intan, Petaling Jaya	Freehold	101,246	52,000,000	514
October 2023	Tower 3 @ Oxley Towers KLCC ⁽¹⁵⁾	Jalan Ampang	Freehold	325,280	405,839,320	1,248
October 2023	Menara Serba Dinamik ⁽¹⁶⁾	Seksyen 14, Shah Alam	Leasehold	119,022	38,000,000	319
December 2023	Tower 2 of PJ Sentral ⁽¹⁷⁾	Seksyen 52, Petaling Jaya	Leasehold	862,512	270,000,000	313

Sources: JPPH / Bursa Announcements / Knight Frank Research

Notes:

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) Bangunan AHP: Amanahraya Trustees Berhad has disposed Bangunan AHP to Kuala Sentral Point Sdn Bhd at a consideration of RM86 million. The 3-storey office building located in Taman Tun Dr Ismail; Kuala Lumpur has a net lettable area (NLA) of 88,272 sq ft.

PROPERTY MARKET OVERVIEW 2023

(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

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

1.4 Capital Values (cont'd)

Notes: (cont'd)

- (6) *The Weld: Hap Seng Consolidated Bhd, via its subsidiary My Universal Properties Sdn Bhd, has acquired The Weld from Great Eastern Life Assurance (Malaysia) Bhd for a total consideration of RM305 million. The 26-storey office tower adjoining The Weld Shopping Centre has an estimated NLA of 269,953 sq ft and four basement levels with 445 car parking bays.*
- (7) *Wisma Ambank: Ambank Group, via its subsidiary, Bougainvillea Development Sdn Bhd (BDSB) has disposed Wisma Ambank to Delight 2000 Holdings Sdn Bhd for RM22 million. Located along Jalan Pudu, the property is a 12-storey office building with a built-up area of 55,700 sq ft and was first acquired by the group in the early 1990s.*
- (8) *Menara Naza Kg Baru: Naza Properties Sdn Bhd has disposed Menara Naza Kg Baru to Koperasi Co-Opbank Pertama Malaysia Berhad for RM51.94 million. Located along Jalan Raja Muda Abdul Aziz, the property is a 14-storey office building with a built-up area of more than 117,400 sq ft.*
- (9) *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.*
- (10) *Menara HSBC Leboh Ampang: PACT REIT Managers Sdn Bhd has acquired the 19-storey Menara HSBC Leboh Ampang from HSBC Bank Malaysia Bhd for RM55 million. The office building has an estimated gross floor area (GFA) and NLA of 250,247 sq ft and 172,245 sq ft respectively, along with two basement levels of parking bays.*
- (11) *Bangunan KWSP Damansara Fairway: LKL international Berhad's wholly owned subsidiary LKL Advance Metaltech Sdn Bhd (LKLAM) has entered into a sale and purchase agreement with the EPF board on 21 February 2023 to acquire a parcel of leasehold land attached with the Bangunan KWSP Damansara Fairway building for a consideration of RM24 million cash. The property comprises a parcel of land measuring approximately 2,301 square metres, together with a 12-storey commercial office block and a 5-storey car park.*
- (12) *Menara CelcomDigi: Sentral REIT had on 25 July 2023 entered into a sale and purchase agreement to acquire the 27-storey Menara CelcomDigi in Petaling Jaya from Puncak Wangi Sdn Bhd, a wholly-owned subsidiary of Malaysia Resources Corporation Berhad (MRCB). The office tower, erected on leasehold land, has GFA and NLA of 1.06 million sq ft and 450,000 sq ft respectively. It is currently leased to Celcom Berhad with a lease term of 15 years, which has an automatic extension of a further 2 terms of 3 years each. The acquisition was completed on 11 December 2023.*
- (13) *Menara TM Semarak: Titijaya, via its subsidiaries Titijaya PMC Sdn Bhd and Titijaya South Asia has entered into a Sale and Purchase Agreement with Menara ABS Berhad to acquire Menara TM Semarak for a consideration of RM72 million. The leasehold property comprises of a 22-storey office tower with an annexed 6-storey Telekom Exchange and five levels of basement car park.*
- (14) *3 Damansara: CapitaLand Malaysia REIT Management Sdn Bhd has entered into an unconditional SPA with Lagenda Harta Sdn Bhd for the disposal of 3 Damansara for a consideration of RM52 million. The 12-storey office tower is erected on freehold land and has GFA and NLA of 129,630 sq ft and 101,246 sq ft respectively. It also forms part of an integrated commercial development, which includes the 4-storey 3 Damansara Retail Mall and "the Tropics" residential tower.*
- (15) *Tower 3 @ Oxley Towers KLCC: Alliance Bank Malaysia Bhd has entered into a conditional Sale and Purchase Agreement (SPA) with Oxley Rising Sdn Bhd for the acquisition of 24 floors of office suites (NLA: 315,711 sq ft) together with 4 adjoining retail lots on the 2-storey retail podium (9,569 sq ft), all to be stratified and located at Tower 3. Oxley Towers is a freehold mixed development comprising two residential towers, an office tower and a retail podium and is expected to be completed by November 2024.*
- (16) *Menara Serba Dinaik: APB Resources Berhad has entered into a Conditional Sale and Purchase Agreement with Serba Dinamik Group Berhad for the proposed acquisition of a 16-storey office building with a 4-storey basement car park for a total cash consideration of RM38 million. Formerly known as Bangunan Affin Bank, Serba Dinamik Group purchased the building from AFFIN Bank Berhad for RM43.5 million in 2018.*
- (17) *Tower 2 of PJ Sentral: Malaysian Resources Corporation Berhad (MRCB) has proposed to acquire the Development Rights for an office tower in PJ Sentral from the Selangor State Development Corp (PKNS) for RM270 million. Spanning approximately 9.11 acres, PJ Sentral is a mixed-use commercial development featuring five planned towers, with Tower 3 and Tower 6 already completed and sold.*

PROPERTY MARKET OVERVIEW 2023

(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

2.0 OFFICE MARKET OUTLOOK

Under the revised Budget 2023 and Budget 2024, the government has introduced various subsidies and incentives to support the business industry. Highlights include the designation of TRX as Malaysia's international financial hub and special economic zone to attract high-quality foreign investment; the extension of Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) until December 2025 to encourage sustainable initiatives; and the Global Services Hub (GSH) incentive to boost Malaysia's competitiveness as a leader in the global services sector.

Selected REITs or landlords of well-located buildings, which are dated and older, continue to shift 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.

Additionally, co-working spaces continue to gain popularity amongst independent professionals, micro, small, and medium enterprises (MSMEs) and some multinational corporations (MNCs). This is primarily due to the flexibility they provide in terms of scalability and cost-effectiveness, which is highly valued in the post-COVID era. In response to the rising demand, co-working operators are expanding their presence and offering comprehensive and hybrid work solutions that appeal to both SMEs and MNCs.

Moving forward, the KL City office market is expected to remain tenant-led due to the supply and demand imbalance. The combination of high incoming supply and the prevailing "flight to quality" trend will continue to exert downward pressure on both occupancy and rental levels. The impact of the pandemic over the past few years has also led to a surplus of fit-out units in the market as companies downsize and relocate. Consequently, landlords are willing to negotiate for more competitive rents, leading to a declining rental trend in KL City.

In contrast, market demand for office space in KL Fringe is anticipated to remain stable for the remaining part of 2023 and beyond, attributed to its established location, comprehensive infrastructure and limited incoming supply of Grade A offices.

Overall, the Kuala Lumpur office market is expected to sustain with landlords offering incentives such as rent-free periods, amortization of refurbishment costs, flexible tenancy terms, and adaptable space usage to remain competitive.

Selected decentralised office locations in Selangor continue to grow in popularity due to the availability of good-grade office space at attractive rental rates coupled with improved infrastructure providing easy accessibility and good connectivity via the fully operational MRT Line 1 and Line 2 as well as the existing LRT and KTM Komuter lines. Therefore, both rental and occupancy levels within Selangor are expected to be insulated by the presence of sustained demand.

PROPERTY MARKET OVERVIEW 2023

(cont'd)

RETAIL MARKET OVERVIEW

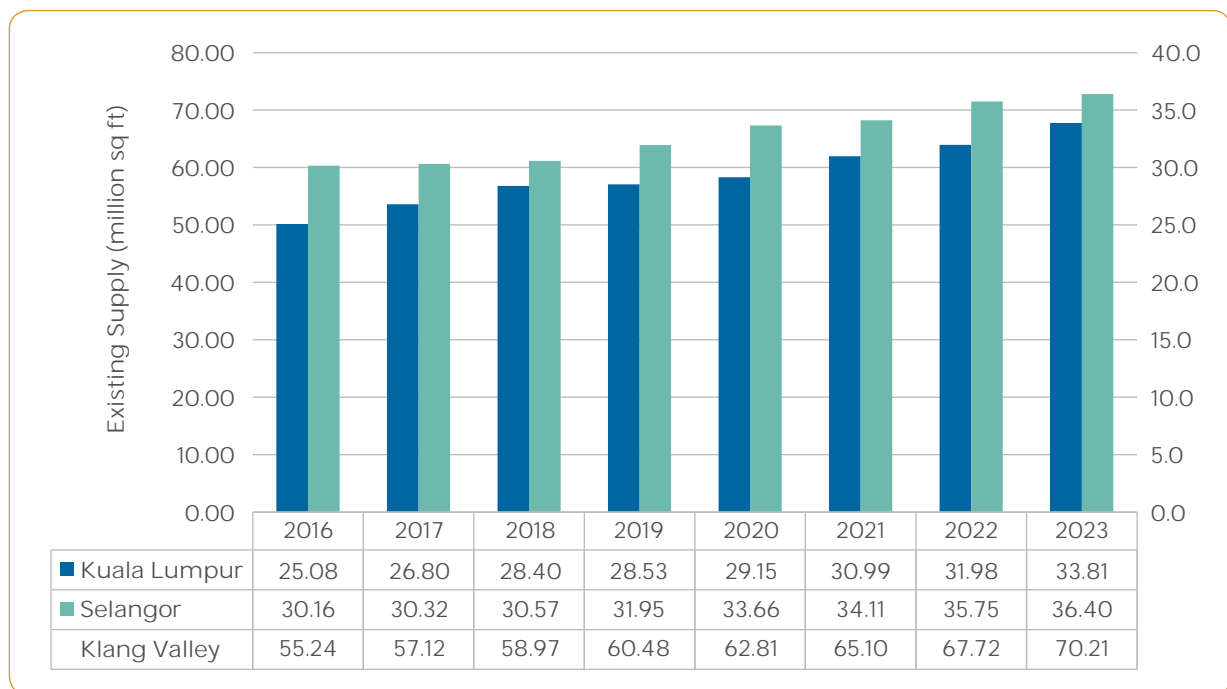
3.0 GREATER KUALA LUMPUR / KLANG VALLEY

3.1 Supply

As at the end of 2023, the cumulative supply of retail space in Kuala Lumpur stands at circa 33.81 million sq ft, following the recent completions of Pavilion Damansara Heights phase 1 (NLA: 530,000 sq ft) and The Exchange TRX (NLA: 1.3 million sq ft). More than half (18.91 million sq ft or 55.9%) of the existing retail supply comes from KL Fringe while KL City accounts for the remaining 14.90 million sq ft (44.1%) of space.

Meanwhile, the cumulative supply of retail space in Selangor stands at circa 36.40 million sq ft following the recent completion of KSL Esplanade Mall (NLA: 650,000 sq ft) in Klang.

Chart 5: Greater KL / Klang Valley: Cumulative Supply of Retail Space, 2016 to 2023



Source: Knight Frank Research

Looking ahead, three more retail developments with total NLA of circa 1.74 million sq ft are anticipated to enter the Klang Valley retail market in 2024.

PROPERTY MARKET OVERVIEW 2023

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.1 Supply (cont'd)

Table 2: Greater KL / Klang Valley: Retail Centres / Retail Components Scheduled for Completion / Opening, 2024

Name of Development	Location	Locality / State	Expected Completion / Opening	Estimated Net Lettable Area (sq ft)
Elmina Lakeside Mall	Sungai Buloh	Selangor	2024	214,000
Pavilion Damansara Heights (Phase 2)	Damansara Heights	Kuala Lumpur		530,000
118 Mall	Jalan Hang Jebat / Jalan Stadium			1,000,000
			Total	1,744,000

Source: Knight Frank Research

3.2 Occupancy

In 2022, with the endemic phase in place and the resumption of economic activities as well as the reopening of international borders, the average occupancy rate of malls in Kuala Lumpur picked up to 82.7% (2021: 79.8%). In contrast, the average occupancy rate of shopping centres in Selangor, which picked up in 2021 to register at 80.7%, moderated to 77.5% in 2022, mainly due to new completions such as IOI City Mall Phase 2, Eco City Mall and Megah Rise Mall as construction activities were back on track.

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. The normalisation of economic activities coupled with the full reopening of the country's international borders supported recovery of the retail sector, with the overall occupancy rate of shopping centres in Kuala Lumpur and Selangor improving to 83.1% and 79.3% in 3Q2023 respectively.

PROPERTY MARKET OVERVIEW 2023

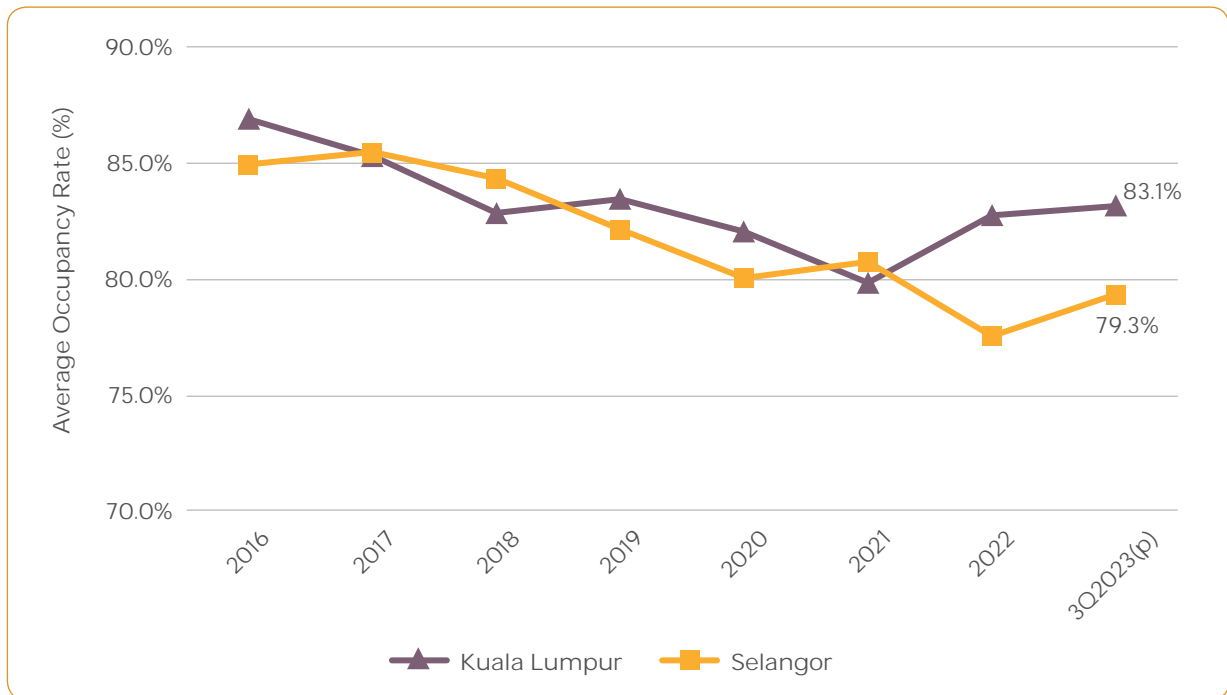
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RETAIL MARKET OVERVIEW (cont'd)

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

3.2 Occupancy (cont'd)

Chart 6: Greater KL / Klang Valley: Average Occupancy Rates of Shopping Centres, 2016 to 3Q2023^(p)



Sources: NAPIC / Knight Frank Research

Note: (p) = Preliminary data

3.3 Rental Rates

Kuala Lumpur's premier shopping destination, namely Suria KLCC, commands high rental rates ranging from RM35.00 per sq ft to RM206.85 per sq ft per month as of 1H2023. In KL Fringe, rentals at popular shopping centres such as Mid Valley Megamall and The Gardens Mall range between RM15.00 per sq ft and RM80.00 per sq ft per month.

As for Selangor, rentals at prime shopping malls such as 1 Utama Shopping Centre range from RM7.00 per sq ft to RM41.00 per sq ft while malls in other suburbs such as IOI City Mall Putrajaya and The Mines recorded rental rates ranging from RM2.50 per sq ft to RM44.50 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 OVERVIEW 2023

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.3 Rental Rates (cont'd)

Table 3: Greater KL / Klang Valley: Rental Levels of Retail Space in Selected Shopping Centres, 2H2022 to 1H2023

Retail Development	Location	Floor	Built-up Area (sq ft)	Analysis of Rental Rate (RM per sq ft / month)	
				2H2022	1H2023
Kuala Lumpur City Centre					
Suria KLCC	Jalan Ampang	Concourse (LG)	151 – 4,047	35.00 – 207.30	35.00 – 206.85
		Ground	301 – 2,928	44.10 – 151.00	44.10 – 154.35
		1	215 – 904	95.40 – 113.10	95.40 – 116.10
		2	323 – 1,819	36.50 – 100.50	36.30 – 103.20
		3	205 – 1,679	44.00 – 100.20	42.00 – 100.20
		4	570 – 2,368	37.80 – 61.10	37.75 – 59.30
Mid Valley City, Kuala Lumpur					
Mid Valley Megamall	Mid Valley City	Lower Ground	1,076 – 1,851	25.00 – 35.70	25.00 – 36.00
		Ground	560 – 958	45.00 – 80.00	45.00 – 80.00
		1	398 – 883	33.50 – 38.00	33.50 – 38.00
		2	431 – 700	23.40 – 25.00	23.40 – 25.00
		3	420 – 969	15.00 – 22.00	15.00 – 22.00
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 – 37.50	33.00 – 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 – 21.20
		3	2,077 – 2,777	17.00 – 18.00	17.50 – 18.00

PROPERTY MARKET OVERVIEW 2023

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.3 Rental Rates (cont'd)

Table 3: Greater KL / Klang Valley: Rental Levels of Retail Space in Selected Shopping Centres, 2H2022 to 1H2023

Retail Development	Location	Floor	Built-up Area (sq ft)	Analysis of Rental Rate (RM per sq ft / month)	
				2H2022	1H2023
Selangor					
1 Utama Shopping Centre	Bandar Utama	Lower Ground	323 – 1,981	12.00 – 41.00	12.00 – 41.00
		Ground	1,345 – 2,669	12.50 – 34.00	12.50 – 34.00
		1	560 – 1,378	12.50 – 38.00	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	10.00 – 20.70	10.00 – 20.70
		1 (Food)	560 – 1,604	7.20 – 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 – 2,831	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 – 1,873	17.20 – 34.00	17.00 – 37.00
		LG (Centre Court)	344 – 3,143	27.20 – 45.20	25.00 – 44.50
		LG (West Wing)	226 – 3,380	9.80 – 36.20	14.30 – 37.00
		G (East Wing)	861 – 11,754	7.00 – 22.20	7.00 – 26.00
		G (Centre Court)	646 – 2,809	9.80 – 33.00	9.00 – 33.00
		G (West Wing)	484 – 2,530	16.00 – 27.00	16.00 – 27.00
		L1 (East Wing)	549 – 4,273	4.00 – 22.00	4.00 – 22.00
		L1 (Centre Court)	474 – 6,727	5.00 – 43.00	5.00 – 43.00
		L1 (West Wing)	205 – 6,878	2.50 – 25.00	2.50 – 25.00
		L2 (East Wing)	646 – 10,452	3.20 – 23.00	3.20 – 23.00
		L2 (Centre Court)	344 – 3,778	7.00 – 25.00	7.00 – 25.00
		L2 (West Wing)	614 – 2,562	7.80 – 23.00	7.80 – 23.00

Sources: NAPIC / Knight Frank Research

PROPERTY MARKET OVERVIEW 2023

(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:

Table 4: Greater KL / Klang Valley: Notable Transactions of Shopping Centres, 2015 to 2023

Date of Transaction	Building Name	Location	Estimated NLA (sq ft)	Consideration (RM)	Price (RM / sq ft)	Purchaser
Selangor						
2023	Plaza Alam Sentral Mall and the Adjoining Land ⁽¹⁾	Seksyen 14, Shah Alam	Mall: 438,930 Land: 103,334	Mall: 150,000,000 Land: 28,000,000	Mall: 342	Selangor State Development Corporation (PKNS)
2023	KIPMall Kota Warisan ⁽²⁾	Sepang	186,077	80,000,000	430	KIP REIT
2021	Empire City Mall ⁽³⁾	Damansara Perdana	1,748,848	1,000,000,000	572	Rubberex Corporation (M) Berhad
2018	SStwo Mall ⁽⁴⁾	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 ⁽⁵⁾	SS16/1, Subang Jaya	350,000	570,000,000	1,629	Pelaburan Hartanah Bhd (PHB)
2015	da:mén USJ Shopping Mall ⁽⁶⁾	USJ 1, Subang Jaya	420,920	486,844,000	1,157	Pavilion REIT
2015	Tropicana City Mall ⁽⁷⁾	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

PROPERTY MARKET OVERVIEW 2023

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.4 Capital Values (cont'd)

Table 4: Greater KL / Klang Valley: Notable Transactions of Shopping Centres, 2015 to 2023

Date of Transaction	Building Name	Location	Estimated NLA (sq ft)	Consideration (RM)	Price (RM / sq ft)	Purchaser
Kuala Lumpur						
2023	163 Retail Park ⁽⁸⁾	Mont Kiara	226,800	270,500,000	1,193	ALX Asset
2023	Pavilion Bukit Jalil ⁽⁹⁾	Bukit Jalil	1,800,000	2,200,000,000	1,222	Pavilion REIT
2020	Setapak Central ⁽¹⁰⁾	Danau Kota, Setapak	512,806	318,000,000	620	Frasers Property Gold Pte. Ltd.
2019	Pavilion Bukit Jalil ⁽¹¹⁾	Bukit Jalil	1,839,914	1,480,000,000	804	Regal Path Sdn Bhd
2017	Elite Pavilion Mall ⁽¹²⁾	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

Sources: RCA / Knight Frank Research

Notes:

- (1) MRCB Sentral Properties Sdn Bhd, a wholly-owned subsidiary of MRCB had entered into a sale and purchase agreement (SPA) with PKNS on 22 December 2023 in relation to the proposed disposal of Plaza Alam Sentral Mall and the adjoining land to PKNS for a cash consideration of RM178 million.
- (2) Pacific Trustees Berhad, trustee for and on behalf of KIP REIT, had on 16 June 2023 entered into a conditional sale and purchase agreement (SPA) with Cahaya Serijaya Sdn Bhd for the proposed acquisition of KIPMall Kota Warisan for a cash purchase consideration of RM80 million.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) 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.
- (7) 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.
- (8) 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.
- (9) On 22 November 2022, MTrustee Bhd, the trustee of Pavilion REIT, signed a sale and purchase agreement (SPA) 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.

PROPERTY MARKET OVERVIEW 2023

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.4 Capital Values (cont'd)

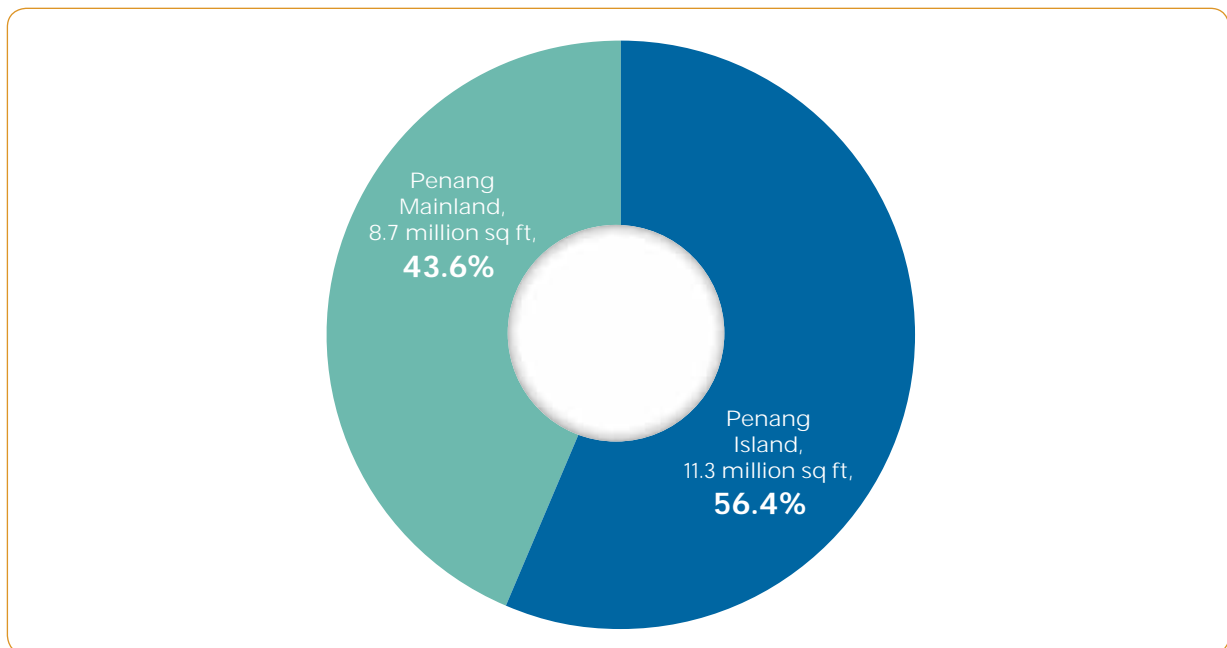
- (10) Frasers Property Gold Pts Ltd., a wholly owned subsidiary of Frasers Property Limited purchased 131,443,060 shares representing the entire issued and paid-up share capital of Mallco Pte. Ltd, which indirectly holds Setapak Central. The agreed property value for Setapak Central at RM318.0 million was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations.
- (11) During the sale of Pavilion Bukit Jalil Mall, the development was still on-going, and was subsequently completed in 2H2021. Payment of consideration is in accordance to the stages stipulated in the schedule of payment appended in the announcement.
- (12) 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 3Q2023. Penang Island accounts for 56.4% share (11.3 million sq ft) of the total supply while the remaining stock (43.6% or 8.7 million sq ft) comes from Penang Mainland.

Chart 7: Penang: Existing Supply of Shopping Centres, Arcades and Hypermarkets, 3Q2023



Sources: NAPIC / Knight Frank Research

PROPERTY MARKET OVERVIEW 2023

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

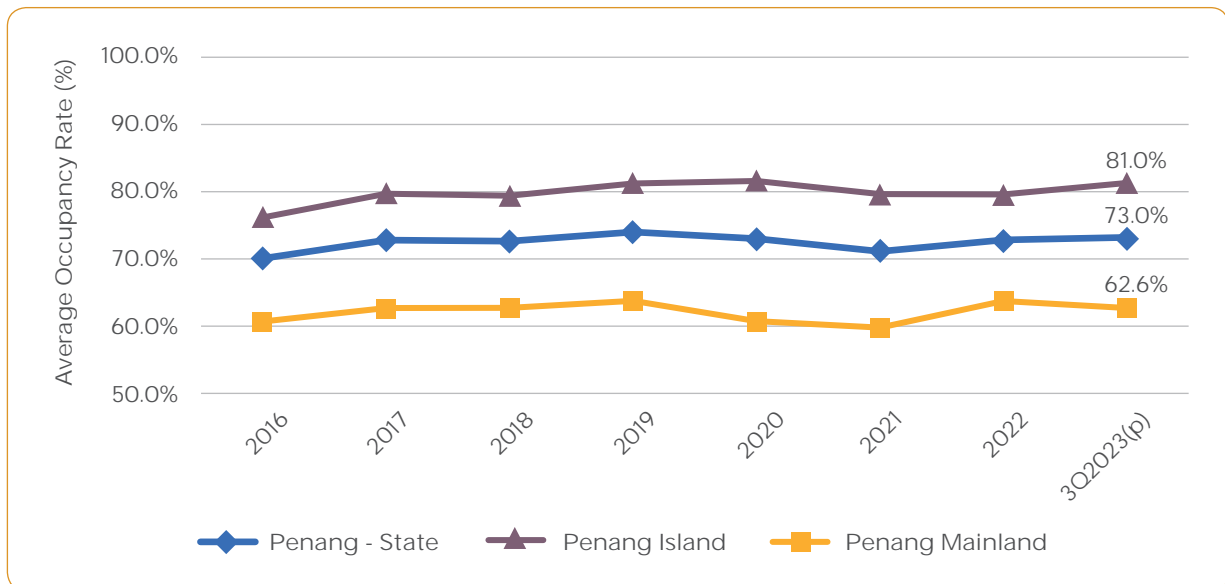
4.0 PENANG (cont'd)

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) peaked at 73.8% in 2019 before dipping to 70.9% in 2021 amid the unprecedented pandemic.

In 2022, the normalisation of economic activities coupled with the full reopening of the country's international borders supported the recovery of the retail sector, with the overall occupancy rate of shopping centres in Penang improving to 72.6% and 73.0% in 2022 and 3Q2023 respectively.

Chart 8: Penang: Average Occupancy Rate of Shopping Centres, Arcades & Hypermarkets, 2016 to 3Q2023^(p)



Sources: NAPIC / Knight Frank Research

Note: (p) = Preliminary data

4.3 Rental Rates

The rental rates of retail space in selected established shopping centres in the central town prime area on Penang Island remained stable in 1H2023.

The rental rates range from as low as RM1.80 per sq ft to as high as RM42.00 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 OVERVIEW 2023

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

4.0 PENANG (cont'd)

4.3 Rental Rates (cont'd)

Table 5: Penang - Rental Rates of Selected Shopping Centres, 2H2022 to 1H2023

Shopping Centre	Floor	Built-up Area (sq ft)	Range of Rental Rates (RM per sq ft / month)	
			2H2022	1H2023
Gurney Plaza	Basement	140 – 23,670	13.90 – 25.50	13.90 – 38.30
	Ground (Main Area)	484 – 614	36.80 – 42.00	36.80 – 42.00
	Ground	129 – 113,742	17.70 – 23.00	15.30 – 23.00
	First Floor (Main Area)	140 – 1,442	34.00 – 41.00	34.00 – 41.00
	First Floor	140 – 53,303	11.30 – 26.00	11.30 – 26.00
	Second Floor	140 – 9,580	8.50 – 20.50	8.50 – 20.50
	Third floor (Main Area)	366 – 764	26.00 – 30.00	26.00 – 30.00
	Third floor	140 – 11,238	8.00 – 12.00	8.00 – 12.00
	Fourth Floor	140 – 5,102	7.40 – 7.90	7.40 – 7.90
Gurney Paragon	Lower Ground Floor (Main Area)	269 – 2,605	12.40 – 18.60	12.40 – 18.60
	Lower Ground Floor	312 – 6,717	2.70 – 8.50	2.70 – 8.50
	First Floor (Main Area)	807 – 4,069	18.20 – 38.20	18.10 – 38.20
	First Floor	807 – 23,099	8.60 – 17.00	8.60 – 17.00
	Second Floor (Main Area)	721 – 7,007	10.10 – 25.00	10.60 – 25.00
	Second Floor	1,163 – 3,401	3.40 – 7.20	3.40 – 7.20
	Third Floor (Main Area)	291 – 1,141	9.70 – 24.00	9.70 – 24.00
	Third Floor	344 – 5,845	2.40 – 8.10	2.40 – 8.10
	Fourth Floor (Main Area)	323 – 452	18.00 – 26.90	18.00 – 26.90
	Fourth Floor	517 – 28,740	2.00 – 7.60	2.00 – 7.60
	Fifth Floor (Main Area)	452 – 1,421	9.70 – 26.40	9.70 – 26.40
	Fifth Floor	592 – 8,902	4.10 – 6.80	4.74 – 6.80
	Sixth Floor (Main Area)	291 – 8,471	7.80 – 12.50	7.80 – 12.50
Sixth Floor	355 – 9,375	2.40 – 6.30	2.40 – 6.30	
1 st Avenue	Lower Ground Floor (Main Area)	280 – 1,765	9.90 – 15.40	9.90 – 15.40
	Lower Ground Floor	1,916 – 21,808	2.50 – 7.20	2.50 – 7.20
	Ground Floor (Main Area)	97 – 1,518	11.00 – 37.00	11.00 – 37.00
	Ground Floor	484 – 2,325	4.50 – 7.30	4.50 – 7.30
	First Floor (Main Area)	915 – 1,819	10.00 – 15.00	10.00 – 15.00
	First Floor	850 – 9,192	1.80 – 7.70	1.80 – 7.70
	Second Floor (Main Area)	667 – 1,873	7.00 – 11.50	7.00 – 11.50
	Second Floor	1,033 – 9,009	2.90 – 3.00	2.90 – 3.00
	Third Floor	850 – 5,565	2.30 – 7.60	2.30 – 7.60
Fourth Floor	721 – 6,211	4.30 – 7.60	4.30 – 7.60	

Sources: NAPIC / Knight Frank Research

PROPERTY MARKET OVERVIEW 2023

(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:

Table 6: 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

PROPERTY MARKET OVERVIEW 2023

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

5.0 RETAIL MARKET OUTLOOK

Malaysia's retail industry rebounded strongly with a 33.3% retail sales growth in 2022. However, with retailers generally less optimistic on the spending power of consumers due to the higher cost of living, the country's retail sales growth forecast for the full year of 2023 has been revised to 2.8% (1Q2023: 13.8% / 2Q2023: -4.0% / 3Q2023: 2.7%).

Since the start of the year, the local retail sector has been faced with a more challenging environment. Mirroring the global scene, local businesses across all sectors including retail have grappled with labour shortages. Coupled with higher electricity cost, the increase in the national minimum wage which led to rising manpower cost has also affected retailers' sales and operation costs.

For consumers, the rising cost of living and high inflation continue to persist throughout the year. Despite the inflation rate declining in the past quarter, it remains elevated compared to the long-term average. The depreciation of the Malaysian Ringgit also leads to higher import prices, placing a great burden on consumers as the country is a net food importer. With weaker currency and elevated inflation, private consumption declines as purchasing power is reduced.

Ongoing policy support by the government, including the 'Payung Rahmah' initiative was launched to cushion the impact of the rising cost of living. The government is allocating RM200 million for the 'Payung Rahmah' initiative in its commitment to ease the rising cost of living. The government also continues to allocate cash assistance and incentives to boost consumer spending, increasing 25% from the previous year to RM10 billion.

However, the proposed Sales and Service Tax (SST) rate hike from six to eight percent effective 1 March 2024 coupled with the introduction of a five to ten percent luxury tax and restructuring of diesel subsidy, may dampen growth in the retail market. The tax increment impacts the entire supply chain. Thus, retailers experiencing higher tax liabilities will see rising operational costs, potentially eroding their profit margin and this may lead to price adjustments, which ultimately impacts consumers.

Driven by Malaysia's steady growth of digital consumers as well as the high penetration of e-wallets and digital payments, e-commerce is indispensable. Physical stores remain vital; however, consumers have come to expect a seamless shopping experience, online and offline. Driven by younger consumers, particularly the millennials and Gen Z, digital payments services / e-wallet is projected to gather further momentum. With continuing labour shortages, retailers are likely to turn to automation, investing more heavily and strategically in digital infrastructure.

With the ever-evolving retail landscape, retailers and mall operators are increasingly re-configuring their spaces and embarking on asset enhancement initiatives. Many have also incorporated ESG principles in their business strategies. Besides promoting experiential retail, thematic stores and promotional events, these efforts aim to differentiate from a saturated market, while also distinguishing the shopping experience from online retail and lure consumers to physical stores.

Against the backdrop of geopolitical fragmentation, rising inflation, tightening financial environment and volatile currency, Malaysia's GDP growth for 2024 is anticipated to range from 4.0% to 5.0% (source: Budget 2024), underpinned by a steady expansion in domestic demand and recovery in external trade. Meanwhile, the local retail sector is expected to sustain with steady domestic demand, backed by rising tourist arrivals.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of the Manager as the manager of SENTRAL presents this Corporate Governance Overview Statement, outlining the corporate governance approach, focus areas and priorities for the financial year ended 31 December 2023.

The Manager is cognisant of 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 informative and comprehensive disclosure of how corporate governance better practices are infused into the fabric of 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 2021 ("MCCG 2021") during the financial year ended 31 December 2023. 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 of 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, Audit & Risk Committee ("ARC") Report, Nomination & Remuneration Committee ("NRC") 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

The Manager 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 the Manager 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:

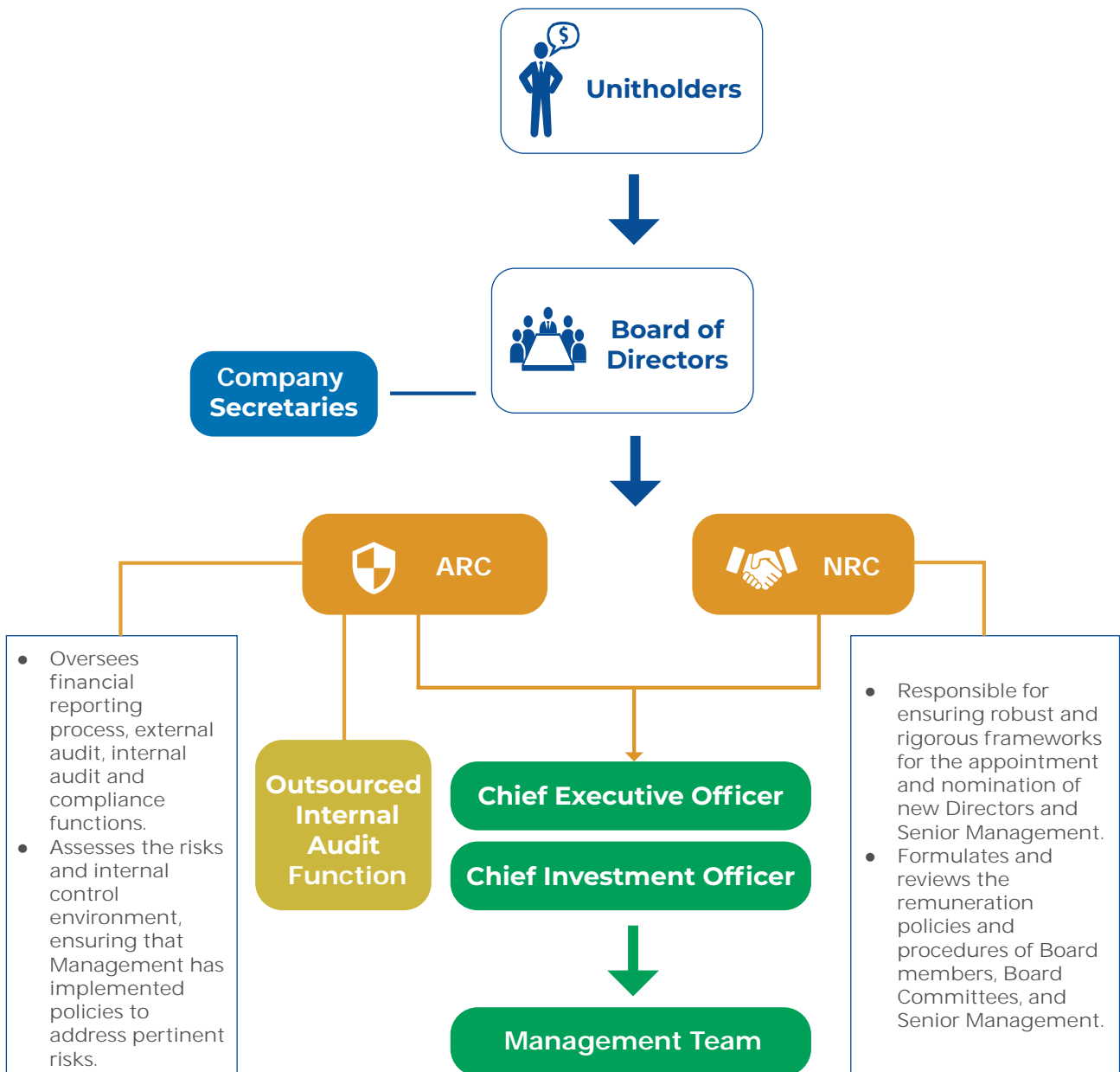
- driving sustainable value for Unitholders over the long-term through the alignment of the interests of SENTRAL's Unitholders with that of the Board and Management of the Manager;
- promoting the long-term growth and profitability of SENTRAL whilst prudently managing risks; and
- meeting stakeholder expectations of sound corporate governance as part of the Manager'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

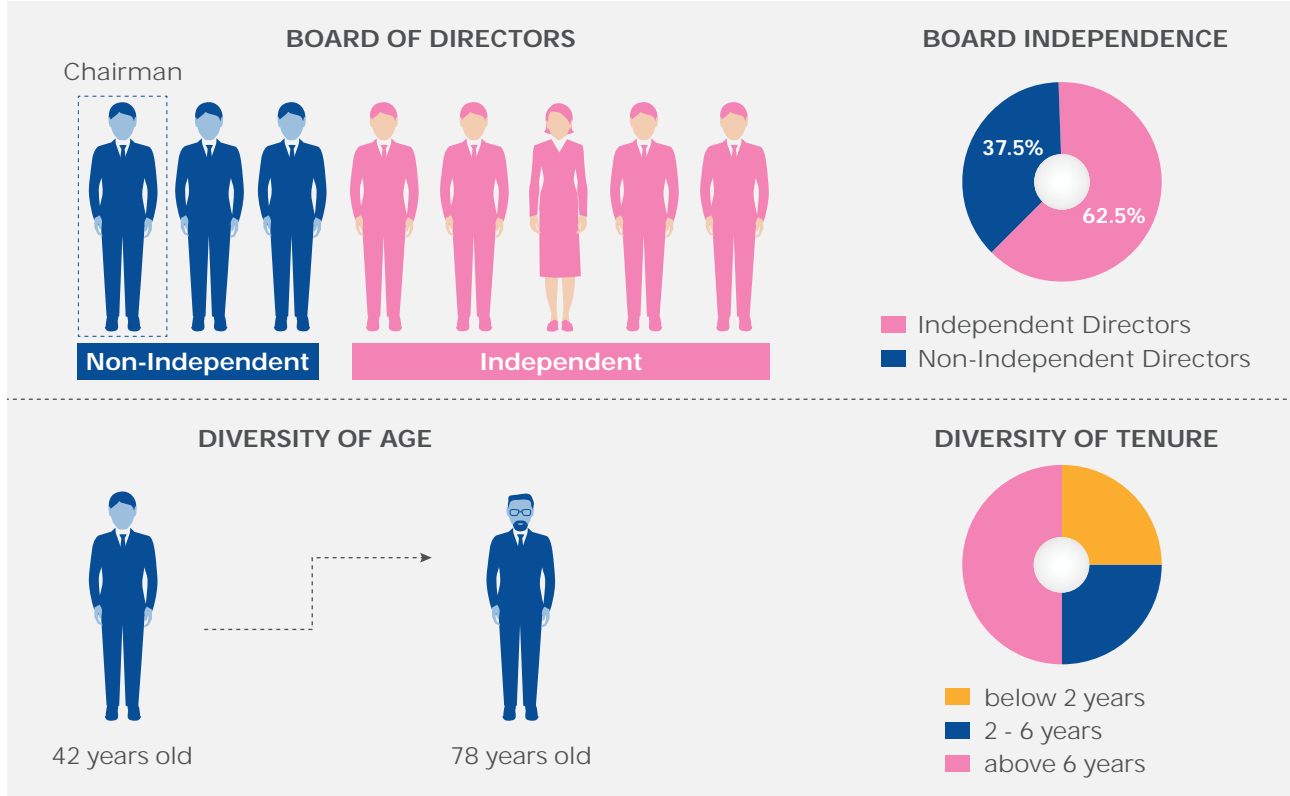
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In order to discharge its oversight and governance roles and responsibilities, the Board has established two (2) Board Committees, namely, the ARC and the NRC. The Board retains collective oversight over the Board Committees and is regularly apprised 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)



The Board is of the view that the current configuration is appropriate 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 real estate and architecture, accounting and finance, mathematics, 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 MCCG 2021 for the financial year ended 31 December 2023, save for the following:

- Practice 5.9 (Board to comprise 30% women Directors);
- Practice 5.10 (Disclosure of company policy on gender diversity in Annual Report); and
- Practice 8.2 (Disclosure of top five Senior Management personnel's remuneration on a named basis and in bands of RM50,000).

In addition to the standard Practices encapsulated within the MCCG 2021 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 (The Audit Committee should comprise solely of Independent Directors).

The Manager has provided meaningful explanation on its departures from the said practices based on the leeway accorded in the application mechanism of the MCCG 2021. As SENTRAL emerges from a challenging operating environment, the Manager is committed to accelerating efforts to implement the departed Practices within the timeframes outlined within the Corporate Governance Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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.

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 2021's definition of a Large Company to do so.

Additional details on the Manager's application of each individual Practice of the MCCG 2021 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.

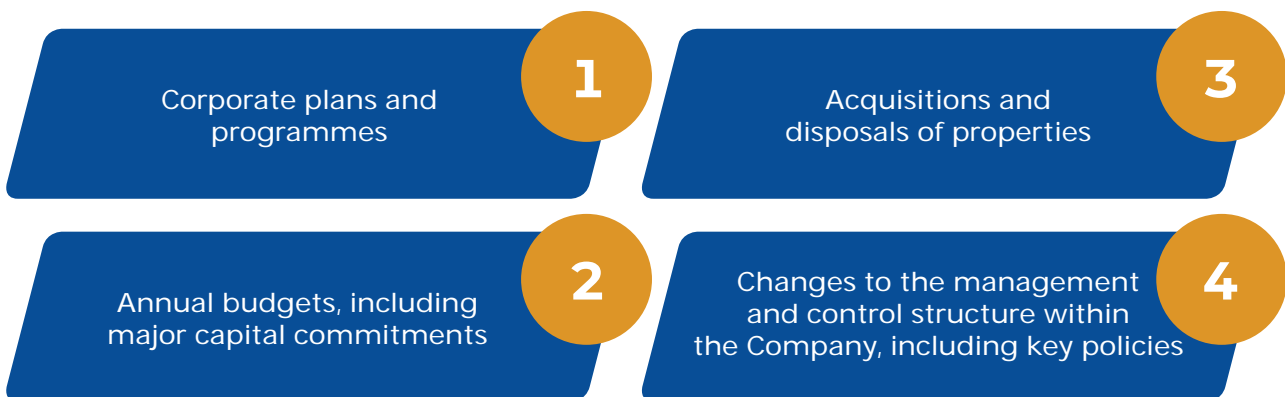
A summary of SENTRAL's corporate governance practices with reference to the MCCG 2021 is outlined below and in the ensuing pages of this Corporate Governance Overview Statement.

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 2021 to ensure acquiescence to mandatory requirements and better practices. The Board Charter is made available on SENTRAL's website at <https://sentralreit.com/>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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.

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 Board is also supported by a Compliance Officer who monitors and ensures compliance with the Listing Requirements and all applicable guidelines set out by Securities Commission and securities laws relating to SENTRAL.

The roles, responsibilities and authorities of the Board, Board Committees, individual Directors, Company Secretaries and Compliance Officer 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 six (6) times to hold discussions on key matters pertaining to the Manager and SENTRAL.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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	6/6	-	-
Dato' Dr Low Moi Ing, J.P. ⁽¹⁾	1/1	-	-
Dato' Michael Ong Leng Chun ⁽¹⁾	0	-	-
Ann Wan Tee	6/6	-	3/3
Kwan Joon Hoe	6/6	-	-
Independent Non-Executive Directors			
Datuk Dr Roslan bin A. Chaffar	6/6	6/6	3/3
Datuk Kamalul Arifin bin Othman	6/6	6/6	3/3
Frances Po Yih Ming	6/6	6/6	3/3
Aminuddin bin Mohd Arif ⁽²⁾	0		
Hizamuddin Bin Jamalluddin ⁽²⁾	0		

Legend:

Board/Board Committee Chairman Member

Notes:

- (1) Dato' Dr. Low Moi Ing J.P. and Dato' Michael Ong Leng Chun resigned as Directors of the Manager on 19 January 2023.
- (2) Encik Aminuddin bin Mohd Arif and Encik Hizamuddin Bin Jamalluddin were appointed as Independent Directors of the Manager on 1 December 2023.

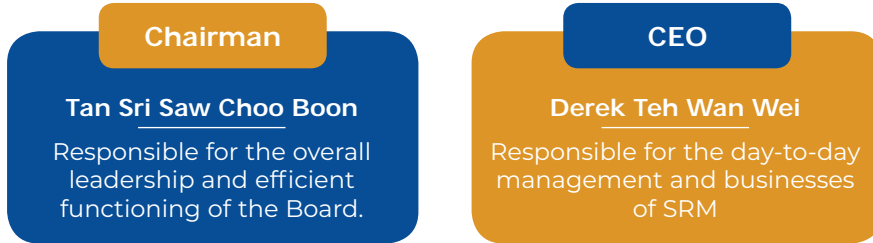
The Board is assisted by the ARC and the NRC which are entrusted with specific responsibilities in order to provide critical support in discharging its oversight function. The Board Committees are granted the authority to function in accordance with their respective Terms of Reference to ensure that 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 the Manager and SENTRAL 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.

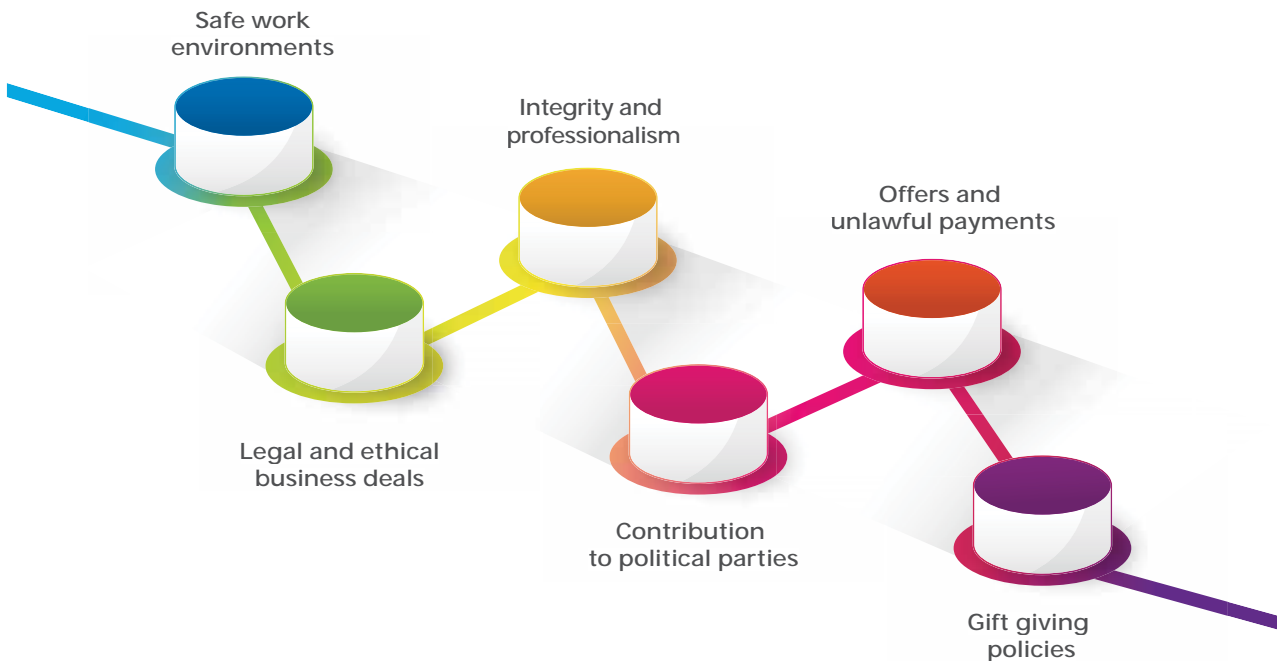
CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)



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 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 2023, the Board comprises five (5) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. The Board is mindful of Practice 5.2 of the MCCG 2021 which stipulates that at least half the Board should comprise Independent Directors. 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 the Manager 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 13% female representation on the Board after the departure of Dato' Dr. Low Moi Ing J.P. The Board is aware that this is relatively lower than the 30% yardstick as advocated in the MCCG 2021. In addition, the Securities Commission's Guidelines on Corporate Governance for Capital Market Intermediaries applicable to all capital market entities must undertake the necessary measures to ensure the board comprises at least 30% women directors. Notwithstanding, the Board is committed to not only bridge this shortfall but will endeavour to join the 30.7% of top 100 public listed companies which have met the 30% target as stipulated in the MCCG 2021 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.

Board Evaluation

The Board Effectiveness Evaluation exercise (“BEE”) for the financial year ended 31 December 2023 was facilitated by Deloitte Business Advisory Sdn. Bhd. so as to inject rigour and objectivity to the assessments of the Board, Board Committees and individual Directors, including Independent Directors. The BEE exercise was conducted on a 360 degrees approach and encompasses boardroom dynamics, succession planning, information flow and workings of Board and Board committee vis-à-vis Management.

As part of the BEE exercise conducted, the Independent Directors were also subjected to a honed assessment, which is based on a set of objective and qualitative evaluation criteria, so as to ascertain their continued impartiality. It was brought to the fore that the Independent Directors have met the criteria for independence set out in Chapter 1 of the Listing Requirements by Bursa Securities and they continue to be able to exercise independent judgement in the best interest of SENTRAL.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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 the Manager have participated in the following professional development programmes:-

Attended by	Date	Organiser	Particulars of training programmes attended
Tan Sri Saw Choo Boon	1 March 2023	Companies Commission of Malaysia	SSM Webinar – Companies Limited by Guarantee under the Companies Act 2016
	21 – 22 June 2023	Securities Industry Development Corporation (SIDC)	SIDC's SRI 2023 – Rewing Up the Race for Sustainability
	5 September 2023	ASB Management Sdn Bhd	Conflict of Interest and Governance of Conflict of Interest
	13 September 2023	SIDC	Embrace the Future of Business: BFF 2023 Explores the Path to Revolutionary Growth
	6 – 7 November 2023	Institute of Corporate Directors Malaysia (ICDM)	Mandatory Accreditation Programme Part II : Leading for Impact
Ann Wan Tee	21 & 22 June 2023	SIDC	SIDC's SRI 2023 – Rewing Up the Race for Sustainability
	13 September 2023	SIDC	Embrace the Future of Business: BFF 2023 Explores the Path to Revolutionary Growth
Kwan Joon Hoe	21 & 22 June 2023	SIDC	SIDC's SRI 2023 – Rewing Up the Race for Sustainability
	13 September 2023	SIDC	Embrace the Future of Business: BFF 2023 Explores the Path to Revolutionary Growth
Datuk Dr Roslan bin A. Chaffar	04 & 05 December 2023	ICDM	Mandatory Accreditation Programme Part II : Leading for Impact
Datuk Kamalul Arifin bin Othman	15 August 2023	ASB Management Sdn Bhd	Conflict of Interest and Governance of Conflict of Interest
	14 September 2023	Malaysian Institute of Accountants (MIA) and The Institute of Internal Auditors	Audit Committee Conference 2023 (Audit Committees: Catalyst of Change)
	3 October 2023	Bursa Malaysia and Ernst & Young (EY)	Webinar "Management of Cyber Risk"

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Attended by	Date	Organiser	Particulars of training programmes attended
Frances Po Yih Ming	21 March 2023	MIA	Anti Money Laundering & Countering Financing of Terrorism Requirement and Compliance
	14 April 2023	ICDM	A Dialogue with Bursa Malaysia - FTSE4GOOD ESG Rating for All PLCs
	9 May 2023	PricewaterhouseCoopers (PwC)	People at the Core of Digital Upskilling
	16 & 17 May 2023	EY	EY Asean Tax Forum
	25 May 2023	ICDM	Advancing Cyber Resilience: Board's Top 3 Must-Knows
	30 May 2023	Affin Bank Berhad	Malaysia 2023 : A New Investment Chapter
	6 June 2023	ICDM	Board Audit Committee Dialogue & Networking 2023 - rethinking ethics & governance issues
	13 - 14 June 2023	MIA	MIA International Accountants Conference 2023 - Future Fit Profession: Charting a Better Tomorrow
	June - December 2023	Climate Governance Malaysia (CGM)	Climate Governance Malaysia Chairperson Masterclass series for Chairs and Directors
	26 July 2023	ICDM	Board Nomination & Remuneration Committee Dialogue & Networking 2023
	15 August 2023	Asia School of Business	Conflict of Interest and Governance of Conflict of Interest
	5 September 2023	CGM	CGM Summit 2023
	10 October 2023	iclif	Board Oversight of Climate Risks and Opportunities
	25 October 2023	Bursa Malaysia and EY	Management of Cyber Risk
	26 October 2023	PwC	PwC Malaysia Budget 2024 Seminar
27 November 2023	Securities Commission	AOB Dialogue with Audit Committee	
4 December 2023	PwC	Leaders Connect - A chat with Sir David Tweedie	

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Attended by	Date	Organiser	Particulars of training programmes attended
Hizamuddin Bin Jamalluddin	7 March 2023	RHB Bank Berhad	Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT)
	17 August 2023	FIDE Forum	Operationalising Resolution Planning – A Perspective from the Trenches
	12 September 2023	RHB Bank Berhad	Emerging Risks in the Financial Industry
	4 October 2023	Malaysian Investment Banking Association	Integrating Climate Change and Principles-Based Taxonomy (CCPT) in Financial Institutions' Business
	2 November 2023	FIDE Forum	2nd Distinguished Board Leadership Series 2023 - Empowering Change through Diversity, Equity & Inclusion (DEI)
	23 November 2023	RHB Bank Berhad	Shariah Programme: Islamic Finance, Islamic Fintech and Digital Banking

Encik Aminuddin bin Mohd Arif was appointed as an Independent Director of the Manager on 1 December 2023 and has not attended any training in 2023. Moving forward, the Manager will identify the relevant training to be attended by Encik Aminuddin.

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 the Manager's Remuneration Policy for Non-Executive Directors. The Remuneration Policy for Non-Executive Directors was adopted on 10 November 2022.

The remuneration of Non-Executive Directors is set to commensurate with their responsibilities, time commitment, experience, expertise and the complexity of the Manager'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 the Manager, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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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 committees, the Board adopted 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 taxation 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.

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 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 89 to 91 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 the Manager'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. Moving forward, the risk register will also include health and safety risk to ensure that preventive measures are in place and established health and safety policies are adhered to by all parties to minimise the risk of hazards that can impact SENTRAL's operations.

During the year, the Manager had engaged an external third party, BDO Governance Advisory Sdn Bhd ("BDO Governance") to carry out its internal audit function. The services of BDO Governance 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 95 to 97 of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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 SENTRAL's and Bursa Securities' website. It 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.

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. The Manager has continuously reached out to analysts by scheduling both physical and 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:

 Mail G27A, Level 3A, Block B, Platinum Sentral, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia	 Telephone (603) 2786 8080 (603) 2780 7988	 Email General Enquiries: enquiries@sentralreit.com Investor Relations Enquiries: joyce.loh@sentralreit.com
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Conduct of General Meeting

The General Meetings serve as the principal platform for the Board and Senior Management of the Manager to present SENTRAL's financial highlights, investment portfolio updates, operational performance, market outlook, strategic trajectory and urgent matter dealings. Unitholders are encouraged to actively participate during General Meetings by raising questions and providing feedback to the Board and Senior Management.

SENTRAL conducted its 11th Annual General Meeting ("AGM") on 12 April 2023 and Unitholders' Meeting on 15 November 2023 ("Unitholders' Meeting") 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 general meetings remotely.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The notice for the 11th AGM was provided 42 days in advance to enable Unitholders to make adequate preparation. Whilst, the notice of the Unitholders' Meeting to deliberate on the proposed acquisition of Menara CelcomDigi at the purchase consideration of RM450 million was served 16 days in advance to the Unitholders.

During the General Meetings, Unitholders were able to log on and participate remotely as well as pose queries online via the online meeting platform provided by the poll administrators, Boardroom Share Registrars Sdn Bhd. All resolutions tabled during the 11th AGM and Unitholders' Meeting are voted by poll and the results were validated by KPMG Management & Risk Consulting Sdn Bhd, an independent scrutineer. Feedback gathered during the 11th AGM and Unitholders' Meeting were evaluated and considered for further action by the Board and Senior Management. Minutes of the 11th AGM and Unitholders' Meeting were made available on the corporate website of SENTRAL on 11 May 2023 and 21 December 2023 respectively which is within 30 business days after the general meetings.

Focus Areas During the Year (2023)

In 2023, 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, operations, corruption and compliance risks. For the financial year under review, the Board and Management of the Manager undertook a laser-focused review of the operations of its properties, dovetailing with its sustainability agenda. An internal control review by SENTRAL's internal audit team was conducted to ensure the adequacy of the health and safety internal controls and compliance with policies and procedures of all health and safety regulations at several of the properties in the portfolio. This review will be done periodically to ensure that potential areas for improvement in the effectiveness and efficiency of the processes can be identified so that SENTRAL will have effective health and safety policies that is adhered to by all parties.



Talent Management and Strengthening Board Independence

The Board remains steadfast to its aim of increasing the prominence of Independent Directors on the Board. The Board seeks to fill the boardroom with greater objectivity and independence to facilitate more conducive environment for insightful deliberations and informed decision-making.

The Board has also focused on establishing a clear and orderly talent management plan for Directors to progressively refresh its talent and leadership. The established talent management plan for Directors 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.

During 2023, the NRC continued its search for an Independent Director candidate to represent a good fit on the Board. On 1 December 2023, Encik Aminuddin bin Mohd Arif and Encik Hizamuddin Bin Jamalluddin were appointed as additional Independent Directors of the Manager.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Corporate Governance Priorities (2024 and beyond)

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



Boardroom Composition

The Board is cognisant of the importance of 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 fulfil the requirement of having at least half Independent Directors on the Board by the end of 2023, as stipulated in the MCCG 2021.

The Board also recognises the importance of Board-level gender diversity in bringing different perspectives to foster a more inclusive and equitable business environment. Dato' Dr. Low Moi Ing J.P. and Dato' Michael Ong Leng Chun resigned as Directors of the Manager on 19 January 2023 following the cessation of Quill Resources Holding Sdn Bhd as a shareholder of the Manager. With the departure of Dato' Dr. Low Moi Ing J.P., the Manager 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, 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, headhunters, 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 and Stakeholder Communication

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. Commencing in 2023, there will be a standing agenda on ESG in the quarterly Board meetings to report on ESG matters and to ensure that SENTRAL integrates responsible practices, manage risk and align business strategies with long term sustainability goals. In aligning the overarching ESG targets to key performance indicators, the Board intends to consider establishing a robust ESG linked compensation framework that emphasises a balanced approach towards ESG performance measures for Senior Management.

Effective stakeholder communication is crucial to foster transparency, trust and managing expectation. In its continuous effort to engage with stakeholders SENTRAL also 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, SENTRAL will endeavour to take necessary incremental steps to adopt integrated reporting.

AUDIT & RISK COMMITTEE REPORT

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 MCCG 2021, which recommends that ARC should comprise solely of Independent Directors.

ARC plays an active role in assisting the Board to review and assess the risks and control environment, oversee financial reporting, evaluate the internal and external audit process as well as to review conflict of interest situations and related party transactions.

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 and preventive measures are 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 SENTRAL's website at <https://sentralreit.com>.

The ARC is authorised to investigate any matters within the 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.

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.

AUDIT & RISK COMMITTEE REPORT

(cont'd)

The ARC keeps abreast with the developments in relation to regulatory requirement by attending trainings organised by Bursa Securities, Securities Commissions 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.

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 2023, a total of six (6) 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	6/6
Datuk Kamalul Arifin Bin Othman	Member	6/6
Frances Po Yih Ming	Member	6/6

Meetings of the ARC are also attended by the Chief Executive Officer and Chief Investment Officer. Other members of the management are invited to the ARC meetings when necessary to support detailed discussion on matters relevant to the agenda of the meeting.

HOW THE ARC SPENT ITS TIME IN 2023

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

Financial Reporting

Reviewed the quarterly and annual audited financial results of SENTRAL, and the accompanying announcements to Bursa Securities prior to the approval by the Board. Among matters discussed were those related to major accounting policies, significant matters highlighted by Management or the external auditors, compliance with accounting standards and regulatory requirements.

Internal Audit

- i) Reviewed and approved the Annual Internal Audit Plan and resource requirements proposed by 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.

AUDIT & RISK COMMITTEE REPORT

(cont'd)

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 the Manager;
- 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 operational 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.

Conflict of Interest ("COI") / Potential COI

Received updates on COI and potential COI situations, and discussed the COI disclosures procedures for the Directors and Key Senior Management.

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 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 the Manager. The key duties and responsibilities of the NRC are specified in its Terms of Reference, as follows:

Nomination Function:

- 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, independence; special knowledge or technical skills in line with the Manager's policy, diversity in gender, age, culture and socio-economic background and number of directorships.

NRC shall ensure that the Directors appointed are able to devote the required time to serve the Board effectively and consider the existing Board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the Manager should be avoided.

- To provide explanation why external sources were not used if the selection of candidate was based on recommendations made by existing Directors, Management or shareholders.
- To appoint independent advisers to identify suitable qualified candidates, where necessary.
- To identify suitable candidates to meet the target of having at least 30% women directors on the Board of the Manager.
- To identify and recommend to the Board for its approval, candidates for appointment as the Chief Executive Officer, Chief Financial Officer and Chief Investment Officer.
- To recommend to the Board for its approval, the extension of contracts of the Chief Executive Officer, Chief Financial Officer and Chief Investment Officer.
- To ensure that the tenure of an Independent Director does not exceed nine (9) years without extension.
- 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 Chief Executive Officer, Chief Financial Officer and Chief Investment Officer and to maintain proper documentation of such assessment. An external independent consultant shall be engaged at least once every three (3) years or as and when deemed necessary, to facilitate an objective and candid board evaluation.
- In making its recommendations for appointment, re-election and annual evaluation, the NRC shall evaluate the candidates/Directors based on the Fit and Proper criteria set out in the "Fit and Proper Policy" of the Manager and any other criteria which the NRC deems necessary.
- To perform any other function as defined by the Board.

NOMINATION & REMUNERATION COMMITTEE REPORT

(cont'd)

Remunerations Function:

- To develop a remuneration framework for the Manager covering the Board, the committee of the Board and the Senior Management taking into consideration the best practices, views of industry experts, obtaining and analysing the available data, stakeholders and the market at large. The remuneration framework comprises basic, fringe benefit and benefits in kind.
- To design, formulate and recommend to the Board for its approval prior to recommending the same for shareholders' approval at the annual general meeting of the Manager, where necessary, the remuneration packages for the Non-Executive Directors and the committees of the Board to ensure the remuneration packages are aligned with business strategy and also reflect the responsibilities of the Board.
- To review the balanced scorecard and key performance indicators for the Manager/SENTRAL to drive its performance.
- To review and recommend to the Board for adoption the framework for the Manager'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 Manager in order to perform its duties.
- To obtain, at the Manager's expense, any outside legal or other professional advice including the advice of independent remuneration consultants, to secure the attendance of the external advisers at its meeting if it considers necessary, and to obtain reliable, up-to-date information about the remuneration in other companies.
- 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>.

MEETINGS AND ATTENDANCE

For the financial year ended 31 December 2023, a total of three (3) NRC meetings were held and the attendance of the members at the NRC meetings was as follows:

NRC 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	Member	3/3

Meetings of the NRC are also attended by the Chief Executive Officer. 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.

NOMINATION & REMUNERATION COMMITTEE REPORT

(cont'd)

HOW THE NRC SPENT ITS TIME IN 2023

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

1. Nomination Function
 - Recommending the re-election of Directors of the Manager retiring at the 2023 Annual General Meeting.
 - Recommending the appointment of Deloitte Business Advisory Sdn Bhd to conduct a comprehensive Board Effectiveness Evaluation for the Board of Directors
 - Recommending the appointment of additional Non-executive Independent directors, namely, Hizamuddin Bin Jamalluddin and Aminuddin Bin Mohd Arif
 - Reviewed the results of Fit and Proper Assessment on Directors and Senior Management
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 the Manager's Budget 2024
 - Deliberating the allocation of 2022 performance bonus, ex-gratia payment and 2023 salary increment
 - Deliberating 2023 Key Performance Indicator targets for the Chief Executive Officer and Chief Investment Officer

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 Manager'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 Manager sees changes to the Manager's Board composition by appointing two additional Non-Executive Independent Directors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board has adopted the relevant corporate governance disclosure under the Listing Requirements. In addition, the Board also observes the provisions of the MCCG 2021 issued by the Securities Commission. Further information on SENTRAL's corporate governance framework is also set out on pages 72 to 88. 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 2023.

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. It is an essential part of the Board's responsibilities to identify principal risks and ensure that there are appropriate system of risk management and internal control policies in place to manage these risks. 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.

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 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 ARC on its findings. The principal 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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

The internal control review ("ICR") were conducted based on an internal audit plan developed together by the management and BDO Governance which will be presented to ARC for approval, prior to the initiation of the ICR.

The ICR undertaken by BDO Governance for the financial year ended 31 December 2023 and the findings arising from the review reported to the ARC include the following:

- (i) ICR on health and safety; and
- (ii) review of related party transactions for the financial year 2023 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, were tabled to the ARC.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2023 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 without the presence of 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 Listed 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;
- (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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

- (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 Listed 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 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.

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 ended 31 December 2023 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 2023 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 Listing Requirements, the Board of the Manager, is responsible to ensure that the financial statements for the financial year ended 31 December 2023 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 dated 02 December 2019, as amended by Supplemental Deed dated 24 December 2020 and the Listed REIT Guidelines issued by the Securities Commission, so as to give a true and fair view of the financial position of SENTRAL as at 31 December 2023 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 2023, 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.