

THE MANAGER'S REPORT

Sentral REIT Management Sdn. Bhd., ("SRM") being the manager (the "Manager") of Sentral REIT ("SENTRAL"), is pleased to present the Manager's Report on SENTRAL together with the audited financial statements of SENTRAL for the financial year ended 31 December 2023.

SENTRAL, the Manager and their principal activities

SENTRAL was constituted under Restated Trust Deed dated 2 December 2019 (the "Trust Deed") and the Supplemental Deed dated 24 December 2020 by SRM as the Manager and Maybank Trustees Berhad as the trustee (the "Trustee") and is categorised as a real estate investment trust. SENTRAL commenced its operations in 2006 and was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 8 January 2007.

The principal activity of SENTRAL involves acquisition of and investment in commercial properties, primarily in Malaysia. The principal activity of each of the special purpose entities of SENTRAL is to facilitate financing for SENTRAL as disclosed in Note 24 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Manager is a company incorporated in Malaysia. The principal activity of the Manager is to manage SENTRAL. There has been no significant change in the nature of this activity during the financial year.

Investment objective and strategies

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

The Manager plans to achieve the key investment objectives while seeking additional income growth and enhancement of SENTRAL's property portfolio over time through the strategies as mentioned below:

- (a) Acquisition growth and portfolio management strategy
- (b) Active asset management strategy
- (c) Capital management strategy

There were no changes in the strategies adopted during the financial year, which are in line with those as stated in the prospectus dated 11 December 2006.

As these strategies still remain relevant for SENTRAL under the current market conditions, the Manager will continue to adopt them in the coming year.

Reserves and provisions

There were no material transfers to and from reserves or provisions during the financial year other than as disclosed in the consolidated statement of changes in net asset value ("NAV").

THE MANAGER'S REPORT

(Cont'd)

Directors

The names of the directors of the Manager in office since the beginning of the financial year to the date of this report are:

Tan Sri Saw Choo Boon	
Kwan Joon Hoe	
Ann Wan Tee	
Datuk Dr. Roslan Bin A. Ghaffar	
Datuk Kamalul Arifin Bin Othman	
Po Yih Ming	
Dato' Dr. Low Moi Ing, J.P.	(Resigned on 19 January 2023)
Dato' Michael Ong Leng Chun	(Resigned on 19 January 2023)
Encik Hizamuddin Jamalluddin	(Appointed on 1 December 2023)
Encik Aminuddin Mohd Arif	(Appointed on 1 December 2023)

Directors' benefit

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Manager was a party, whereby the directors of the Manager might acquire benefits by means of the acquisition of units in or debentures of SENTRAL or any other body corporate.

Since the end of the previous financial year, no director of the Manager has received or become entitled to receive a benefit by reason of a contract made by SENTRAL or a related corporation with any director of the Manager or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for units held in SENTRAL as disclosed in Note 28 to the financial statements and the related party transactions as disclosed in Note 30 to the financial statements.

Directors' interests

According to the register of directors' shareholding, the interests of directors of the Manager in office at the end of the financial year in units in SENTRAL during the financial year were as follows:

	Note	Units as at 1 January 2023	Number of units acquired/ (disposed)	Units as at 31 December 2023
Direct interest:				
Kwan Joon Hoe		450,000	-	450,000
Po Yih Ming		20,000	-	20,000
Indirect interest:				
Tan Sri Saw Choo Boon	(a)	757,000	-	757,000

(a) Deemed interest by way of his substantial shareholding in Jendela Elit Sdn. Bhd., which in turn are substantial shareholders of Global Jejaka Sdn. Bhd..

Except for the direct and indirect directors' interests disclosed above, none of the other directors of the Manager in office at the end of the financial year had any interest in SENTRAL.

THE MANAGER'S REPORT

(Cont'd)

Issuance of new units

Private placement of 123,720,000 new units ("Placement Units") at the bookbuilding exercise of RM0.75 per unit, with the gross proceeds of RM92,790,000 were undertaken to partly finance the acquisition of Menara CelcomDigi. The Placement Units were listed and quoted on the Main Market on Bursa Securities on 8 December 2023. With the listing of the Placement Units, the enlarged Units in circulation is 1,195,503,000 units.

Utilisation of proceeds raised from issuance of new units

The proceeds from the issuance of new units are used to partly finance the acquisition of Menara CelcomDigi on 11 December 2023.

Soft commission

During the financial year, the Manager did not receive any soft commission (such as goods or services) from any broker or dealer by virtue of transactions conducted by SENTRAL.

Particulars of all sanctions and/or penalties imposed on SENTRAL, directors of the management company or the management company by the relevant regulatory bodies

During the financial year ended 31 December 2023, there were no sanctions and/or penalties imposed on SENTRAL, its Manager and/or directors of its Manager by any of the relevant regulatory bodies.

Amount of non-audit fees incurred for services rendered to SENTRAL by its auditors, or a firm of company affiliated to the auditors' firm

During the financial year ended 31 December 2023, there were non-audit fees of RM5,500 for the review of Statement of Risk Management and Internal Control services; tax agent fees of RM24,700 and transfer pricing documentation of RM18,000 for the services rendered by Ernst & Young Tax Consultants Sdn. Bhd.; and professional fees of RM465,000 on the advisory services for sustainability reporting for financial year 2023 by Ernst & Young Advisory Services Sdn. Bhd.. In relation to the acquisition of Menara CelcomDigi, there were additional fees on Reporting Accountant of RM160,000 charged by Ernst & Young PLT; and capital allowance study of RM110,000 by Ernst & Young Tax Consultants Sdn. Bhd..

Manager's responsibility for the annual audited accounts

The Manager is responsible for the preparation of the annual audited financial statements of SENTRAL.

Other statutory information

- (a) Before the statement of comprehensive income and statement of financial position of SENTRAL were made out, the directors of the Manager took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

THE MANAGER'S REPORT

(Cont'd)

Other statutory information (cont'd)

- (b) At the date of this report, the directors of the Manager are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of SENTRAL inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of SENTRAL misleading.
- (c) At the date of this report, the directors of the Manager are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of SENTRAL misleading or inappropriate.
- (d) At the date of this report, the directors of the Manager are not aware of any circumstances not otherwise dealt with in this report or financial statements of SENTRAL which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of SENTRAL which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of SENTRAL which has arisen since the end of the financial year.
- (f) In the opinion of the directors of the Manager:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of SENTRAL to meet its obligations as and when they fall due;
 - (ii) the results of SENTRAL's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of SENTRAL for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Signed on behalf of the Manager, Sentral REIT Management Sdn. Bhd..



Tan Sri Saw Choo Boon
Director



Ann Wan Tee
Director

Kuala Lumpur, Malaysia
22 February 2024

STATEMENT BY MANAGER

We, Tan Sri Saw Choo Boon and Ann Wan Tee, being two of the directors of the Manager, Sentral REIT Management Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 189 to 245 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and applicable provisions of the Trust Deed and Guidelines on Listed Real Estate Investment Trusts 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 its financial performance and cash flows for the year then ended.

Signed on behalf of the Manager, Sentral REIT Management Sdn. Bhd..



Tan Sri Saw Choo Boon
Director

Kuala Lumpur, Malaysia
22 February 2024



Ann Wan Tee
Director

STATUTORY DECLARATION

I, Teh Wan Wei, being the officer primarily responsible for the financial management of SENTRAL, do solemnly and sincerely declare that the accompanying financial statements set out on pages 189 to 245 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Teh Wan Wei
at Kuala Lumpur in the Federal Territory
on 22 February 2024.



Teh Wan Wei

Before me,
Commissioner of Oath



TRUSTEE'S REPORT

To the Unitholders of Sentral REIT

We have acted as Trustee of Sentral REIT ("SENTRAL") for the financial year ended 31 December 2023. To the best of our knowledge, Sentral REIT Management Sdn. Bhd., ("the Manager") has managed SENTRAL in the financial year under review in accordance to the following:

- (a) the limitation imposed on the investment powers of the Manager and the Trustee under the Trust Deed, other applicable provisions of the Trust Deed, the Guidelines on Listed Real Estate Investment Trusts issued by Securities Commission Malaysia, the Capital Markets & Services Act 2007 and other applicable laws; and
- (b) the valuation of SENTRAL is carried out in accordance with the Trust Deed and other regulatory requirements.

An interim distribution of 3.19 sen per unit has been distributed to the unitholders of SENTRAL on 30 September 2023 for the financial period from 1 January 2023 to 30 June 2023. On 4 January 2024, an advance income distribution of 2.81 sen per unit, covering the financial period from 1 July 2023 to 6 December 2023 was distributed to the unitholders. The proposed final gross income distribution of 0.68 sen per unit for the financial period from 7 December 2023 to 31 December 2023 will be payable on 29 February 2024 to all unitholders as at the book closure date of 9 February 2024.

We are of the view that the distributions are consistent with the objectives of SENTRAL.

For and on behalf of **MAYBANK TRUSTEES BERHAD**
[Company No.: 196301000109 (5004-P)]



NORHAZLIANA BINTI MOHAMMED HASHIM
Head, Unit Trust & Corporate Operations
Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Sentral REIT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sentral REIT ("SENTRAL"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in net asset value and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 189 to 245.

In our opinion, the accompanying financial statements 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 accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the applicable provisions of the Deed and Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of SENTRAL in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of SENTRAL for the current year. These matters were addressed in the context of our audit of the financial statements of SENTRAL as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Valuation of Investment Properties

SENTRAL adopts the fair value model for its investment properties. The policy of SENTRAL is that property valuations are performed by external experts at least once a year. The carrying value of the investment properties as at 31 December 2023 of RM2,507,020,275 represents 96% of total assets of SENTRAL and therefore the valuation exercise was significant to our audit. The areas that involved significant audit effort and judgement were the assessment of the basis and assumptions used by the external experts to derive the fair value of the investment properties. The basis and assumptions include amongst others, estimated rental revenues, yield rates and discount rates which are based on current and future market or economic conditions.

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Sentral REIT
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Key Audit Matters (cont'd)

Valuation of Investment Properties (cont'd)

Our audit procedures included, amongst others, considering the objectivity, independence and expertise of the external appraisers. We furthermore assessed the appropriateness of the valuation methodology adopted, reviewed and assessed inputs related to the property for the valuations and considered the underlying assumptions against the market estimates. Further, we had discussions with the independent valuers to obtain an understanding of the property related data used as input to the valuation models which included, amongst others, rental income data and yield rate. We then tested the accuracy of rental income data applied in the valuation by comparing them with lease agreements and challenged the yield rate by comparing them with available industry data, taking into consideration comparability and market factors. For discount rate, we assessed whether the discount rate used to determine the present value of the cash flows reflects the estimated market rate of return for comparable assets with similar profile.

We also focused on the adequacy of SENTRAL's disclosures on those assumptions to which the outcome of the valuation is most sensitive, that is, those that have the most significant effect on the determination of the fair value of the investment properties. SENTRAL's disclosures on the investment properties, which also explains the effects on the valuation following any changes in key parameters used in determining the fair value are included in Note 4.2 and Note 15 to the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Manager of SENTRAL are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of SENTRAL and our auditors' report thereon.

Our opinion on the financial statements of SENTRAL does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of SENTRAL, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of SENTRAL or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report on this regard.

Responsibilities of Manager, Trustee and Those Charged with Governance for the Financial Statements

The directors of the Manager of SENTRAL is responsible for the preparation of financial statements of SENTRAL that give a true and fair view in accordance with MFRS, IFRS and the requirements of the applicable provisions of the Deed and Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of SENTRAL that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of SENTRAL, the Manager is responsible for assessing SENTRAL's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate SENTRAL or to cease operations, or has no realistic alternative to do so.

Those Charged with Governance are responsible for overseeing SENTRAL's financial reporting process.

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Sentral REIT
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of SENTRAL, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of SENTRAL, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SENTRAL's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SENTRAL's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of SENTRAL or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause SENTRAL to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of SENTRAL, including the disclosures, and whether the financial statements of SENTRAL represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within SENTRAL to express an opinion on the financial statements of SENTRAL. We are responsible for the direction, supervision and performance of SENTRAL's audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Sentral REIT
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the financial statements of SENTRAL of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

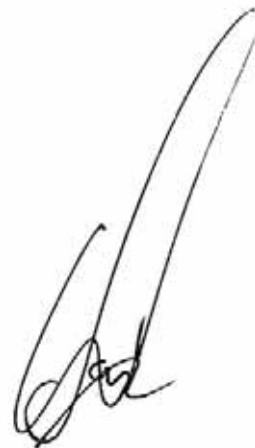
OTHER MATTERS

This report is made solely to the unitholders of SENTRAL, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
22 February 2024



Ng Wai San
No. 03514/08/2024 J
Chartered Accountant

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	2023 RM	2022 RM
Total income			
Revenue			
- Realised (in relation to billed rental income in accordance with tenancy contracts)		161,151,227	148,931,357
- Unrealised (in relation to unbilled lease income receivable/ (lease income recognised in prior years))		954,156	(1,581,592)
	5	162,105,383	147,349,765
Property operating expenses	6	(37,238,756)	(32,653,512)
Net property income		124,866,627	114,696,253
Finance income	7	2,978,081	2,364,017
Change in fair value of investment properties			
- As per valuation		(1,009,737)	(23,907,864)
- (Unbilled lease income receivable)/lease income recognised in prior years		(954,156)	1,581,592
		125,880,815	94,733,998
Total expenditure			
Manager's fees	8	(12,532,231)	(12,220,533)
Trustee's fee	9	(654,678)	(649,354)
Finance costs	10	(38,074,638)	(30,839,995)
Valuation fees		(296,300)	(297,620)
Auditors' remuneration		(160,141)	(158,072)
Tax agent's fee		(47,736)	(26,422)
Administrative expenses		(884,036)	(849,992)
		(52,649,760)	(45,041,988)
Income before taxation		73,231,055	49,692,010
Income tax (expenses)/credit for the year	11	(522,683)	2,581,701
Income net of taxation, representing total comprehensive income for the financial year		72,708,372	52,273,711
Net income for the year is made up as follows:			
- Realised		74,221,483	73,625,238
- Unrealised		(1,513,111)	(21,351,527)
		72,708,372	52,273,711
Total realised income net of taxation/Distributable Income		74,221,483	73,625,238

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023
(Cont'd)

	Note	2023 RM	2022 RM
Earnings per unit			
After manager's fees (sen)	12	6.74	4.88
Before manager's fees (sen)		7.90	6.02
Earnings per unit (realised)			
After manager's fees (sen)	12	6.88	6.87
Before manager's fees (sen)		8.04	8.01
Income distribution			
Interim distribution of 3.40 sen paid on 30 September 2022 (RM) ^{1*}		-	36,440,622
Final distribution of 3.42 sen paid on 28 February 2023 (RM) ^{2*}		-	36,654,979
Interim distribution of 3.19 sen paid on 18 September 2023 (RM) ^{3*}		34,189,878	-
Advance distribution of 2.81 sen paid on 4 January 2024 (RM) ^{4*}		30,117,102	-
Final distribution of 0.68 sen payable on 29 February 2024 (RM) ^{5*}		8,129,421	-
	13	72,436,401	73,095,601
Interim distribution per unit			
Gross (sen) *		3.19	3.40
Advance distribution per unit			
Gross (sen) *		2.81	-
Final distribution per unit			
Gross (sen) ^{5*}		0.68	3.42
Total distribution per unit			
Gross (sen) *		6.68	6.82

1 Based on 1,071,783,000 units entitled to distribution, for the financial period from 1 January 2022 to 30 June 2022.

2 Based on 1,071,783,000 units entitled to distribution, for the financial period from 1 July 2022 to 31 December 2022.

3 Based on 1,071,783,000 units entitled to distribution, for the financial period from 1 January 2023 to 30 June 2023.

4 Based on 1,071,783,000 units entitled to distribution, for the financial period from 1 July 2023 to 6 December 2023.

5 Based on 1,195,503,000 units entitled to distribution, for the financial period from 7 December 2023 to 31 December 2023. Final income distribution for the financial year 2023 was declared on 23 January 2024 and will be payable on 29 February 2024. The declared final income distribution will be recognised in the immediate subsequent financial year.

* Income distributed to resident individuals, non-resident individuals, resident institutional investors, non-resident institutional investors and non-resident companies are subject to withholding tax.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 RM	2022 RM
Assets			
Non-current assets			
Plant and equipment	14	11,877	36,548
Investment properties	15	2,507,020,275	2,047,174,431
Accrued rental income	17	14,479,725	13,525,569
		2,521,511,877	2,060,736,548
Current assets			
Trade and other receivables	17	7,092,787	6,128,944
Lease receivables	16	-	91,788
Deposits, cash and bank balances	18	87,439,986	79,759,866
		94,532,773	85,980,598
Total assets		2,616,044,650	2,146,717,146
Liabilities			
Non-current liabilities			
Borrowings	20	1,165,131,596	804,493,923
Security deposits	22	31,096,778	14,832,962
Other payables	19	1,751,724	907,693
Deferred tax liabilities	21	10,073,703	9,551,020
		1,208,053,801	829,785,598
Current liabilities			
Trade and other payables	19	49,043,244	20,579,440
Security deposits	22	5,466,254	5,310,213
		54,509,498	25,889,653
Total liabilities		1,262,563,299	855,675,251
Net asset value ("NAV")		1,353,481,351	1,291,041,895

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(Cont'd)

	Note	2023 RM	2022 RM
Unitholders' funds			
Unitholders' funds attributable to unitholders of SENTRAL			
Unitholders' capital	23	1,326,569,811	1,235,876,768
Undistributed and non-distributable income		26,911,540	55,165,127
Total unitholders' funds		1,353,481,351	1,291,041,895
Net asset value ("NAV")			
	26		
Before income distribution ¹		1,353,481,351	1,291,041,895
After income distribution ²		1,345,351,930	1,254,386,916
NAV per unit			
	26		
Before income distribution ¹		1.1321	1.2046
After income distribution ²		1.1253	1.1704
Number of units in circulation			
As at 31 December (units)	26	1,195,503,000	1,071,783,000

¹ Before the proposed final income distribution of 0.68 sen per unit and 3.42 sen per unit for the financial year 2023 and 2022 respectively.

² After the proposed final income distribution of 0.68 sen per unit and 3.42 sen per unit for the financial year 2023 and 2022 respectively.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial year ended 31 December 2023

	← Distributable →			Total Undistributed income	Unitholders' funds
	Unitholders' capital	Undistributed income realised	Undistributed (loss)/income unrealised		
	RM	RM	RM	RM	RM
At 1 January 2023	1,235,876,768	60,210,314	(5,045,187)	55,165,127	1,291,041,895
Issuance/placements of new units on 11 December 2023	92,790,000	-	-	-	92,790,000
Expenses on issuance/ placements of new units	(2,096,957)	-	-	-	(2,096,957)
Total comprehensive income/(loss) for the financial year	-	74,221,483	(1,513,111)	72,708,372	72,708,372
	1,326,569,811	134,431,797	(6,558,298)	127,873,499	1,454,443,310
Transactions with unitholders					
Distribution to unitholders	-	(100,961,959)	-	(100,961,959)	(100,961,959)
At 31 December 2023	1,326,569,811	33,469,838	(6,558,298)	26,911,540	1,353,481,351
At 1 January 2022	1,235,876,768	65,682,662	16,306,340	81,989,002	1,317,865,770
Total comprehensive income/(loss) the financial year	-	73,625,238	(21,351,527)	52,273,711	52,273,711
	1,235,876,768	139,307,900	(5,045,187)	134,262,713	1,370,139,481
Transactions with unitholders					
Distribution to unitholders	-	(79,097,586)	-	(79,097,586)	(79,097,586)
At 31 December 2022	1,235,876,768	60,210,314	(5,045,187)	55,165,127	1,291,041,895

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	2023 RM	2022 RM
Cash flows from operating activities			
Income before taxation		73,231,055	49,692,010
Adjustments for:			
Finance costs	10	38,074,638	30,839,995
Depreciation of plant and equipment	14	24,671	99,750
Fair value adjustments	15	1,963,893	22,326,272
Unbilled lease income receivable/(lease income recognised in prior years)	5	(954,156)	1,581,592
Allowance for impairment of trade receivables	17(a)	5,839	43,264
Reversal for impairment of trade receivables	17(a)	(5,839)	(146,466)
Finance income	7	(2,978,081)	(2,364,017)
Operating cash flows before changes in working capital		109,362,020	102,072,400
Changes in working capital:			
Increase in trade and other receivables		(1,271,005)	(308,992)
Increase/(decrease) in security deposits		15,977,941	(4,690,560)
(Decrease)/increase in trade and other payables		(1,049,022)	857,274
Net cash flows generated from operating activities		123,019,934	97,930,122
Cash flows from investing activities			
Additions to investment properties	15	(461,809,737)	(3,607,864)
Additions to plant and equipment	14	-	(4,665)
Changes in deposits with licensed financial institutions		35,252,506	3,987,245
Interest received		2,915,806	1,872,815
Net cash flows (used in)/generated from investing activities		(423,641,425)	2,247,531
Cash flows from financing activities			
Distribution to unitholders		(70,844,857)	(79,097,586)
Drawdown of borrowings	20	362,000,000	207,000,000
Repayment of borrowings	20	-	(207,000,000)
Proceeds from issuance/placements of new units	23	92,790,000	-
Expenses paid on issuance/placements of new units	23	(2,096,957)	-
Finance costs paid	20	(36,599,653)	(29,970,308)
Transaction costs paid	20	(1,694,416)	(900,555)
Net cash flows generated from/(used in) financing activities		343,554,117	(109,968,449)
Net increase/(decrease) in cash and cash equivalents		42,932,626	(9,790,796)
Cash and cash equivalents at 1 January		10,376,339	20,167,135
Cash and cash equivalents at 31 December	18	53,308,965	10,376,339

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. SENTRAL, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

SENTRAL was constituted under Restated Trust Deed dated 2 December 2019 (the "Trust Deed") and the Supplemental Deed dated 24 December 2020 by SRM as the Manager and Maybank Trustees Berhad as the trustee (the "Trustee") and is categorised as a real estate investment trust. SENTRAL commenced its operations in 2006 and was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 8 January 2007.

The principal activity of SENTRAL involves acquisition of and investment in commercial properties, primarily in Malaysia. The principal activity of each of the special purpose entities of SENTRAL is to facilitate financing for SENTRAL as disclosed in Note 24 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Manager is a company incorporated in Malaysia. The principal activity of the Manager is to manage SENTRAL. There have been no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Manager in accordance with a resolution of its directors on 22 February 2024.

2. TERM OF SENTRAL

SENTRAL will continue its operations until such time as determined by the Trustee and the Manager as provided under Clause 26 of the Trust Deed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation

The financial statements of SENTRAL have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and applicable provisions of the Trust Deed and Securities Commission Malaysia REIT Guidelines ("SC REIT Guidelines").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except as follows:

On 1 January 2023, SENTRAL adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2023:

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules	2 June 2023

The adoption of the above standards and amendments did not have any material effect on the financial performance or position of SENTRAL.

3.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of SENTRAL's financial statements are disclosed below. SENTRAL intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors of the Manager expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of SENTRAL and its special purpose entities ("SPEs") as at the reporting date. The financial statements of the SPEs used in the preparation of the consolidated financial statements are prepared for the same reporting date as SENTRAL. Consistent accounting policies are applied to like transactions and events in similar circumstances. The SPEs are established for the specific purpose of raising financing on behalf of SENTRAL for the acquisition of real estate and are single-purpose entities.

SENTRAL controls the SPEs if and only if SENTRAL has all the following:

- (i) Power over the SPEs (such as existing rights that give it the current ability to direct the relevant activities of the SPEs);
- (ii) Exposure, or rights, to variable returns from its investment with the SPEs; and
- (iii) The ability to use its power over the SPEs to affect its returns.

SPEs controlled by SENTRAL were established under terms that impose strict limitations on the decision-making powers of the SPEs management resulting in SENTRAL receiving all of the benefits related to the SPEs operations and net assets.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

3.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to SENTRAL and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, SENTRAL recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Plant and machinery	20%
Office equipment	20% - 50%
Furniture and fittings	33%

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.6 Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- (i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- (ii) When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.7 Investment properties

Investment properties consist of investment in real estate assets primarily in commercial properties. These properties are held either to earn rental income or for capital appreciation or for both.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by discounting cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rent for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. Valuations are performed by accredited independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. In determining the carrying amount of an investment property, under the fair value model, the accrued rental and/or advance rental arising from recognising rental income from operating lease on straight line basis over the lease term are deducted against fair value of investment property.

Gains or losses arising from changes in the fair values of investment properties are recognised in the profit or loss in the year in which they arise including the corresponding tax effect. A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when SENTRAL holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property becomes an investment property, the property is accounted for in accordance with the accounting policy stated under plant and equipment as set out in Note 3.5 to the financial statements up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.8 Impairment of non-financial assets

SENTRAL assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, SENTRAL makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

3.9 Financial assets

Financial assets with the exception of trade receivables without significant financing component are measured initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and SENTRAL's business model for managing them. SENTRAL's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets are not reclassified subsequent to their initial recognition unless SENTRAL changes their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.9 Financial assets (cont'd)

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if they meet both of the following conditions and are not designated as at FVTPL:

- The financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are subsequently measured at amortised cost using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Financial assets at FVOCI

Debt instruments

Debt instruments are measured at FVOCI if they meet both of the following conditions and are not designated as at FVTPL:

- The financial assets are held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, debt instruments at FVOCI are measured at fair value.

Interest income, foreign exchange gains and losses and impairment losses or reversals are recognised in profit or loss. Other net fair value changes are recognised in other comprehensive income. Fair value changes accumulated in other comprehensive income are recycled to profit or loss when the asset is derecognised.

Equity instruments

Upon initial recognition of equity investments that are not held for trading, SENTRAL may irrevocably elect to classify equity investments that are not held for trading as equity instruments designated at FVOCI and to present subsequent changes in the fair value in other comprehensive income. This election is made on an investment-by-investment basis. Subsequent to initial recognition, equity instruments at FVOCI are measured at fair value.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment in which case, such gains are recorded in other comprehensive income. Other net gains and losses are recognised in other comprehensive income and are never recycled to profit or loss when the asset is derecognised. Equity investments designated at FVOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.9 Financial assets (cont'd)

(iii) Financial assets at FVTPL

Financial assets are classified and measured at FVTPL if they are not classified and measured at amortised cost or FVOCI or are designated as such upon initial recognition. This includes all derivative financial assets. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value.

Dividend income, interest income and any gains or losses arising from changes in fair value are recognised in profit or loss, except for changes in fair value on derivatives that qualify for hedge accounting.

(iv) Financial assets: derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- SENTRAL retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- SENTRAL has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that SENTRAL commit to purchase or sell the asset.

3.10 Impairment of financial assets

SENTRAL recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost and debt investments measured at FVOCI.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that SENTRAL expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit losses). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit losses).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.10 Impairment of financial assets (cont'd)

For trade receivables and contract assets, SENTRAL applies a simplified approach in calculating ECL. Therefore, SENTRAL does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. SENTRAL have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, SENTRAL applies the low credit risk simplification. At every reporting date, SENTRAL evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

SENTRAL considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, SENTRAL may also consider a financial asset to be in default when internal or external information indicates that SENTRAL are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by SENTRAL. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits, and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.12 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by SENTRAL that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Other financial liabilities

Trade and other payables, loans and borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.12 Financial liabilities (cont'd)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.13 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.14 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that SENTRAL incurred in connection with the borrowing of funds.

3.15 Revenue and other income

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to SENTRAL and they can be reliably measured regardless of when the payment is being made. Revenue and other income are measured at the fair value of consideration received or receivable.

The specific recognition criteria described below must also be met before revenue is recognised.

(i) Rental income

Rental income is accounted for on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Utilities recovery and others

Utilities recovery and others (such as license and service charges) are recognised on an accrual basis taking into account contractually defined terms.

(iii) Car park operations

Revenue from car park operations is recognised as and when the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.15 Revenue and other income (cont'd)

(iv) Reinstatement settlement sum on expired tenancies

Reinstatement settlement sum on expired tenancies are derived from the agreed settlement sum received from ex-tenants on the reinstatement works upon the tenancies expired.

(v) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

3.16 Leases - as lessor

Leases in which SENTRAL does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.17 Income taxes

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.17 Income taxes (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax liabilities are recognised for all temporary differences, except: (cont'd)

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.18 Current versus non-current classification

SENTRAL presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.18 Current versus non-current classification (cont'd)

A liability is classified as current when:

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3.19 Provisions

Provisions are recognised when SENTRAL has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When SENTRAL expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by SENTRAL.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.20 Fair value measurement (cont'd)

SENTRAL uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, SENTRAL determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purposes of fair value disclosures, SENTRAL has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

3.21 Non-current asset classified as asset held for sale

Non-current assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRS. Then, on initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of SENTRAL's financial statements requires the management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

4.1 Critical judgements made in applying accounting policies

In the process of applying SENTRAL's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – as lessor

SENTRAL has entered into commercial property leases on its investment property portfolio. SENTRAL has determined, based on an evaluation of the terms and conditions of the arrangements such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair valuation of investment properties

SENTRAL carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. SENTRAL had engaged independent professional valuers to determine the fair value and there are no material events that affect the valuation between the valuation date and financial year end.

The determined fair value of the investment properties by the independent professional valuers is most sensitive to the estimated yield rate and the discount rate. The ranges of the term yield rate and the discount rate used in the valuation are disclosed in Note 15 to the financial statements.

The following table demonstrates the sensitivity of the fair value measurement to changes in estimated term yield rate and discount rate:

	Fair value Increase/(decrease)	
	2023	2022
	RM	RM
Yield rate		
- 0.25%	82,276,932	71,932,633
+ 0.25%	(76,151,025)	(66,393,420)
Discount rate		
- 0.25%	20,998,172	17,105,660
+ 0.25%	(20,735,758)	(16,515,043)

The other key assumptions used to determine the fair value of the investment properties, are further explained in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

5. REVENUE

	2023	2022
	RM	RM
Rental income and service charges		
- Realised (in relation to billed rental income in accordance with tenancy contracts)	138,707,478	133,550,660
- Unrealised (in relation to unbilled lease income receivable/ (lease income recognised in prior years))	954,156	(1,581,592)
Car park income	11,054,191	10,228,823
Utilities recovery	6,928,027	5,109,845
Reinstatement settlement sum on expired tenancies	4,443,750	-
Others	17,781	42,029
	162,105,383	147,349,765

The realised revenue comprises rental and service charges, car park income from properties and utilities costs recoverable from tenants. The unrealised revenue refers to the upfront recognition of lease income pursuant to requirements of MFRS 16: Leases, recognised on straight-line basis. The reinstatement settlement sum on expired tenancies was derived from the agreed settlement sum received from ex-tenants on the reinstatement works upon expiry of the tenancies. However, in view that the new tenants accepted the existing conditions without any reinstatements required, the settlement sum was recognised as revenue.

6. PROPERTY OPERATING EXPENSES

	2023	2022
	RM	RM
Quit rent and assessment	8,296,925	8,378,301
Depreciation of plant and equipment (Note 14)	24,671	99,750
Insurance	705,670	731,553
Property management fee	2,661,912	2,780,899
Service contracts and maintenance	10,562,205	9,733,296
Utilities	14,987,373	10,929,713
	37,238,756	32,653,512

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

7. FINANCE INCOME

	2023	2022
	RM	RM
Realised:		
Interest income on fixed deposits	2,456,359	1,914,498
Interest on deposit paid to authorities	43,627	38,283
Interest income on lease receivable	3,793	21,885
Late payment interest charged to tenants	13,077	-
	2,516,856	1,974,666
Unrealised:		
Amortisation of deferred lease income (Note 19 (c))	461,225	389,351
	2,978,081	2,364,017

8. MANAGER'S FEES

	2023	2022
	RM	RM
Base fee	8,739,351	8,672,958
Performance fee	3,792,880	3,547,575
	12,532,231	12,220,533

The Manager is entitled under the Trust Deed to a base fee of 0.4% per annum of the gross asset value, payable monthly in arrears and a performance fee of 3% per annum on the net investment income, payable semi-annually in arrears.

The Manager is also entitled under the Trust Deed to an acquisition fee of 1% of the acquisition value of any asset, being authorised investments, acquired by SENTRAL and divestment fee of 0.5% of the disposal value of any asset divested by SENTRAL.

During the financial year ended 31 December 2023, the Manager was entitled to an acquisition fee of RM4,500,000 in respect of the acquisition of Menara CelcomDigi. The acquisition fee was capitalised as part of the carrying amount of the investment properties (as disclosed in Note 15).

The Manager's remuneration is accrued and paid in accordance with the Trust Deed.

During the financial year, the Manager did not receive any soft commission (such as goods or services) from any broker or dealer by virtue of transactions conducted by SENTRAL.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

9. TRUSTEE'S FEE

Trustee's fee accrued to the Trustee for the financial year ended 31 December 2023 amounted to RM654,678 (2022: RM649,354).

Trustee's fee is payable to the Trustee, which is computed at 0.03% per annum on the first RM2.5 billion of the gross asset value and 0.02% per annum on the gross asset value in excess of RM2.5 billion, payable monthly in arrears.

10. FINANCE COSTS

	2023	2022
	RM	RM
Realised:		
Accretion of interest expense	497,029	478,025
Amortisation of transaction costs incurred to obtain Commercial Papers ("CPs")/Medium Term Notes ("MTNs")	549,829	505,537
Amortisation of transaction costs incurred to obtain Term Loan	-	56,194
Annual CPs/MTNs Programme expense	594,077	596,454
Interest expense on CPs	9,773,507	6,852,018
Interest expense on MTNs	26,218,280	21,215,572
Interest expense on Term Loan	-	721,480
	37,632,722	30,425,280
Unrealised:		
Unwinding of discount on security deposits (Note 22)	441,916	414,715
	38,074,638	30,839,995

11. INCOME TAX EXPENSES/(CREDIT)

The major components of income tax credit for the years ended 31 December 2023 and 2022 are:

	2023	2022
	RM	RM
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 21)	522,683	(2,581,701)

Pursuant to Section 61A of the Income Tax Act 1967, the income of a REIT would be exempted from income tax provided that the REIT distributes 90% or more of its total income for the year. If the REIT is not able to meet the 90% distribution criteria, the entire taxable income of the REIT would be subject to income tax.

As SENTRAL has paid and declared income distribution of more than 90% of its total income to unitholders, the total income of SENTRAL for the year of assessment 2023 shall be exempted from tax.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

11. INCOME TAX EXPENSE/(CREDIT) (cont'd)

A reconciliation of income tax expense/(credit) applicable to income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of SENTRAL for the financial years ended 31 December 2023 and 2022 are as follows:

	2023	2022
	RM	RM
Income before taxation	73,231,055	49,692,010
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	17,575,453	11,926,082
Income not subject to taxation	(17,675,490)	(17,648,189)
Unrealised (income)/expenses not (subject to tax)/ deductible	(4,634)	6,087
Exempt income not subject to tax	(589,526)	(459,480)
Expenses not deductible for tax purposes	694,197	6,175,500
Deferred tax on Real Property Gains Tax ("RPGT") on fair value gain/ (loss) of investment properties	522,683	(2,581,701)
Income tax expenses/(credit) for the year	522,683	(2,581,701)

12. EARNINGS PER UNIT ("EPU")

- (a) EPU after manager's fees is based on net income for the year of RM72,708,372 (2022: RM52,273,711) divided by the weighted average number of units in circulation during the year of 1,078,901,137 (2022: 1,071,783,000).
- (b) EPU before manager's fees is based on net income for the year of RM85,240,603 (2022: RM64,494,244) after adding back manager's fees of RM12,532,231 (2022: RM12,220,533) divided by the weighted average number of units in circulation during the year of 1,078,901,137 (2022: 1,071,783,000).
- (c) EPU after manager's fees (realised) is based on realised net income for the year of RM74,221,483 (2022: RM73,625,238) divided by the weighted average number of units in circulation during the year of 1,078,901,137 (2022: units in circulation was 1,071,783,000).
- (d) EPU before manager's fees (realised) is based on realised net income for the year of RM86,753,714 (2022: RM85,845,771) after adding back manager's fees of RM12,532,231 (2022: RM12,220,533) divided by the weighted average number of units in circulation during the year of 1,078,901,137 (2022: units in circulation was 1,071,783,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

13. DISTRIBUTION TO UNITHOLDERS

Distribution to the unitholders is from the following sources:

	2023	2022
	RM	RM
Realised:		
Revenue	161,151,227	148,931,357
Finance income (Note 7)	2,516,856	1,974,666
	163,668,083	150,906,023
Less: Total expenses	(89,446,600)	(77,280,785)
Total realised income/distributable income	74,221,483	73,625,238
Distribution to unitholders	72,436,401	73,095,601
Distribution per unit (sen) of which:		
- taxable distribution of income (sen)	6.46	6.64
- tax exempt distribution of income (sen)	0.22	0.18
Gross distribution per unit (sen) *	6.68	6.82

* Income distribution to resident individuals, non-resident individuals, resident institutional investors, non-resident institutional investors and non-resident companies are subject to withholding tax as follows:

	Withholding tax rate	
	2023	2022
Resident and non-resident individuals	10%	10%
Resident and non-resident institutional investors	10%	10%
Resident companies (flow through)	0%	0%
Non-resident companies	24%	24%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

14 PLANT AND EQUIPMENT

	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Total RM
At 31 December 2023				
Cost				
At 1 January/31 December 2023	6,000	652,705	40,008	698,713
Accumulated depreciation				
At 1 January 2023	5,998	616,161	40,006	662,165
Depreciation charge for the financial year (Note 6)	-	24,671	-	24,671
At 31 December 2023	5,998	640,832	40,006	686,836
Net carrying amount	2	11,873	2	11,877
At 31 December 2022				
Cost				
At 1 January 2022	6,000	648,040	40,008	694,048
Additions	-	4,665	-	4,665
At 31 December 2022	6,000	652,705	40,008	698,713
Accumulated depreciation				
At 1 January 2022	5,998	521,563	34,854	562,415
Depreciation charge for the financial year (Note 6)	-	94,598	5,152	99,750
At 31 December 2022	5,998	616,161	40,006	662,165
Net carrying amount	2	36,544	2	36,548

15. INVESTMENT PROPERTIES

	2023 RM	2022 RM
At 1 January	2,047,174,431	2,065,892,839
Addition from acquisition	450,000,000	-
Capital expenditure for acquisition during the financial year	5,429,145	-
Additions from asset enhancements	6,380,592	3,607,864
Fair value adjustments	(1,963,893)	(22,326,272)
At 31 December	2,507,020,275	2,047,174,431

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

(Cont'd)

15. INVESTMENT PROPERTIES (cont'd)

The breakdown of investment properties is as follows:

Description of properties	Date of acquisition	Tenure of Land	Cost of investment	Carrying value as at 31 December 2023	Fair value as at 31 December 2023	Fair value as % of NAV	Carrying value as at 31 December 2022	Fair value as at 31 December 2022
<u>Commercial buildings</u>								
Sentral Building 1 ("SB1") (formerly known as Quill Building 1 - DHL 1)	20-Nov-06	Freehold	109,100	134,701	135,000	9.97	134,724	135,000
Sentral Building 2 ("SB2") (formerly known as Quill Building 4 - DHL 2)	20-Nov-06		107,500	105,739	108,000	7.98	108,000	108,000
Sentral Building 3 ("SB3") (formerly known as Quill Building 3 - BMW)	20-Nov-06	Freehold	59,400	71,688	71,000	5.25	72,076	71,000
Wisma Sentral Inai (formerly known as Wisma Technip)	3-Sep-07	Freehold	125,000	154,000	154,000	11.38	153,700	153,700
Part of Plaza Mont' Kiara	3-Sep-07	Freehold	90,000	112,947	113,000	8.35	112,950	113,000
Lotuss Building, Penang ("Lotuss")	7-Nov-08	Freehold	132,000	134,937	145,000	10.71	129,538	140,000
Platinum Sentral	30-Mar-15	Freehold	740,000	670,430	673,000	49.72	666,370	670,000
Menara Shell	22-Dec-16	Freehold	640,000	672,578	672,500	49.69	669,816	670,000
Menara CelcomDigi	11-Dec-23	Leasehold	450,000	450,000	450,000	33.25	-	-
			2,453,000	2,507,020	2,521,500	153.06	2,047,174	2,060,700

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

15. INVESTMENT PROPERTIES (cont'd)

The carrying value of the investment properties for the financial years ended 31 December 2023 and 2022 is based on the market value determined based on valuations, adjusted with accrued rental income as required by MFRS 140: Investment Property, as follows:

	2023	2022
	RM	RM
Investment properties - fair value	2,521,500,000	2,060,700,000
Investment properties - accrued rental income (Note 17)	(14,479,725)	(13,525,569)
Investment properties	2,507,020,275	2,047,174,431

On 14 August 2008, the respective pieces of land on which SB1 and SB2 are situated have been amalgamated pursuant to the conditions imposed by the Securities Commission during the initial public offering of SENTRAL. As such, the valuations for SB1 and SB2 have since been carried out based on the amalgamated properties.

Investment properties are stated at fair value, which are determined based on valuations performed by 4 external valuers, namely Nawawi Tie Leung Property Consultants Sdn. Bhd.; CBRE WTW Valuation & Advisory Sdn. Bhd.; Knight Frank Malaysia Sdn. Bhd. and IVPS Property Consultant Sdn. Bhd.; independent firms of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.

SENTRAL acquired Menara CelcomDigi on 11 December 2023, with the acquisition price of RM450,000,000 of which the purchase consideration was settled via issuance of new SENTRAL units and private placement as disclosed in Note 23 and borrowings as disclosed in Note 20. Capital expenditure of RM5,429,145, including acquisition fees paid to manager of RM4,500,000, was incurred for the acquisition of Menara CelcomDigi during the financial year ended 31 December 2023.

Investment properties with fair value totalling RM2,146,500,000 (2022: RM1,686,000,000) are pledged as securities for borrowings as disclosed in Note 20 to the financial statements.

The investment properties are carried at Level 3 of the fair value measurement hierarchy as defined in Note 3.20 to the financial statements. There have been no transfers between Level 1, Level 2 and Level 3 during the financial years ended 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

15. INVESTMENT PROPERTIES (cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models:

Valuation technique	Significant unobservable inputs	Range		Inter-relationship between significant unobservable inputs and fair value measurement
		2023	2022	
Investment method (refer below)	Office: Market rental rate (RM/psf/month)			The estimated fair value would increase/(decrease) if:
	- Term	3.0 - 9.79	4.55 - 9.55	- expected market rental growth were higher/(lower)
	- Reversion	4.5 - 8.50	4.0 - 8.60	- expected market rental growth were higher/(lower)
	Outgoings (RM/psf/month)			
	- Term	0.5 - 1.9	0.45 - 1.8	- expected inflation rate were lower/(higher)
	- Reversion	0.8 - 1.95	0.75 - 1.8	- expected inflation rate were lower/(higher)
	Void rate (%)	5.0 - 10.0	5.0 - 10.0	- void rate were lower/(higher)
	Term yield (%)	5.5 - 6.5	5.3 - 6.6	- term yield rate were lower/(higher)
	Reversionary yield (%)	5.75 - 6.75	5.5 - 6.8	- reversionary yield were lower/(higher)
	Discount rate (%)	5.75 - 6.75	5.5 - 6.8	- discount rate is lower/(higher)
	Retail: Market rental rate (RM/psf/month)			The estimated fair value would increase/(decrease) if:
	- Term	0.84 - 16.5	1.5 - 18.0	- expected market rental growth were higher/(lower)
	- Reversion	1.0 - 16.5	1.5 - 15.6	- expected market rental growth were higher/(lower)
	Outgoings (RM/psf/month)			
	- Term	0.25 - 1.90	0.2 - 1.55	- expected inflation rate were lower/(higher)
	- Reversion	0.27 - 1.95	0.4 - 1.8	- expected inflation rate were lower/(higher)
	Void rate (%)	5.0	5.0 - 10.0	- void rate were lower/(higher)
	Term yield (%)	6.0 - 7.0	6.0 - 7.0	- term yield rate were lower/(higher)
	Reversionary yield (%)	5.75 - 6.75	6.3 - 6.8	- reversionary yield were lower/(higher)
	Discount rate (%)	5.75 - 6.75	6.3 - 6.8	- discount rate is lower/(higher)

Investment method entails the capitalisation of the net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

16. LEASE RECEIVABLES

	2023	2022
	RM	RM
Current		
Lease receivables	-	91,788

In financial year 2016 and 2015, SENTRAL entered into a finance lease arrangement with a tenant (SB3) to partially finance RM2,600,000 and RM1,500,000 of fit-out costs upon the renewal of tenancy agreement for another 10 years and 7 years respectively. The amount will be recovered through the top up rentals cumulatively amounting to RM3,500,000 (at the approximate internal rate of return of 10.4% per annum) and RM1,900,000 (at the approximate internal rate of return of 10.7% per annum) respectively. Both of the finance lease arrangements were completed on June 2023 and September 2023 respectively.

17. TRADE AND OTHER RECEIVABLES

	2023	2022
Note	RM	RM
Non-current		
Accrued rental income (Note 15)	14,479,725	13,525,569
Current		
Trade receivables	(a) 2,807,639	1,333,517
Other receivables		
Deposits	3,195,325	3,175,620
Prepayments	824,918	955,904
Sundry receivables	(b) 264,905	663,903
	4,285,148	4,795,427
	7,092,787	6,128,944
Total trade and other receivables	7,092,787	6,128,944
Less: Prepayments	(824,918)	(955,904)
Add: Deposits, cash and bank balances (Note 18)	87,439,986	79,759,866
Total loans and receivables	93,707,855	84,932,906

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

17. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables

Trade receivables are non interest-bearing and are generally on 7 to 30 days term (2022: 7 to 30 days term). They are recognised at the original invoice amounts which represent their fair values on initial recognition.

Concentration of credit risk relating to trade receivables arises mainly due to single tenancy of the majority of SENTRAL's properties. However, the risk is mitigated by the tenants which are engaged in diversified businesses and are of good quality and strong credit standing.

Ageing analysis of trade receivables

The ageing analysis of SENTRAL's trade receivables is as follows:

	2023	2022
	RM	RM
Neither past due nor impaired	2,671,955	1,269,682
31 - 60 days past due not impaired	22,936	37,099
61 - 90 days past due not impaired	34,251	25,409
More than 90 days past due not impaired	78,497	1,327
	135,684	63,835
	2,807,639	1,333,517

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with SENTRAL.

Receivables that are past due but not impaired

SENTRAL has trade receivables of RM135,684 (2022: RM63,835) that are past due at the reporting date but not impaired.

Trade receivables from tenants are secured by security deposits.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

17. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

SENTRAL's trade receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	2023	2022
	RM	RM
Trade receivables - nominal amounts (after offsetting security deposits)	-	-
Less: Allowance for impairment	-	-
	-	-

The movement of allowance accounts is as follows:

	2023	2022
	RM	RM
At 1 January	-	103,202
Charge for the financial year	5,839	43,264
Reversal for the financial year	(5,839)	(146,466)
At 31 December	-	-

The Manager assesses at each reporting date whether there is any objective evidence that the trade receivable is impaired. The Manager makes an allowance for impairment after considering factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

(b) Sundry receivables

SENTRAL has no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors relating to sundry receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

18. DEPOSITS, CASH AND BANK BALANCES

	2023	2022
	RM	RM
Deposits with licensed financial institutions	53,710,756	74,415,886
Cash on hand and at banks	33,729,230	5,343,980
Total deposits, cash and bank balances	87,439,986	79,759,866
Less:		
Deposits with licensed financial institution with maturity of more than 3 months	(31,776,037)	(67,104,886)
Debt service reserves accounts pledged	(2,354,984)	(2,278,641)
Cash and cash equivalents	53,308,965	10,376,339

Included in deposits with licensed financial institutions is an amount of RM2,354,984 (2022: RM2,278,641) maintained in the debt service reserves accounts which are assigned for the borrowings as disclosed in Note 20 to the financial statements.

Included in cash on hand and at banks is an amount of RM3,056,125 (2022: RM2,983,606) maintained in the revenue and operations accounts which are assigned for the borrowings as disclosed in Note 20 to the financial statements.

The weighted average effective interest rate of deposits per annum is as follows:

	2023	2022
	%	%
Deposits with licensed financial institutions	3.75	2.90

Deposits with licensed financial institutions have an average maturity ranging from 25 to 185 days (2022: 63 to 367 days).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

19. TRADE AND OTHER PAYABLES

	Note	2023 RM	2022 RM
Non-current			
Other payables			
Deferred lease income	(c)	1,751,724	907,693
Current			
Trade payables			
Trade payables	(a)	644,873	532,830
Trade accruals		5,125,874	4,144,401
		5,770,747	4,677,231
Other payables			
Amount due to the Manager	(b)	3,576,583	3,185,422
Other payables	(a)	2,005,781	1,384,746
Accruals		6,486,279	10,942,690
Income distribution payable		30,117,102	-
Deferred lease income	(c)	1,086,752	389,351
		43,272,497	15,902,209
		49,043,244	20,579,440
Total trade and other payables		50,794,968	21,487,133
Less: Deferred lease income		(2,838,476)	(1,297,044)
Add: Borrowings (Note 20)		1,165,131,596	804,493,923
Add: Security deposits (Note 22)		36,563,032	20,143,175
Total financial liabilities carried at amortised cost		1,249,651,120	844,827,187

(a) Trade and other payables

The normal credit term granted to SENTRAL ranges from 30 to 90 days (2022: 30 to 90 days).

(b) Amount due to the Manager

Amount due to the Manager is unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

19. TRADE AND OTHER PAYABLES (cont'd)

(c) Deferred lease income

Deferred lease income relates to the difference between the fair value of non-current security deposits recognised on initial recognition and the nominal amount received, which is amortised on a straight-line basis over the lease terms ranging from 1 to 12 years (2022: 1 to 9 years).

The movement of deferred lease income (current and non-current) is as follows:

	2023	2022
	RM	RM
At 1 January	1,297,044	1,686,395
Addition during the year	2,002,657	-
Recognised in profit or loss (Note 7)	(461,225)	(389,351)
At 31 December	2,838,476	1,297,044
Representing:		
Non-current	1,751,724	907,693
Current	1,086,752	389,351
	2,838,476	1,297,044

20. BORROWINGS

		2023	2022
	Note	RM	RM
Non-current			
Secured:			
CPs/MTNs Programme of up to RM450 million*	(a)	340,855,153	340,731,047
CPs/MTNs Programme of up to RM3,000 million (Issue 3 and Issue 4)**	(b)	490,134,282	129,737,594
CPs/MTNs Programme of up to RM3,000 million (Issue 1)***	(c)	334,142,161	334,025,282
		1,165,131,596	804,493,923

* The programme was established through its SPE, Murud Capital Sdn. Bhd. ("Murud").

** The programme was established through its SPE, Kinabalu Capital Sdn. Bhd. ("Kinabalu").

*** The programme was established through its SPE, Trusmadi Capital Sdn. Bhd. ("Trusmadi").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

20. BORROWINGS (cont'd)

The maturities of SENTRAL's borrowings as at 31 December 2023 and 31 December 2022 are as follows:

	2023 RM	2022 RM
More than 1 year and less than 5 years	1,165,131,596	804,493,923

Other information on financial risks of borrowings are disclosed in Note 32(a) and Note 32(c) to the financial statements.

(a) Commercial Papers ("CP")/Medium Term Notes ("MTNs") (collectively the "CP/MTN Programme") of up to RM450 million in nominal value ("RM450 million Programme") under Murud Capital Sdn. Bhd.

RM341 million in nominal value of MTN issued on 30 March 2020

	2023 RM	2022 RM
Face value of MTN issued	341,000,000	341,000,000
Transaction costs carried forward	(268,953)	(393,013)
	340,731,047	340,606,987
Amortisation of transaction costs during the year	124,106	124,060
	340,855,153	340,731,047

On 30 March 2020, SENTRAL through its SPE, Murud Capital Sdn. Bhd. ("Murud") established a RM450 million nominal value of CP/MTN Programme for a tenure of 7 years. On the same day, RM341 million nominal values of MTNs were issued at the blended interest rate of 3.99% per annum, the proceeds from the issuance were utilised to repay the existing RM244 million Senior CP and RM91 million Fixed Rate Subordinated Term Loan which were due on 30 March 2020, and the balance is for working capital purposes. Balance as at 31 December 2023 includes fixed rate MTN amounting to RM125,946,479 (2022: RM125,900,622).

The transaction costs relating to the programme are amortised to profit or loss over the tenure of the programme.

The CPs/MTNs outstanding as at 31 December 2023 and 31 December 2022 are subject to the following interest rates as at the reporting date:

	2023 %	2022 %
RM176 million nominal value Class A MTN	4.32	4.23
RM19 million nominal value Class B MTN	4.42	4.33
RM20 million nominal value Class C MTN	4.77	4.68
RM126 million nominal value Class D MTN	5.00	5.00

The RM450 million programme is secured, inter-alia by the following:

- (i) A third party first ranking legal charge over Platinum Sentral, disclosed as investment properties in Note 15 to the financial statements ("Secured Property");
- (ii) A first party first ranking debenture over all present and future assets of Murud;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

20. BORROWINGS (cont'd)

- (a) **Commercial Papers ("CP")/Medium Term Notes ("MTNs") (collectively the "CP/MTN Programme") of up to RM450 million in nominal value ("RM450 million Programme") under Murud Capital Sdn. Bhd.** (cont'd)

RM341 million in nominal value of MTN issued on 30 March 2020 (cont'd)

- (iii) An irrevocable and unconditional undertaking from the Manager:
- (a) to deposit all rental income, deposits, other income, insurance claim proceeds in relation to the Secured Property and any proceeds generated from the Secured Property into the Revenue Account; and
 - (b) that it shall not declare any dividends/distributions to unitholders if:
 - an event of default has occurred under the Transaction Documents, is continuing and has not been waived or remedied, or following such declaration of dividends or distributions, an event of default would occur; or
 - the financial covenants are not met prior to and/or after such distribution;
- (iv) Assignment and charge over the Designated Accounts as follows:
- (a) third party assignment and charge over the Revenue Account and Operations Account by the Trustee; and
 - (b) first party assignment and charge of the Debt Service Reserves Account by Murud;
- (v) Third party legal assignment of all the proceeds under the tenancy/lease agreements of the Secured Property and any part thereof;
- (vi) Third party legal assignment over all rights, title, interest and benefits under all the insurance policies in relation to the Secured Property;
- (vii) An irrevocable Power of Attorney to be granted by the Trustee in favour of the Security Trustee to manage and dispose of the Secured Property upon declaration of a trigger event;
- (viii) First party legal assignment over the REIT Trustee Financing Agreement entered into between Murud and the Trustee;
- (ix) Third party first ranking legal charge over 100% of the shares of Murud; and
- (x) Any other securities deemed appropriate and mutually agreed between Murud and the Lead Arranger prior to execution of all the Transaction Documents.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

20. BORROWINGS (cont'd)

(b) Commercial Papers Programme (“CP Programme”) and Medium Term Notes Programme (“MTN Programme”) with aggregate combined limit of RM3,000 million in nominal value (“RM3,000 million Programme”) under Kinabalu Capital Sdn. Bhd.

	Note	2023 RM	2022 RM
Issue 1	(i)	-	-
Issue 2	(ii)	-	-
Issue 3	(iii)	129,800,523	129,737,594
Issue 4	(iv)	360,333,759	-
		490,134,282	129,737,594

(i) RM220 million in nominal value of CP/MTNs (“Issue 1”) issued on 22 December 2016, 6 March 2017 and 29 March 2019

On 17 December 2021, the entire Issue 1 of RM200 million in nominal value of CPs and RM20 million MTN was early redeemed using the proceeds from the new issuance of MTNs of RM3,000 million in nominal value (“MTN Programme”), and the Commercial Papers (“CPs”) Programme of RM300 million in nominal value issued by Trusmadi (as disclosed in Note 20(c) to the financial statements). As such, there was no outstanding balance under Issue 1 CP/MTN programme as at 31 December 2021.

(ii) RM170 million in nominal value of CP/MTNs (“Issue 2”) issued on 6 March 2017

On 6 March 2017, RM40 million in nominal value of CPs and RM130 million nominal value of MTNs from the CP and MTN Programme were issued to redeem the CPs/MTNs under the RM270 million CP/MTN Programme which matured on 6 March 2017.

On 17 December 2021, the Issue 2 of RM40 million in nominal value of CPs was early redeemed using the proceeds from the new issuance of MTNs of RM3,000 million in nominal value (“MTN Programme”), and the Commercial Papers (“CPs”) Programme of RM300 million in nominal value issued by Trusmadi (as disclosed in Note 20(c) to the financial statements).

On 4 March 2022, the proceeds from the new issuance of RM130 million MTN issued by Kinabalu under Issue 3 were utilised to fully redeem the Issue 2 of RM130 million in nominal value of MTN matured on the same day. As such, there was no outstanding balance under Issue 1 CP/MTN programme as at 31 December 2022.

(iii) RM130 million in nominal value of MTNs (“Issue 3”) issued on 4 March 2022

	2023 RM	2022 RM
Face value of MTNs issued	130,000,000	130,000,000
Transaction costs carried forward	(262,406)	-
Transaction costs on MTN issued	-	(314,823)
	129,737,594	129,685,177
Amortisation of transaction costs during the year	62,929	52,417
	129,800,523	129,737,594

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

20. BORROWINGS (cont'd)

(b) Commercial Papers Programme (“CP Programme”) and Medium Term Notes Programme (“MTN Programme”) with aggregate combined limit of RM3,000 million in nominal value (“RM3,000 million Programme”) under Kinabalu Capital Sdn. Bhd. (cont'd)

(iii) RM130 million in nominal value of MTNs (“Issue 3) issued on 4 March 2022 (cont'd)

The transaction costs relating to the programme are amortised over the tenure of the programme and are charged to profit or loss.

The CPs/MTN outstanding as at 31 December 2023 and 31 December 2022 are subject to the following interest rates as at the reporting date:

	2023	2022
	%	%
RM130 million nominal value MTN	4.13	4.18

The Issue 3 is secured, inter-alia by the following:

- (i) A third party first legal charge by REIT Trustee over SB1, SB2, SB3 and Lotuss, disclosed as investment properties in Note 15 to the financial statements (collectively, the “Secured Properties - Issue 3”);
- (ii) An undertaking from the Manager:
 - (a) to deposit all rental, cash flows, deposits, other income, and insurance claim proceeds in relation to the Secured Properties - Issue 3 and any proceeds generated from Secured Properties - Issue 3 into the relevant Revenue Accounts; and
 - (b) that it shall not make or permit to make any withdrawal from the revenue accounts; Operations Accounts; Debt Service Reserve Account (“DSRA”) (collectively, the “Designated Accounts - Issue 3”) for the declaration of any dividends or distributions to unitholders, if:
 - an event of default and/or trigger event under Issue 3 has occurred and is continuing or will occur as a result of such payment or distribution; or
 - the financial covenants under Issue 3 are not met prior to and/or after such distribution;
- (iii) First ranking legal charge and assignment over all rights, titles, interests and benefits in and under the Designated Accounts – Issue 3 (i.e. third party legal assignment and charge by the Trustee over the Revenue Accounts and Operations Accounts; and a first party legal assignment by the Kinabalu over the DSRA);
- (iv) Third party legal assignment over all the Trustee’s rights, titles, interests and benefits in and under such tenancy/lease agreements in relation to the Secured Properties – Issue 3 including the rights to sue and to recover such proceeds from the tenants or lessees.
- (v) Third party legal assignment over all the Trustee’s rights, titles, interests and benefits in and under the insurance policies in relation to the Secured Properties - Issue 3;
- (vi) An irrevocable Power of Attorney granted by the Trustee in favour of the Security Trustee to dispose the Secured Properties - Issue 3 upon declaration of a trigger event under Issue 3;
- (vii) First party assignment over all rights, titles, interests and benefits in and under the REIT Trustee Financing Agreement entered into between Kinabalu; the Trustee and the Security Trustee for the provision of the inter-company loan from Kinabalu to the Trustee from the proceeds raised from the Issue 3.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

20. BORROWINGS (cont'd)

(b) Commercial Papers Programme (“CP Programme”) and Medium Term Notes Programme (“MTN Programme”) with aggregate combined limit of RM3,000 million in nominal value (“RM3,000 million Programme”) under Kinabalu Capital Sdn. Bhd. (cont'd)

(iv) RM362 million in nominal value of MTNs (“Issue 4”) issued on 11 December 2023

On 11 December 2023, RM362 million in nominal value of MTN were issued under Issue 4, at the interest rate of 4.35% per annum, to part finance the acquisition of Menara CelcomDigi.

	RM
Face value of MTNs issued	362,000,000
Transaction costs on MTN issued	(1,694,416)
	360,305,584
Amortisation of transaction costs during the year	28,175
	<u>360,333,759</u>

The transaction costs relating to the programme are amortised over the tenure of the programme and are charged to profit or loss.

The CPs/MTN outstanding as at 31 December 2023 and 31 December 2022 are subject to the following interest rates as at the reporting date:

	2023	2022
	%	%
RM130 million nominal value MTN	4.37	-

The Issue 4 is secured, inter-alia by the following:

- (i) A third party legal assignment by the REIT Trustee of all its rights, titles, interests and benefits in and under the sale and purchase agreement dated 25 July 2023 made between Puncak Wangi Sdn Bhd and the Trustee over Menara CelcomDigi (“Secured Property - Issue 4”);
- (ii) a specific debenture creating first ranking fixed charge over the Secured Property - Issue 4;
- (iii) the Security Trustee will lodge a private caveat over the Secured Property - Issue 4;
- (iv) An undertaking from the Manager, amongst others:
 - (a) to deposit all rental, cash flows, deposits, other income, and insurance claim proceeds in relation to the Secured Property - Issue 4 and any proceeds generated from Secured Properties - Issue 4 into the Revenue Account – Issue 4; and
 - (b) that it shall not make or permit to make any withdrawal from the revenue accounts; Operations Accounts; Debt Service Reserve Account (“DSRA”) (collectively, the “Designated Accounts - Issue 4”) for the declaration of any dividends or distributions to unitholders, if:
 - an event of default and/or trigger event under Issue 4 has occurred and is continuing or will occur as a result of such payment or distribution; or
 - the financial covenants under Issue 4 are not met prior to and/or after such distribution;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

20. BORROWINGS (cont'd)

(b) Commercial Papers Programme (“CP Programme”) and Medium Term Notes Programme (“MTN Programme”) with aggregate combined limit of RM3,000 million in nominal value (“RM3,000 million Programme”) under Kinabalu Capital Sdn. Bhd. (cont'd)

(iv) RM362 million in nominal value of MTNs (“Issue 4”) issued on 11 December 2023 (cont'd)

- (v) First ranking legal charge and assignment over all rights, titles, interests and benefits in and under the Designated Accounts – Issue 4 (i.e. third party legal assignment and charge by the Trustee over the Revenue Account – Issue 4 and Operations Account – Issue 4; and a first party legal assignment by the Issuer over the DSRA – Issue 4;
- (vi) Third party legal assignment over all the REIT Trustee’s rights, titles, interests and benefits in and under such tenancy/lease agreements in relation to the Secured Property – Issue 4 including the rights to sue and to recover such proceeds from the tenants or lessees;
- (vii) Third party legal assignment over all the REIT Trustee’s rights, titles, interests and benefits in and under the insurance policies in relation to the Secured Property – Issue 4;
- (viii) An irrevocable Power of Attorney to be granted by the REIT Trustee in favour of the Security Trustee to deal with and to dispose the Secured Property – Issue 4 upon, inter alia, declaration of a Trigger Event under Issue 4;
- (ix) First party assignment over all rights, titles, interests and benefits in and under the REIT Trustee Financing Agreement entered into between Kinabalu, the Trustee and the Security Trustee for the provision of the inter-company loan from Kinabalu to Trustee from the proceeds raised from Issue 4.

(c) Medium Term Notes (“MTNs”) Programme of RM3,000 million in nominal value (“MTN Programme”), and the Commercial Papers (“CPs”) Programme of RM300 million in nominal value (“CP Programme”), subject to a combined limit of up to RM3,000 million in aggregate in nominal value (collectively the “Programmes”) under Trusmadi Capital Sdn. Bhd.

(i) (a) RM20 million in nominal value of MTN (“Issue 1”) issued on 17 December 2021

	2023	2022
	RM	RM
Face value of MTN	20,000,000	20,000,000
Transaction costs carried forward	(34,025)	(41,912)
Transaction costs on MTN issued	-	(804)
	19,965,975	19,957,284
Amortisation of transaction costs during the year	8,682	8,691
	19,974,657	19,965,975

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

20. BORROWINGS (cont'd)

- (c) **Medium Term Notes (“MTNs”) Programme of RM3,000 million in nominal value (“MTN Programme”), and the Commercial Papers (“CPs”) Programme of RM300 million in nominal value (“CP Programme”), subject to a combined limit of up to RM3,000 million in aggregate in nominal value (collectively the “Programmes”) under Trusmadi Capital Sdn. Bhd.** (cont'd)

- (i) (b) **RM240 million in nominal value of CPs (“Issue 1”) issued on 17 December 2021**

	2023	2022
	RM	RM
Face value of CPs	240,000,000	240,000,000
Discount	(2,660,566)	(2,530,724)
Cash proceeds	237,339,434	237,469,276
Accretion of interest expenses	497,029	478,025
	237,836,463	237,947,301
Transaction costs carried forward	(408,305)	(502,941)
Transaction costs on CPs issued	-	(9,661)
	237,428,158	237,434,699
Amortisation of transaction costs during the year	104,182	104,296
	237,532,340	237,538,995

- (i) (c) **RM77 million in nominal value of MTN (“Issue 1”) issued on 14 March 2022**

	2023	2022
	RM	RM
Face value of MTN	77,000,000	77,000,000
Transaction costs on MTN issued	-	(575,267)
Transaction costs carried forward	(479,688)	-
	76,520,312	76,424,733
Amortisation of transaction costs during the year	114,852	95,579
	76,635,164	76,520,312
Total Issue 1	334,142,161	334,025,282

On 17 December 2021, SENTRAL through its SPE, Trusmadi Capital Sdn. Bhd. (“Trusmadi”) established a CP programme of up to RM300 million in nominal value (“CP Programme”); and MTN perpetual programme of up to RM3,000 million (“MTN Perpetual Programme”). The CP Programme shall have a legal tenure of 7 years from the date of the first issue of the CP Programme, whereas the MTN Programme shall have a perpetual tenure.

On 17 December 2021, a total of RM240 million in nominal value of CPs and RM20 million in nominal value of MTNs out of each respective programme were issued, where the proceeds from the issuance were utilised to repay the existing RM20 million MTN and RM200 million CPs under Kinabalu Capital CPMTN-Issue 1 and RM40 million CP under Kinabalu Capital CPMTN-Issue 2 which was due on 22 December 2021, and the balance is for working capital purposes.

On 14 March 2022, RM77 million in nominal value of MTN was issued, where the proceeds from the issuance were utilised to repay the existing RM77 million Term Loan under Trusmadi which was early redeemed on the same day.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

20. BORROWINGS (cont'd)

- (c) **Medium Term Notes (“MTNs”) Programme of RM3,000 million in nominal value (“MTN Programme”), and the Commercial Papers (“CPs”) Programme of RM300 million in nominal value (“CP Programme”), subject to a combined limit of up to RM3,000 million in aggregate in nominal value (collectively the “Programmes”) under Trusmadi Capital Sdn. Bhd.** (cont'd)

The transaction costs relating to the programme are amortised to profit or loss over the tenure of the programmes.

The CPs/MTNs outstanding as at 31 December 2023 and 31 December 2022 are subject to the following interest rates as at the reporting date:

	2023	2022
	%	%
RM205 million nominal value CP	4.41	4.24
RM35 million nominal value CP	4.66	4.49
RM20 million nominal value MTN	3.40	3.40
RM77 million nominal value MTN	5.36	5.20

The Issue 1 is secured, inter-alia by the following:

- (i) A third party first legal charge by REIT Trustee over the Secured Property – Issue 1; refer to Menara Shell;
- (ii) An undertaking from the Manager:
 - (a) to deposit all rental, cash flows, deposits, other income, and insurance claim proceeds in relation to the Secured Property – Issue 1 and any other proceeds generated from Secured Property - Issue 1 into the Revenue Account – Issue 1 ; and
 - (b) that it shall not make or permit to make any withdrawal from the Designated Accounts – Issue 1 (as defined hereinafter) for the declaration of any dividends or distributions to Sentral REIT’s unitholders, if:
 - an Event of Default and/or Trigger Event under Issue 1 has occurred and is continuing or will occur as a result of such payment or distribution; or
 - the Financial Covenants under Issue 1 are not met prior to and/or will not be met after such payment or distribution;
- (iii) First ranking charge and assignment over all rights, titles, interests and benefits in and under the Designated Accounts – Issue 1 (i.e. third party assignment and charge by the Trustee over the Revenue Account – Issue 1 and Operations Account – Issue 1); and a first party assignment and charge by Trusmadi over the Debt Service Ratio Account (“DSRA”) - Issue 1, all in relation to the Secured Property - Issue 1);
- (iv) Third party assignment over all the REIT Trustee’s rights, titles, interests and benefits in and under such tenancy/lease agreements in relation to the Secured Property - Issue 1;
- (v) Third party assignment over all the REIT Trustee’s rights, titles, interests and benefits in and under the insurance policies in relation to the Secured Property - Issue 1;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

20. BORROWINGS (cont'd)

(c) **Medium Term Notes (“MTNs”) Programme of RM3,000 million in nominal value (“MTN Programme”), and the Commercial Papers (“CPs”) Programme of RM300 million in nominal value (“CP Programme”), subject to a combined limit of up to RM3,000 million in aggregate in nominal value (collectively the “Programmes”) under Trusmadi Capital Sdn. Bhd.** (cont'd)

- (vi) An irrevocable Power of Attorney to be granted by the REIT Trustee in favour of the Security Trustee to deal with (including application for subdivision, if any and the collection of title on behalf of REIT Trustee), and to dispose the Secured Property - Issue 1 upon declaration of a Trigger Event under Issue 1;
- (vii) First party assignment over all rights, titles, interests and benefits in and under the “REIT Trustee Financing Agreement – Issue 1” entered into between Trusmadi, the Trustee and the Security Trustee for the provision of the inter-company loan from Trusmadi to the Trustee from the proceeds raised from the Issue 1.

Reconciliation of movement of liabilities to cash flows arising from financing activities

	CPs/MTNs Programme of up to RM450 million RM	CPs/MTNs Programme of up to RM3,000 million* RM	CPs/MTNs Programme of up to RM3,000 million** RM	Total RM
Balance at 1 January 2023	340,731,047	129,737,594	334,025,282	804,493,923
Changes from financing cash flows				
Proceeds from borrowings	-	362,000,000	-	362,000,000
Repayment of borrowings	-	-	-	-
Finance costs paid	(15,279,605)	(6,278,492)	(15,041,556)	(36,599,653)
Transaction costs paid	-	(1,694,416)	-	(1,694,416)
Total changes from financing cash flows	325,451,442	483,764,686	318,983,726	1,128,199,854
Other changes liability-related				
Accretion of interest expense and interest expense on/CPs/MTNs	15,279,605	6,278,492	14,930,719	36,488,816
Amortisation of transaction costs incurred to obtain/CPs/MTNs	124,106	91,104	227,716	442,926
Total other changes liability-related	15,403,711	6,369,596	15,158,435	36,931,742
Balance at 31 December 2023	340,855,153	490,134,282	334,142,161	1,165,131,596

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

(Cont'd)

20. BORROWINGS (cont'd)

Reconciliation of movement of liabilities to cash flows arising from financing activities (cont'd)

	Fixed Rate Term Loan Facility of up to RM150 million	CPs/MTNs Programme of up to RM450 million	CPs/MTNs Programme of up to RM3,000 million*	CPs/MTNs Programme of up to RM3,000 million*	CPs/MTNs Programme of up to RM3,000 million**	Total
	RM	RM	RM	RM	RM	RM
Balance at 1 January 2022	76,943,806	340,606,987	-	129,992,582	258,105,661	805,649,036
Changes from financing cash flows						
Proceeds from borrowings	-	-	130,000,000	-	77,000,000	207,000,000
Repayment of borrowings	(77,000,000)	-	(130,000,000)	(130,000,000)	-	(207,000,000)
Finance costs paid	(721,480)	(12,635,636)	(4,459,911)	(971,616)	(11,181,665)	(29,970,308)
Transaction costs paid	-	-	(314,823)	-	(585,732)	(900,555)
Total changes from financing cash flows	(777,674)	327,971,351	125,225,266	(979,034)	323,338,264	774,778,173
Other changes liability-related						
Accretion of interest expense and interest expense on Term Loan/CPs/MTNs	721,480	12,635,636	4,459,911	971,616	10,478,452	29,267,095
Amortisation of transaction costs incurred to obtain Term Loan/CPs/MTNs	56,194	124,060	52,417	7,418	208,566	448,655
Total other changes liability-related	777,674	12,759,696	4,512,328	979,034	10,687,018	29,715,750
Balance at 31 December 2022	-	340,731,047	129,737,594	-	334,025,282	804,493,923

* In the previous financial year, SENTRAL through its SPE, Kinabalu established a RM3,000 million nominal value CP/MTN programme under Issue 3. On the same day, SENTRAL through its SPE, Kinabalu utilised the proceeds under Issue 3 to repay the RM3,000 million nominal value CP/MTN programme under Issue 2. In the current financial year, RM362 million nominal value of MTN were issued to part finance the acquisition of Menara CelcomDigi on 11 December 2023.

** In the previous financial year, SENTRAL through its SPE, Trusmadi established a RM3,000 million nominal value CP/MTN programme.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

21. DEFERRED TAX LIABILITIES

	2023	2022
	RM	RM
At beginning of financial year	9,551,020	12,132,721
Recognised in profit or loss (Note 11)	522,683	(2,581,701)
At end of financial year	10,073,703	9,551,020

The deferred tax liabilities relates to the provision of deferred tax liabilities on RPCT on the fair value gain of investment properties.

22. SECURITY DEPOSITS

	2023	2022
	RM	RM
At 1 January	20,143,175	24,419,020
Net additions/(refunds) during the financial year	15,977,941	(4,690,560)
Recognised in profit or loss:		
Unwinding of discount on security deposits (Note 10)	441,916	414,715
At 31 December	36,563,032	20,143,175
Representing:		
Non-current	31,096,778	14,832,962
Current	5,466,254	5,310,213
	36,563,032	20,143,175

23. UNITHOLDERS' CAPITAL

	2023	2022
Number of units		
Issued and fully paid:		
At 1 January	1,071,783,000	1,071,783,000
Private placements of new units during the year	123,720,000	-
At 31 December	1,195,503,000	1,071,783,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

23. UNITHOLDERS' CAPITAL (cont'd)

	2023	2022
	RM	RM
Amount		
Issued and fully paid:		
At 1 January	1,235,876,768	1,235,876,768
Private placements of new units on 8 December 2023	92,790,000	-
Expenses on issuance of new units/ placements	(2,096,957)	-
At 31 December	1,326,569,811	1,235,876,768

Private placement of 123,720,000 new units ("Placement Units") at the bookbuilding exercise of RM0.75 per unit, with the gross proceeds of RM92,790,000 were undertaken to partly finance the acquisition of Menara CelcomDigi. The Placement Units were listed and quoted on the Main Market on Bursa Securities on 8 December 2023. With the listing of the Placement Units, the enlarged Units in circulation is 1,195,503,000 units.

24. INVESTMENTS IN SPEs

Details of SPEs are as follows:

Name of SPEs	Country of incorporation	Principal activity	Proportion of ownership interest	
			2023	2022
			%	%
Murud Capital Sdn. Bhd.	Malaysia	Facilitating financing for SENTRAL	100	100
Trusmadi Capital Sdn. Bhd.	Malaysia	Facilitating financing for SENTRAL	100	100
Samwise Capital Sdn. Bhd.	Malaysia	Facilitating financing for SENTRAL	100	100
Kinabalu Capital Sdn. Bhd.	Malaysia	Facilitating financing for SENTRAL	100	100

All the above SPEs are audited by Ernst & Young PLT, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

25. COMMITMENTS

(a) Capital commitments

Capital expenditure as at reporting date is as follows:

	2023	2022
	RM	RM
Capital expenditure approved and contracted for investment properties	2,779,880	7,424,036

(b) Non-cancellable operating lease commitments

	2023	2022
	RM	RM
As lessor		
Future minimum rental receivable:		
Not later than 1 year	165,879,966	136,320,999
Later than 1 year but not later than 5 years	468,929,078	356,765,454
Later than 5 years	463,370,034	45,152,074
	1,098,179,078	538,238,527

SENTRAL has entered into leases on its investment properties. The non-cancellable leases have remaining lease terms of between one to ten years (2022: between one to ten years).

26. NET ASSET VALUE PER UNIT

The calculation of net asset value per unit is based on 1,195,503,000 units (2022: 1,071,783,000 units) in circulation as at 31 December 2023.

27. UNITHOLDINGS BY THE MANAGER

As at 31 December 2023, the Manager does not have any unitholdings in SENTRAL.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

28. UNITHOLDERS RELATED TO THE MANAGER

	← SENTRAL →				
	Number of units 2023	Number of units 2022	Percentage of total units 2023 %	Percentage of total units 2022 %	Market value 2023 RM
Malaysian Resources Corporation Berhad ("MRCB")	334,036,700	299,468,000	27.94	27.94	262,218,810
HLIB Nominee (Tempatan) Sdn. Bhd. for:					
Quill Land Sdn. Bhd. ("QLSB")	- (a)	59,040,000	- (a)	5.51	-
Quill Resources Holding Sdn. Bhd. ("QRSB")	- (a)	1,475,000	- (a)	0.14	-
Global Jejaka Sdn. Bhd.	757,000	757,000	0.06	0.07	594,245
	334,793,700	360,740,000	28.00	33.66	262,813,055

The Manager's directors' direct unitholding in SENTRAL:

Dato' Dr. Low Moi Ing, J.P.	- (b)	50,000	- (b)	0.00	-
Dato' Michael Ong Leng Chun	- (c)	55,000	- (c)	0.01	-
Kwan Joon Hoe	450,000	450,000	0.04	0.04	353,250
Po Yih Ming	20,000	20,000	0.00	0.00	15,700

The Manager's directors' indirect unitholding in SENTRAL:

Dato' Dr. Low Moi Ing, J.P.	- (b)	60,515,000 (d)	- (b)	5.65 (d)	-
Dato' Michael Ong Leng Chun	- (c)	60,515,000 (e)	- (c)	5.65 (e)	-
Tan Sri Saw Choo Boon (f)	757,000	757,000	0.06	0.07	594,245

(a) Following the completion of the Share Sale Agreement between QRSB and MRCB on 19 January 2023, the new shareholding structure of SRM consists of 80% shareholding by MRCB and 20% shareholding by Global Jejaka respectively.

(b) Resigned on 19 January 2023.

(c) Resigned on 19 January 2023.

(d) Deemed interest by virtue of her direct shareholding in QLSB and QRSB.

(e) Deemed interest by virtue of his direct shareholding in QLSB and QRSB.

(f) Deemed interest by way of his substantial shareholding in Jendela Elit Sdn. Bhd., which in turn are substantial shareholders of Global Jejaka Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

29. MANAGEMENT EXPENSE RATIO

	2023	2022
	%	%
Management expense ratio ("MER")	1.14	1.09

MER is calculated based on the total fees including Manager's fees, Trustee's fees, auditor's fees, tax agent's fees, valuation fees and administration expenses charged to SENTRAL divided by the average net asset value during the financial year calculated on a monthly basis.

Since the basis of calculating MER can vary among real estate investment trusts, comparison of SENTRAL's MER with other REITs which use a different basis of calculation may not be an accurate comparison.

30. RELATED PARTIES TRANSACTIONS

The following table provides the total amount of transactions that have been entered into with related parties for the financial year.

	2023	2022
	RM	RM
(i) Acquisition cost for Menara CelcomDigi with Puncak Wangi Sdn. Bhd.	(450,000,000)	-
(ii) Car park income from Semasa Parking Sdn. Bhd.		
- Platinum Sentral	1,932,234	1,508,907
- Menara Shell	2,544,655	2,418,758
- Plaza Mont' Kiara	540,000	-
- Menara CelcomDigi	39,784	-
(iii) Auxiliary police services with MRCB Sentral Securities Sdn. Bhd.		
- Menara Shell	(498,298)	(499,285)
- Platinum Sentral	(417,020)	(418,997)
- Menara CelcomDigi	(17,136)	-
(iv) Supply of chilled water services with Semasa District Cooling Sdn. Bhd.	(3,352,759)	(2,569,611)
(v) Supply of chilled water services with PJ Sentral DCS Sdn. Bhd.	(232,355)	-
(vi) Supply of chilled water services with 348 Sentral Sdn. Bhd.	(3,588,254)	-
(vii) Lease of land at Platinum Sentral with Malaysian Resources Sentral Sdn. Bhd.	67,078	67,078
(viii) Rental of office premise for Sentral REIT Sdn. Bhd.	54,000	-
(ix) Reimbursement of insurance to Kuala Lumpur Sentral Sdn. Bhd.	(11,714)	(11,714)
(x) Reimbursement to Joint Management Body for Lot 348	(142,406)	(153,413)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

30. RELATED PARTIES TRANSACTIONS (cont'd)

Details of material contracts with related parties other than as disclosed in Note 8 to the financial statements are as follows:

- (i) Acquisition of Menara CelcomDigi from Puncak Wangi Sdn. Bhd., a wholly-owned subsidiary of MRCB at the purchase consideration of RM450 million, satisfied entirely in cash on 11 December 2023.
- (ii) SENTRAL appointed Semasa Parking Sdn. Bhd. ("SPSB") as the car park operator for Platinum Sentral for a period of 1 year commencing from 1 January 2022 to 31 December 2022, at a guaranteed monthly rental of RM95,000 with a profit sharing basis in the proportion of 90% (SENTRAL): 10% (SPSB) ratio. On 5 December 2022, SENTRAL re-appointed SPSB as the car park operator for Platinum Sentral for a period of 3 years commencing from 1 January 2023 to 31 December 2025, at a guaranteed monthly rental of RM95,000 with a profit sharing basis in the proportion of 90% (SENTRAL): 10% (SPSB) ratio. The total amount received for the financial year ended 31 December 2023 amounted to RM1,932,234 (2022: RM1,508,907).

On 20 December 2019, SENTRAL appointed SPSB as the car park operator for Menara Shell for a period of 3 years commencing from 22 December 2019 to 21 December 2022, at a monthly fee of RM180,000 per month. On 5 December 2022, SENTRAL entered into a car park agreement with SPSB for a period of 3 years commencing from 22 December 2022 to 21 December 2025, at a guaranteed monthly rental of RM200,000 with a profit sharing basis in the proportion of 90% (SENTRAL): 10% (SPSB) ratio. The total amount received for the financial year ended 31 December 2023 amounted to RM2,544,655 (2022: RM2,418,758).

On 17 August 2023, SENTRAL appointed SPSB as the car park operator for Plaza Mont' Kiara for a period of 1 year commencing from 1 November 2023 to 31 October 2024, and an option to renew for another one year. The fee is at RM270,000 per month, subject to a fixed monthly revenue threshold of RM340,000 with a profit sharing to be paid on quarterly basis. The total amount received for the financial year ended 31 December 2023 amounted to RM540,000 (2022: Nil).

On 11 December 2023, the car park operation agreement with SPSB for Menara CelcomDigi has been novated from Puncak Wangi Sdn. Bhd. to SENTRAL, for the period from 11 December 2023 to 31 December 2025, at the fixed fee of RM58,729 per month. The total amount received for the financial year ended 31 December 2023 amounted to RM39,784 (2022: Nil).

SPSB was incorporated in Malaysia on 6 August 1997 and its principal activity is operation and management of car parks and parking areas.

SPSB is a wholly-owned subsidiary of MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

- (iii) On 29 August 2019, SENTRAL appointed Semasa Sentral Sdn. Bhd. ("SSSB") to provide auxiliary police services at Menara Shell and Platinum Sentral for a period of two (2) years commencing from 1 September 2019 to 31 August 2021 at the monthly rate of RM41,722 and RM34,916 (including service tax) respectively. The said agreements were renewed for additional 2 years commencing from 1 September 2021 to 31 August 2023 at the same rate.

Pursuant to the Novation Agreement dated 11 November 2022, signed between SSSB and MRCB Sentral Securities Sdn Bhd ("MSSSB"), with effect from 1 June 2022, SSSB be released and discharged from the Security Agreement and MSSSB shall assume the obligations and liabilities of SSSB under the Security Agreement. Thereafter, MSSSB shall undertake to provide auxiliary police services at Menara Shell and Platinum Sentral for a period from 1 June 2022 to 31 August 2023 at the monthly rate of RM41,722 and RM34,916 respectively.

On 9 August 2023, SENTRAL appointed MSSSB to provide auxiliary police services at Menara Shell and Platinum Sentral for a period of 1 year, commencing from 1 September 2023 until 1 September 2024, at the rate of RM39,360 and RM32,940 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

(Cont'd)

30. RELATED PARTIES TRANSACTIONS (cont'd)

Details of material contracts with related parties other than as disclosed in Note 8 to the financial statements are as follows: (cont'd)

- (iii) Auxiliary police services with MSSSB for deployment of auxiliary police personnel from 1 January 2023 up to 31 December 2023, at Menara Shell and Platinum Sentral amounted to RM498,298 (2022: RM499,285) and RM417,020 (2022: RM418,997) respectively.

On 11 December 2023, the provision of auxiliary police service agreement with MSSSB for Menara CelcomDigi has been novated from Puncak Wangi Sdn. Bhd. to SENTRAL, for the period from 11 December 2023 to 10 April 2024. The total amount received for the financial year ended 31 December 2023 amounted to RM17,136 (2022: Nil).

MSSSB was incorporated in Malaysia on 8 December 1995 and was formerly known as Semasa Sentral (Penang) Sdn. Bhd., and the change of name to MSSSB was effected on 25 February 2022. The principal activity is provision of auxiliary police and related services.

The entire issued share capital of MSSSB is held by MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

- (iv) Supply of chilled water by Semasa District Cooling Sdn. Bhd. ("SDCSB") for installation, maintenance and meter reading for Platinum Sentral. The year to date charges for the financial year ended 31 December 2023 amounted to RM3,352,759 (2022: RM2,569,611).

SDCSB is a wholly-owned subsidiary of MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

- (v) On 11 December 2023, the supply of chilled water by PJ Sentral DCS Sdn. Bhd. ("PJSDCSSB") for Menara CelcomDigi has been novated from Puncak Wangi Sdn. Bhd. to SENTRAL. The year to date charges for the financial year ended 31 December 2023 amounted to RM232,355 (2022: Nil).

PJSDCSSB is a wholly-owned subsidiary of MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

- (vi) Reimbursement of chilled water to 348 Sentral Sdn. Bhd. ("348 Sentral") for Menara Shell for the financial year ended 31 December 2023 amounted to RM3,588,254 (2022: RM2,695,531).

348 Sentral is a subsidiary of MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

- (vii) Lease agreement with Malaysian Resources Sentral Sdn. Bhd. ("MRSSB") on lease of 2 pieces of land located on Platinum Sentral, measuring total NLA of 156,959 sq. ft., for a rental amounting to RM67,078 per year.

MRSSB is a wholly-owned subsidiary of MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

- (viii) Tenancy with SRM on the rental of office premise at G27A, Level 3A, Block B, Platinum Sentral. The 3 years tenancy commenced from 1 October 2023 to 30 September 2026 at the monthly rental of RM18,000. The total amount received for the financial year ended 31 December 2023 amounted to RM54,000 (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

30. RELATED PARTIES TRANSACTIONS (cont'd)

Details of material contracts with related parties other than as disclosed in Note 8 to the financial statements are as follows: (cont'd)

- (ix) Reimbursement of insurance to Kuala Lumpur Sentral Sdn. Bhd. ("KLSSB") for Platinum Sentral Lot E deck from 1 April 2023 to 31 March 2024 amounting to RM11,714 (from 1 April 2022 to 31 March 2023 amounting to RM11,714).

KLSSB is a subsidiary of MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

- (x) Maintenance and sinking fund charged by Joint Management Body for Lot 348 ("JMB Lot 348") for Menara Shell for the period from 1 January 2023 to 31 December 2023 amounting to RM23,065 (2022: RM23,065) and reimbursement of insurance for 2023 amounting to RM119,341 (2022: RM130,348) respectively.

JMB Lot 348 is established on 1 August 2017 under Section 17(2) of the Strata Management Act 2013. The committee of JMB Lot 348 consists of three (3) members of whom, 2 members are from SRM and 1 member from 348 Sentral.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair value

Financial instruments that are not carried at fair value and where carrying amounts are reasonable approximations of fair value.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	Note
Trade and other receivables	17
Lease receivables	16
Deposits, cash and bank balances	18
Borrowings	20
Trade and other payables	19

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

The fair values of long term borrowings and security deposits are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial instruments not carried at fair value

	Carrying amount	Fair value
	RM	RM
As at 31 December 2023		
Fixed rate borrowings	275,747,002	274,299,740
As at 31 December 2022		
Fixed rate borrowings	275,638,216	270,298,430

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value measurement

SENTRAL uses the hierarchy as disclosed in Note 3.20 to the financial statements in determining and disclosing the fair value of financial instruments.

Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at 31 December 2023 and 31 December 2022 are as follows:

	Total	Level 3
	RM	RM
As at 31 December 2023		
Assets measured at fair value		
Investment properties	2,521,500,000	2,521,500,000
As at 31 December 2022		
Assets measured at fair value		
Investment properties	2,060,700,000	2,060,700,000

Level 3 fair value

Level 3 fair value of investment properties has been derived using the investment method as described in Note 15 to the financial statements.

There were no material transfers between Level 1, Level 2 and Level 3 during the financial year.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

SENTRAL is exposed to financial risks arising from its operations and use of financial instruments, including interest rate risk, credit risk, liquidity risk and market risk.

SENTRAL has a system of controls in place to create an acceptable balance between the costs of risks occurring and the costs of managing the risks. The Manager continuously monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies are reviewed regularly to reflect changes in market conditions and SENTRAL's activities.

The Audit and Risk Committee oversees how management monitors the compliance with stated risk management policies and procedures, assisted by the internal auditor. The internal auditor undertakes regular review of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

The following section provides details of SENTRAL's exposures to the above mentioned risks and the objectives and policies for the management of these risks:

(a) Interest rate risk

SENTRAL's exposure to changes in interest rates relates primarily to borrowings as disclosed in Note 20 to the financial statements. Interest rate is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points ("bps") lower/higher, with all other variables remain constant, SENTRAL's income net of taxation as a result of lower/higher interest income on short term deposits and interest expense on floating rate loans and borrowings would have the following effects:

	Increase/(decrease) in income, net of taxation	
	2023	2022
	RM	RM
Interest rate		
- 25 bps	1,596,550	869,500
+ 25 bps	(1,596,550)	(869,500)

(b) Credit risk

Credit risk is defined as the risk of potential financial loss resulting from failure of a customer or counterparty to settle its financial and contractual obligations to SENTRAL as and when they fall due.

SENTRAL's exposure to credit risk arises primarily from trade receivables. The risk is controlled by credit verification procedures before lease agreements are entered into with tenants to ensure creditworthy and good standing tenants are selected. SENTRAL has a stringent collection policy in place and the exposure to credit risk is mitigated by diligent on-going monitoring of outstanding receivables and collection of security deposits from tenants.

For other financial assets, SENTRAL minimises the credit risk by dealing with high credit rating counterparties and/or reputable and licensed financial institutions.

As at 31 December 2023, SENTRAL's maximum exposure to credit risk is represented by the carrying amount of its financial assets as follows:

		2023	2022
	Note	RM	RM
Lease receivables	16	-	91,788
Trade and other receivables*	17	6,267,869	5,173,040
Deposits, cash and bank balances	18	87,439,986	79,759,866

* Trade and other receivables exclude prepayments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

The following section provides details of SENTRAL's exposures to the above mentioned risks and the objectives and policies for the management of these risks: (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that SENTRAL will encounter difficulty in meeting financial obligations due to shortage of funds, which may potentially arise from mismatches of maturities of financial assets and liabilities. As the timing of funding arrangements can be critical, SENTRAL may be exposed to the risk of its real estate properties being foreclosed in the interim.

To mitigate liquidity risk, the Manager maintains adequate level of cash and cash equivalents and arranges for refinancing of SENTRAL's borrowings on a timely basis to fund SENTRAL's operations and meet its financial obligations. In addition, the Manager also monitors and observes the SC REIT Guidelines concerning the limits to total borrowings and ensures compliance with stated financial covenants per terms of its borrowings.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of SENTRAL's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Total RM
As at 31 December 2023			
Trade and other payables*	47,956,492	-	47,956,492
Borrowings**	52,042,384	1,278,225,281	1,330,267,665
Security deposits	5,466,254	34,127,818	39,594,072
Total undiscounted financial liabilities	105,465,130	1,312,353,099	1,417,818,229
As at 31 December 2022			
Trade and other payables*	20,190,089	-	20,190,089
Borrowings**	35,767,829	889,650,310	925,418,139
Security deposits	5,310,213	16,303,261	21,613,474
Total undiscounted financial liabilities	61,268,131	905,953,571	967,221,702

* Trade and other payables excludes deferred lease income.

** Borrowings on demand or within one year pertains to finance costs.

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rate and unit fund prices which will affect SENTRAL's financial results or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023
(Cont'd)

33. CAPITAL MANAGEMENT

The Manager aims to optimise SENTRAL's capital structure and cost of capital within the borrowing limits set out in the SC REIT Guidelines and uses a combination of debt and equity to fund future acquisitions and improvement works. The strategies involve:

- (i) Adopting and maintaining an optimal gearing level; and
- (ii) Adopting an active interest rate management strategy to manage the risk associated with changes in interest rates,

While maintaining flexibility in SENTRAL's capital structure to meet future investment and/or capital expenditure requirements.

Pursuant to Clause 8.32 of the SC REIT Guidelines, the total borrowings of a real estate investment trust (including borrowings through issuance of debt securities), should not exceed 50% of its total asset value at the time the borrowings are incurred.

The Manager employs a combination of appropriate and flexible debt and financing policies to manage both current and future funding requirements of SENTRAL. The Manager, on an on-going basis, manages the capital structure of SENTRAL and makes adjustments to it when necessary, in the light of changes in economic conditions.

	Note	2023 RM	2022 RM
Total borrowings	20	1,165,131,596	804,493,923
Total assets		2,616,044,650	2,146,717,146
Gearing ratio (%)		44.54	37.48

34. SEGMENTAL REPORTING

No segmental reporting is prepared as SENTRAL's activities are predominantly in one industry segment and its properties are situated in Malaysia.

ANALYSIS OF UNITHOLDINGS

As at 7 February 2024

Total number of units issued	:	1,195,503,000
Voting rights	:	One vote per unit
Number of Unitholders	:	11,540

DISTRIBUTION OF UNITHOLDINGS AS AT 7 FEBRUARY 2024

Unit Class	No. of Unitholders	% of Unitholders	No. of Unitholdings	% of Unitholdings
Less than 100	181	1.57	1,664	0.00
100 - 1,000	1,901	16.47	1,238,155	0.10
1,001 - 10,000	5,566	48.23	29,403,068	2.46
10,001 - 100,000	3,336	28.91	109,748,413	9.18
100,001 to less than 5% of issued units	553	4.79	511,528,700	42.79
5% and above of issued units	3	0.03	543,583,000	45.47
TOTAL	11,540	100.00	1,195,503,000	100.00

LIST OF TOP 30 UNITHOLDERS AS AT 07 FEBRUARY 2024

NO.	NAME	HOLDINGS	%
1	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>RHB ISLAMIC BANK BERHAD PLEDGED SECURITIES ACCOUNT FOR MALAYSIAN RESOURCES CORPORATION BERHAD</i>	297,917,000	24.92
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	128,626,000	10.76
3	HSBC NOMINEES (ASING) SDN BHD <i>HSBC-FS FOR CAPITACOMMERCIAL TRUST</i>	117,040,000	9.79
4	HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR QUILL LAND SDN. BHD.</i>	59,040,000	4.94
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	58,562,100	4.90
6	MALAYSIAN RESOURCES CORPORATION BERHAD	36,119,700	3.02
7	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM BUMIPUTERA</i>	35,000,000	2.93
8	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA</i>	22,919,300	1.92
9	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA 2 - WAWASAN</i>	20,000,000	1.67
10	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM BUMIPUTERA 2</i>	20,000,000	1.67

ANALYSIS OF UNITHOLDINGS

As at 7 February 2024
(Cont'd)

LIST OF TOP 30 UNITHOLDERS AS AT 07 FEBRUARY 2024 (cont'd)

NO.	NAME	HOLDINGS	%
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	11,874,500	0.99
12	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	11,000,000	0.92
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KAF) (446190)	10,759,800	0.90
14	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (NP-OTHER-REITS)	10,123,900	0.85
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM AM EQ)	9,478,400	0.79
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR AHMAD JOHARI BIN ABDUL RAZAK (PB)	7,045,300	0.59
17	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (LIFE PAR)	5,688,600	0.48
18	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	4,147,200	0.35
19	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ZURICH GENERAL INSURANCE MALAYSIA BERHAD (GI-REITS)	3,798,600	0.32
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	3,281,600	0.27
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD (416581)	3,203,900	0.27
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR WONG SIEW HUNG (PB)	3,055,100	0.26
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LOH WEE HIAN (PB)	3,000,000	0.25
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR WONG SIEW HUNG	2,990,000	0.25

ANALYSIS OF UNITHOLDINGS

As at 7 February 2024
(Cont'd)

LIST OF TOP 30 UNITHOLDERS AS AT 07 FEBRUARY 2024 (cont'd)

NO.	NAME	HOLDINGS	%
25	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (AP-REITS)</i>	2,515,200	0.21
26	UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	2,502,400	0.21
27	YEAP AH KAU @ YEAP CHAN TOOI	2,201,700	0.18
28	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>HONG LEONG ASSET MANAGEMENT BHD FOR CHE KING TOW (ND100-JA)</i>	2,100,000	0.18
29	TAN CHUAN YONG	2,083,800	0.17
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOK KIM YIN</i>	1,920,000	0.16
		897,994,100	75.11

SUBSTANTIAL UNITHOLDERS AS AT 7 FEBRUARY 2024

Name	No of Units Held			
	Direct	%	Indirect	%
Malaysian Resources Corporation Berhad	334,036,700	27.94	-	-
Employees Provident Fund Board	128,626,000	10.76	-	-
Capitacommercial Trust	117,040,000	9.79	-	-

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 7 FEBRUARY 2024

Name	No of Units Held			
	Direct	%	Indirect	%
Tan Sri Saw Choo Boon	-	-	*757,000	0.06
Kwan Joon Hoe	450,000	0.04	-	-
Frances Po Yih Ming	20,000	0.00	-	-

* Deemed interest by way of his substantial shareholding in Jendela Elit Sdn Bhd, which in turn is the holding company of Global Jejaka Sdn Bhd.

NOTICE OF TWELFTH ANNUAL GENERAL MEETING



SENTRAL REIT

(Constituted under the restated deed of trust dated 2 December 2019 as amended by the supplemental deed dated 24 December 2020, entered into between Sentral REIT Management Sdn Bhd [Registration No. 200601017500 (737252-X)] and Maybank Trustee Berhad [Registration No. 196301000109 (5004-P)], both companies incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting ("12th AGM") of Sentral REIT will be held 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 on Wednesday, 3 April 2024 at 10.00 a.m. or any adjournment thereof for the following purposes:

AGENDA

As Ordinary Business:

- To receive the Audited Financial Statements for the financial year ended 31 December 2023 of Sentral REIT together with the Trustee's Report to the Unitholders issued by Maybank Trustees Berhad, as the trustee for Sentral REIT ("Trustee") and the Statement by the Manager issued by Sentral REIT Management Sdn Bhd, as the Manager of Sentral REIT ("Manager") and the Auditors' Report thereon.

(Please refer to Explanatory Note 1)

As Special Business:

To consider and if thought fit, to pass the following resolution with or without modifications:

Ordinary Resolution

- Proposed authority to allot and issue new units of Sentral REIT

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant regulatory authorities being obtained, authority be and is hereby given to the Directors of the Manager, to issue and allot new units in Sentral REIT ("New Units") at any time in such number and to such person and upon such terms and conditions as the Directors of the Manager, may in their absolute discretion, deem fit and expedient in the best interest of Sentral REIT, provided that the aggregate number of the New Units to be issued pursuant to this resolution, when aggregated with the number of units issued during the preceding 12 months must not exceed 20% of the total number of issued units of Sentral REIT for the time being comprising 1,195,503,000 units ("Proposed Authority");

THAT the Proposed Authority shall continue to be in force until:

- the conclusion of the next AGM of Sentral REIT at which time this Proposed Authority will lapse, unless by a resolution passed at the next AGM, the authority is renewed; or
- the expiration of the period within which the next AGM of the unitholders is required by law to be held; or
- The Proposed Authority is revoked or varied by a resolution passed by the Unitholders in a general meeting of Sentral REIT,

whichever is earlier;

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

(Cont'd)

THAT the New Units to be issued pursuant to the Proposed Authority shall, upon allotment and issue, rank pari passu in all respects with the existing units except that the New Units will not be entitled to any income distribution, right, benefit, entitlement and/or any other distributions that may be declared prior to the date of allotment and issuance of such New Units;

THAT authority be and is hereby given to the Directors of the Manager and the Trustee, acting for and on behalf of Sentral REIT, to give effect to the Proposed Authority with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of Sentral REIT and/or may be imposed by the relevant authorities;

AND THAT the Directors of the Manager and the Trustee, acting for and on behalf of Sentral REIT, be and are hereby authorised to implement, finalise, complete and do all acts, deeds and things (including executing such documents as may be required) in relation to the Proposed Authority."

BY ORDER OF THE BOARD

Sentral REIT Management Sdn Bhd
(The Manager of Sentral REIT)

Mohamed Noor Rahim bin Yahaya

MAICSA 0866820 / SSM PC No. 202008002339

Ho Ngan Chui

MAICSA 7014785 / SSM PC No. 202008001773

Company Secretaries

Kuala Lumpur
29 February 2024

Notes:

1. Only Unitholders whose name appear in the Record of Depositors of Sentral REIT on 22 March 2024 shall be eligible to participate at the 12th AGM or to appoint proxies to attend and vote on their behalf.
2. A Unitholder who is entitled to attend and vote at this meeting is entitled to appoint another person to attend and vote in his stead. A proxy may but need not be a Unitholder.
3. Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy.
4. Where a Unitholder is an exempt authorised nominee which holds the units for multiple beneficial owners in one securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with units in Sentral REIT standing to the credit of the said securities account.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

(Cont'd)

7. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Registered Address of Sentral REIT Management Sdn Bhd, the management company of Sentral REIT ("Manager") at Level 33A, Menara NU 2, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 12th AGM or any adjournment thereof, either by hand, post, fax to (603) 27807668 or email to azeela@mrcb.com/irene@mrcb.com. If no name is inserted in the space for the name of your proxy, the Chairman of the 12th AGM will act as your proxy.*

Explanatory Notes on Ordinary and Special Business:

1. Item 1 of the Agenda

The Audited Financial Statements under Agenda 1 are laid before the Unitholders for discussion only in accordance with Clause 13.18(b) of the Guidelines on Listed Real Estate Investment Trust issued by the Securities Commission Malaysia, the audited financial statements do not require a formal approval of the Unitholders and hence, the matter is not put forward for voting.

2. Item 2 of the Agenda – Proposed Authority

The proposed ordinary resolution, if passed, will give a mandate to the Directors of the Manager to issue and allot units of Sentral REIT from time to time provided that the aggregate number of the New Units to be issued, when aggregated with the number of units issued during the preceding 12 months does not exceed 20% of the total number of issued units of Sentral REIT for the time being. This Proposed Authority, unless revoked or varied by a resolution passed by the Unitholders at a general meeting of Sentral REIT, will expire at the conclusion of the next AGM of Sentral REIT.

As at the date of this notice, Sentral REIT has not issued any units under the mandate which was approved at the 11th AGM held on 12 April 2023 and which will lapse at the conclusion of the 12th AGM.

The Proposed Authority will allow Sentral REIT the flexibility to allot and issue New Units to raise funds to finance future investments, acquisitions and capital expenditure projects to enhance the value of Sentral REIT and/or to refinance existing debt as well as for working capitals purposes without convening a general meeting, which may delay the capital raising initiatives and incur relevant costs in organising the required general meeting.

PERSONAL DATA PRIVACY NOTICE

By submitting an instrument appointing a proxy(ies), attorney(s) and/or representative(s) to attend and vote at the 12th AGM and/or any adjournment thereof, a Unitholder:

- (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager (or its agents) for the purpose of the processing and administration by the Manager (or its agents) of proxy(ies), attorney(s) and/or representative(s) appointed for the 12th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 12th AGM (including any adjournment thereof), and in order for Sentral REIT and the Manager (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"),
- (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies), attorney(s) and/or representative(s) to the Manager (or its agents), the Unitholder has obtained the prior consent of such proxy(ies), attorney(s) and/or representative(s) for the collection, use and disclosure by Manager (or its agents) of the personal data of such proxy(ies), attorney(s) and/or representative(s) for the Purposes, and
- (iii) agrees that the Unitholder will indemnify Sentral REIT and/or the Manager in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT



SENTRAL REIT

(Constituted under the restated deed of trust dated 2 December 2019 as amended by the supplemental deed dated 24 December 2020, entered into between Sentral REIT Management Sdn Bhd [Registration No. 200601017500 (737252-X)] and Maybank Trustee Berhad [Registration No. 196301000109 (5004-P)], both companies incorporated in Malaysia)

ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT (“SENTRAL”) FOR THE 12TH ANNUAL GENERAL MEETING (“12TH AGM”)

MODE OF MEETING

Day and Date	Wednesday, 3 April 2024
Time	10.00 a.m. or any adjournment thereof
Registration	Virtual Meeting via Remote Participation and Electronic Voting (“RPEV”) facilities
Poll Administrator	Boardroom Share Registrars Sdn Bhd (“Boardroom”)
Online Meeting Platform	https://meeting.boardroomlimited.my/
Mode of Communication	<p>(1) Typed text in the Meeting Platform during the 12th AGM. The Messaging window facility will open one (1) hour before the 12th AGM which is from 9.00 a.m. on Wednesday, 3 April 2024.</p> <p>(2) The Unitholders of SENTRAL (“Unitholders”) may submit questions prior to the 12th AGM commencing from Thursday, 29 February 2024 until to Monday, 1 April 2024 at 10.00 a.m., via Boardroom’s website at https://investor.boardroomlimited.com using the same user ID and password provided in Step 2 below and select “SUBMIT QUESTION” to pose questions.</p>

Kindly note that it is your responsibility to ensure that the stability of the internet connectivity throughout the 12th AGM is maintained, as the quality of the live webcast and online remote voting are dependent on the bandwidth and stability of the participant’s internet connection.

UNITHOLDERS ENTITLED TO PARTICIPATE AND VOTE

- Only Depositors whose names appear on the General Meeting Record of Depositors as at **22 March 2024 (“Unitholders’ Meeting ROD”)** shall be entitled to participate in the 12th AGM or appoint a proxy(ies) to attend and vote on their behalf.

ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT

(Cont'd)

RPEV

- Unitholders and proxies who wish to participate and vote remotely at the 12th AGM may do so by using any of the following methods:
 - (i) Launch **LUMI** Online Platform by scanning the QR code given to you in the email along with your remote participation User ID and Password; or
 - (ii) Access to **LUMI** Online Platform via website URL <https://meeting.boardroomlimited.my/> along with your remote participation user ID and password.




(hereinafter referred to as “**Virtual Meeting Portal**”)

- The RPEV facilities will be open for registration from Thursday, 29 February 2024 until such time before the poll voting session ends at the 12th AGM on Wednesday, 3 April 2024.
- Please refer to the steps below on the registration with Boardroom Smart Investor Portal (“**BSIP**”) to request for remote participation User ID and Password for joining the Virtual Meeting Portal to participate at the 12th AGM.

Procedure	Action
<p>Step 1 – Sign up for a user account with BSIP (for first time registration only)</p> <p><i>Notes:</i></p> <ul style="list-style-type: none"> • <i>If you have already signed up with BSIP, you are not required to sign up again. You may proceed to Step 2 to submit your request for Remote Participation user ID and password.</i> • <i>BSIP now facilitates the registration for Corporate via BSIP</i> 	<ul style="list-style-type: none"> a. Access BSIP website at https://investor.boardroomlimited.com b. Click <<Register>> to sign up as a user. c. Please select the correct account type i.e. sign up as “Shareholder” or “Corporate Holder” d. Complete the registration with all required information. Upload a copy of your MyKAD (front and back) or Passport in JPEG, PNG or PDF format. e. For Corporate Holder, kindly upload the authorisation letter as well. Click “Register”. f. You will receive an email from BSIP for email address verification. Click “Verify Email Address” from the email received to continue with the registration. g. Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click “Request OTP Code” and an OTP Code will be sent to your registered mobile number. You will need to enter the OTP Code and click “Enter” to complete the process. h. Your registration will be verified and approved within one (1) business day and an email notification will be provided to you.
<p>Step 2 – Submit Request for Remote Participation User ID and Password</p>	<p>Individual Unitholders and Corporate Unitholders</p> <ul style="list-style-type: none"> a. Login to the BSIP website at the https://investor.boardroomlimited.com using your user ID and password from Step 1 above. b. Select and click “Meeting Event” c. Select “SENTRAL REIT 12TH ANNUAL GENERAL MEETING” from the list of Corporate Meetings and click “Enter”. d. Click on “Register for RPEV” e. Enter your CDS Account and thereafter submit your request. f. Read and agree to the Terms & Conditions and click “Register”. g. You will receive a notification that your RPEV registration has been received and is being verified. h. Upon system verification against Unitholders’ Meeting ROD as at 22 March 2024, and final verification by the appointed Independent Scrutineer, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. i. You will also receive your remote access user ID and password in the same email from Boardroom.

ADMINISTRATIVE NOTES TO UNITHOLDERS OF CENTRAL REIT

(Cont'd)

Procedure	Action
	<p>Corporate Unitholders, Authorised Nominee and Exempt Authorised Nominee</p> <ol style="list-style-type: none"> Write in to Boardroom at bsr.helpdesk@boardroomlimited.com by providing the name of unitholders and CDS Account Number accompanied with the Form of Proxy or Certificate of Appointment of Corporate Representative. Please provide a copy of the proxy holder's or corporate representative's MyKad (front and back) or Passport in JPEG, PNG or PDF format as well as his/her email address. You will receive notification from Boardroom that your request has been received and is being verified. Upon system verification against the Unitholders' Meeting ROD and final verification by appointed Independent Scrutineer, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. If your registration is approved, you will also receive your remote access user ID and password in the same email from Boardroom after the closing date.
<p>Step 3 – Login to Virtual Meeting Portal</p> <p><i>Notes:</i> <i>The quality of the connectivity to Virtual Meeting Portal for the live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.</i></p>	<ol style="list-style-type: none"> The Virtual Meeting Portal will open for login starting an hour (1 hour) before the commencement of AGM on Wednesday, 3 April 2024 at 10.00 a.m. Open an internet browser. Latest versions of Chrome, Firefox or Safari is recommended. Access virtual meeting portal at: https://meeting.boardroomlimited.my Follow the steps given to you in the email along with your remote access user ID and password to login to the Online Meeting Platform (Refer to Step 2 above). The steps will also guide you on how to view live web cast, to submit questions and vote.
<p>- Participation</p>	<ol style="list-style-type: none"> If you would like to view the live webcast, select the broadcast icon  If you would like to ask a question during the 12th AGM, select the messaging icon . Type your message within the chat box, click the send button once completed
<p>- Voting</p>	<ol style="list-style-type: none"> Once voting has been opened, the polling icon  will appear with the resolution and your voting choices. To vote, simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. To change your vote, re-select your voting preference. If you wish to cancel your vote, please press "Cancel").
<p>- End of Participation</p>	<ol style="list-style-type: none"> The live web cast will end and the Messaging window will be disabled once the Chairman announces the closure of the 12th AGM. You can now logout from the Virtual Meeting Portal.

ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT

(Cont'd)

LODGEMENT OF PROXY FORM FOR THE 12TH AGM

Please submit your Proxy Form, either by hand or by post to the following registered address of Sentral REIT Management Sdn Bhd, the management company of SENTRAL, or by electronic mail to azeela@mrcb.com / irene@mrcb.com or fax to (603) 27807668, not less than 48 hours before the time appointed for holding the 12th AGM or any adjournment thereof, otherwise the Proxy Form shall be treated as invalid:

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

Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

PARTICIPATION THROUGH LIVE WEBCAST, QUESTION AND VOTING AT THE ONLINE 12TH AGM

- The Chairman and the Board of Directors of the Manager will endeavor their best to respond to the questions submitted by the Unitholders which are related to the resolution to be tabled at the 12th AGM, as well as the financial performance of SENTRAL.
- The voting will be conducted by way of electronic polling ("e-Polling") in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. SENTRAL has appointed Boardroom as the Poll Administrator to conduct the e-Polling, and an Independent Scrutineer will verify and validate the poll results.
- During the 12th AGM, the Chairman of the Meeting will invite the Poll Administrator to brief participants on the e-Polling housekeeping rules.
- The voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.
- For the purposes of the 12th AGM, e-Polling will be carried out via personal smart mobile phones, tablets, personal computers or laptops.
- There are two (2) methods for members and proxies to vote remotely. The methods are:
 - (i) Use QR Scanner Code given to you in the email along with your remote participation user ID and password; or
 - (ii) Go to the website with URL <https://meeting.boardroomlimited.my> along with your remote participation user ID and password.
- Upon the conclusion of the poll session, the Independent Scrutineer will verify and announce the poll results followed by a declaration by the Chairman of the Meeting whether the resolutions put to vote were successfully carried or not.

PRESENTATION AT THE ONLINE AGM

Unitholders who participate in the online 12th AGM will be able to view SENTRAL's presentation or slides via the Virtual Meeting Platform.

ADMINISTRATIVE NOTES TO UNITHOLDERS OF CENTRAL REIT

(Cont'd)

PROCEDURE OF THE ONLINE AGM

The Login User Guide for participation, posing questions and voting at the 12th AGM, will be emailed to you together with your remote access user ID and password once your registration has been approved.

No recording or photography of the 12th AGM proceedings is allowed without the prior written permission of SENTRAL or Sentral REIT Management Sdn Bhd, the management company of SENTRAL.

You must ensure that you are connected to the internet at all times in order to participate and vote when the AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. **Kindly note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.**

DOOR GIFTS

There will be no door gift(s) for members / proxies who participate in the 12th AGM.

ANNUAL REPORT 2023

The following documents are available at <https://sentralreit.com> for your preview.

- (i) SENTRAL Annual Report FY2023
- (ii) SENTRAL Governance Report 2023
- (iii) Notice of the 12th AGM
- (iv) Proxy Form

If you need a copy of the printed Annual Report FY2023, kindly request from our Share Registrar at the number/email address given below:

Boardroom Share Registrars Sdn. Bhd.
Registration No: 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor, Malaysia.
Tel : +603 7890 4700
Fax: +603 7890 4670
Email: bsr.helpdesk@boardroomlimited.com

ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT

(Cont'd)

GENERAL ENQUIRIES

For enquiries on the administrative details of this meeting, please contact the following persons during office hours from Mondays to Fridays:

Company	Personnel	Email and Contact Number
Sentral REIT	<p><i>For Unitholders' enquiries</i> Puan Irene Ho</p> <p>Puan Norazeela Hasan</p> <p><i>For Investor Relations</i> Puan Joyce Loh</p>	<p>irene@mrcb.com Tel: 603 2786 8061</p> <p>azeela@mrcb.com Tel: 603 2786 8057</p> <p>joyce.loh@sentralreit.com Tel: 603 2859 7175</p>
<p>Boardroom Share Registrar Sdn. Bhd.</p> <ul style="list-style-type: none"> - <i>For Unitholders/proxies enquiries</i> - <i>For assistance relating to the electronic lodgement of proxy form of AGM as well as RPEV</i> 		<p>bsr.helpdesk@boardroomlimited.com Tel: 603 7890 4700 Fax: 603 7890 4670</p>



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SENTRAL REIT

Number of Unit(s) held	CDS Account No.												
				-					-				

I/We (FULL NAME IN CAPITAL LETTERS) _____

NRIC No./Passport No./Company No. _____ of (FULL ADDRESS) _____

Email address: _____ Tel./Mobile No.: _____

being a Unitholder/Unitholders of Sentral REIT hereby appoint:

Name of Proxy in capital letters		Proportion of Unitholdings to be represented by the proxies:	
		Number of Units	Percentage [%]
Proxy 1	NRIC No./Passport No.:		
	Email Address:		
	Tel./Mobile No.:		
<i>And/or failing him/her</i>			
Proxy 2	NRIC No./Passport No.:		
	Email Address:		
	Tel./Mobile No.:		

Total _____

or failing him/her the Chairman of the Meeting as my/our proxies to attend and vote for me/us on my/our behalf at the Twelfth Annual General Meeting ("12th AGM") of Sentral REIT to be held 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 on Wednesday, 3 April 2024 at 10.00 a.m. and at any adjournment thereof.

My/our proxies is to vote on the Resolution as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

No.	Resolution	For	Against
1	Proposed Authority		

Dated this _____ day of _____ 2024

 Signature of Unitholder

* DELETE IF NOT APPLICABLE

Notes:
Proxy

- Only Unitholders whose name appear in the Record of Depositors of Sentral REIT on 22 March 2024 shall be eligible to participate at the 12th AGM or to appoint proxies to attend and vote on their behalf.
- A Unitholder who is entitled to attend and vote at this meeting is entitled to appoint another person to attend and vote in his stead. A proxy may but need not be a Unitholder.
- Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy.
- Where a Unitholder is an exempt authorised nominee which holds the units for multiple beneficial owners in one securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with units in Sentral REIT standing to the credit of the said securities account.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.
- The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Registered Address of Sentral REIT Management Sdn Bhd, the management company of Sentral REIT ("Manager") at Level 33A, Menara NU 2, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 12th AGM or any adjournment thereof, either by hand, post, fax to (603) 27807668 or email to azeela@mrcb.com / irene@mrcb.com. If no name is inserted in the space for the name of your proxy, the Chairman of the 12th AGM will act as your proxy.



Fold this flap for sealing

Then fold here

Affix
Stamp

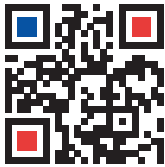
The Company Secretary
Sentral REIT Management Sdn Bhd
(The Manager of Sentral REIT)

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