

**SENTRAL REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM	RM	RM	RM
<b>Total income</b>				
Gross revenue				
-Realised gross revenue	40,172,504	35,948,625	116,261,346	112,301,427
-Unrealised rental income (unbilled lease income receivable) (a)	(396,993)	(258,512)	(818,514)	(1,338,621)
	<u>39,775,511</u>	<u>35,690,113</u>	<u>115,442,832</u>	<u>110,962,806</u>
Property operating expenses	(9,651,942)	(7,285,403)	(26,833,847)	(24,112,283)
Net property income	<u>30,123,569</u>	<u>28,404,710</u>	<u>88,608,985</u>	<u>86,850,523</u>
Finance income	678,304	554,588	1,930,829	1,428,164
Change in fair value of investment properties				
-Unbilled lease income receivable (a)	396,993	258,512	818,514	1,338,621
	<u>31,198,866</u>	<u>29,217,810</u>	<u>91,358,328</u>	<u>89,617,308</u>
<b>Total expenditure</b>				
Manager's fees	(3,089,054)	(3,053,329)	(9,177,224)	(9,201,735)
Trustee's fee	(161,858)	(163,795)	(483,133)	(487,220)
Finance costs	(9,115,383)	(7,635,515)	(27,447,111)	(22,030,682)
Valuation fees	(76,850)	(78,970)	(219,450)	(236,910)
Auditors' remuneration	(38,743)	(37,338)	(113,130)	(112,014)
Tax agent's fee	(26,834)	(6,609)	(40,052)	(19,827)
Administrative expenses	(490,714)	(37,663)	(382,298)	(513,623)
	<u>(12,999,436)</u>	<u>(11,013,219)</u>	<u>(37,862,398)</u>	<u>(32,602,011)</u>
<b>Income before taxation</b>	<b>18,199,430</b>	<b>18,204,591</b>	<b>53,495,930</b>	<b>57,015,297</b>
Income tax expense	-	-	-	-
<b>Income net of taxation</b>	<b>18,199,430</b>	<b>18,204,591</b>	<b>53,495,930</b>	<b>57,015,297</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the financial period</b>	<b>18,199,430</b>	<b>18,204,591</b>	<b>53,495,930</b>	<b>57,015,297</b>
Income net of taxation for the period is made up as follows:				
Realised	18,199,430	18,204,591	53,495,930	57,015,297
Unrealised	-	-	-	-
	<u>18,199,430</u>	<u>18,204,591</u>	<u>53,495,930</u>	<u>57,015,297</u>
<b>EARNINGS PER UNIT (b)</b>				
- after manager's fees (sen)	1.70	1.70	4.99	5.32
- before manager's fees (sen)	1.99	1.98	5.85	6.18
<b>EARNINGS PER UNIT (REALISED) (c)</b>				
- after manager's fees (sen)	1.70	1.70	4.99	5.32
- before manager's fees (sen)	1.99	1.98	5.85	6.18
<b>INCOME DISTRIBUTION (d) (e)</b>				
Interim income distribution	-	-	34,189,878	36,440,622
	<u>-</u>	<u>-</u>	<u>34,189,878</u>	<u>36,440,622</u>
<b>Income distribution per unit</b>				
<b>Gross (sen)</b>				
-Interim income distribution	-	-	3.19	3.40
Total income distribution	<u>-</u>	<u>-</u>	<u>3.19</u>	<u>3.40</u>
<b>Realised Net Income/ Distributable Income</b>	<b>18,199,430</b>	<b>18,204,591</b>	<b>53,495,930</b>	<b>57,015,297</b>
<b>DISTRIBUTABLE INCOME PER UNIT (e)</b>	<b>1.70</b>	<b>1.70</b>	<b>4.99</b>	<b>5.32</b>

- (a) Recognition of unrealised rental income-unbilled lease income receivable pursuant to requirements of MFRS 16 Leases, to recognize income from operating lease on a straight-line basis, including contractual increase rates over the fixed tenure of the agreement.
- (b) Earnings Per Unit ("EPU") for the current quarter/ period is computed based on the net income for the quarter/ period divided by 1,071,783,000 units during the quarter/ period. EPU for the preceding year corresponding quarter/ period is based on the units in circulation of 1,071,783,000.
- (c) Earnings Per Unit (Realised) for the current quarter/ period is computed based on the realised net income for the quarter/ period divided by 1,071,783,000 units during the quarter/ period. Earnings Per Unit (Realised) for the preceding year corresponding quarter/ period is based on the units in circulation of 1,071,783,000.
- (d) Income distribution of 3.19 sen per unit being the distributable of income for the financial period 1 January 2023 to 30 June 2023 was paid on 18 September 2023.
- (e) Income distribution of 3.40 sen per unit being the distributable of income for the financial period 1 January 2022 to 30 June 2022 was paid on 30 September 2022.
- (f) Distributable income per unit for the current quarter/ period is computed based on the units in circulation of 1,071,783,000. Distributable income per unit for the preceding year corresponding quarter/ period is based on the units in circulation of 1,071,783,000.

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

**SENTRAL REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023 (UNAUDITED)**

	<b>AS AT END OF CURRENT QUARTER</b>	<b>AS AT PRECEDING FINANCIAL YEAR END</b>
	<b>30.09.2023</b>	<b>31.12.2022</b>
	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>RM</b>	<b>RM</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	15,217	36,548
Investment properties	2,053,826,993	2,047,174,431
Investment properties-accrued rental income	12,707,055	13,525,569
	<u>2,066,549,265</u>	<u>2,060,736,548</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	18,835,732	6,128,944
Lease receivables	-	91,788
Deposits with licensed financial institution	40,187,370	74,415,886
Cash and cash equivalents	3,616,509	5,343,980
	<u>62,639,611</u>	<u>85,980,598</u>
<b>TOTAL ASSETS</b>	<b><u>2,129,188,876</u></b>	<b><u>2,146,717,146</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	804,758,583	804,493,923
Security deposits	16,319,095	14,832,962
Other payables	907,693	907,693
Deferred tax liability	9,551,020	9,551,020
	<u>831,536,391</u>	<u>829,785,598</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	17,010,403	20,579,440
Security deposits	6,949,114	5,310,213
	<u>23,959,517</u>	<u>25,889,653</u>
<b>TOTAL LIABILITIES</b>	<b><u>855,495,908</u></b>	<b><u>855,675,251</u></b>
<b>NET ASSETS VALUE ("NAV")</b>	<b><u>1,273,692,968</u></b>	<b><u>1,291,041,895</u></b>
<b>UNITHOLDERS' FUNDS</b>		
<b>Unitholders' funds attributable to unitholders of SENTRAL</b>		
Unitholders' capital	1,235,876,768	1,235,876,768
Undistributed and non-distributable income	37,816,200	55,165,127
<b>Total unitholders' funds</b>	<b><u>1,273,692,968</u></b>	<b><u>1,291,041,895</u></b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	1,071,783,000	1,071,783,000
<b>NET ASSET VALUE PER UNIT</b>		
- before income distribution	1.1884	1.2046
- after income distribution (i)	1.1714	1.1704

(i) Net Asset Value per unit assuming 100% of realised net income for the current quarter of RM18,199,430 is provided for income distribution.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

**SENTRAL REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

	Unitholders' Capital	Distributable		Total Undistributed and Non-Distributable Income	Unitholders' Funds
		Undistributed Income Realised	Undistributed Loss Unrealised		
	RM	RM	RM	RM	RM
<b>As at 1 January 2023</b>	1,235,876,768	60,210,314	(5,045,187)	55,165,127	1,291,041,895
Total Comprehensive Income for the financial period	-	53,495,930	-	53,495,930	53,495,930
	<u>1,235,876,768</u>	<u>113,706,244</u>	<u>(5,045,187)</u>	<u>108,661,057</u>	<u>1,344,537,825</u>
<b>Unitholders' transactions</b>					
Distribution to unitholders	-	(70,844,857)	-	(70,844,857)	(70,844,857)
<b>As at 30 September 2023</b>	<u>1,235,876,768</u>	<u>42,861,387</u>	<u>(5,045,187)</u>	<u>37,816,200</u>	<u>1,273,692,968</u>
<b>As at 1 January 2022</b>	1,235,876,768	65,682,662	16,306,340	81,989,002	1,317,865,770
Total Comprehensive Income for the financial period	-	57,015,297	-	57,015,297	57,015,297
	<u>1,235,876,768</u>	<u>122,697,959</u>	<u>16,306,340</u>	<u>139,004,299</u>	<u>1,374,881,067</u>
<b>Unitholders' transactions</b>					
Distribution to unitholders	-	(79,097,586)	-	(79,097,586)	(79,097,586)
<b>As at 30 September 2022</b>	<u>1,235,876,768</u>	<u>43,600,373</u>	<u>16,306,340</u>	<u>59,906,713</u>	<u>1,295,783,481</u>

The Condensed Consolidated Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

**SENTRAL REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

	<b>CURRENT YEAR TO DATE 30.09.2023 RM</b>	<b>PRECEDING YEAR TO DATE 30.09.2022 RM</b>
<b>OPERATING ACTIVITIES</b>		
Income before tax	53,495,930	57,015,297
Adjustments for:		
Finance costs	27,447,111	22,030,682
Depreciation	21,331	81,121
Allowance for impairment of trade receivables	4,240	43,263
Reversal for impairment of trade receivables	-	(146,466)
Finance income	(1,930,829)	(1,428,164)
Operating cash flows before changes in working capital	<u>79,037,783</u>	<u>77,595,733</u>
Receivables	(12,968,863)	(571,762)
Payables	(965,815)	(6,704,413)
Cash flows from operations	<u>65,103,105</u>	<u>70,319,558</u>
Income tax paid	-	-
Net cash flows generated from operating activities	<u>65,103,105</u>	<u>70,319,558</u>
<b>INVESTING ACTIVITIES</b>		
Additions to investment properties	(5,834,048)	(2,013,116)
Purchase of plant & equipment	-	(4,665)
Changes in deposits in financial institution	42,982,576	22,764,912
Interest received	<u>2,280,452</u>	<u>1,693,888</u>
Net cash flow generated from investing activities	<u>39,428,980</u>	<u>22,441,019</u>
<b>FINANCING ACTIVITIES</b>		
Distribution to unitholders	(70,844,857)	(79,097,586)
Finance costs paid	(26,660,639)	(21,479,976)
Proceeds from borrowings	-	207,000,000
Repayment of borrowings	-	(207,000,000)
Transaction costs paid	-	(893,135)
Cash flows used in financing activities	<u>(97,505,496)</u>	<u>(101,470,697)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	7,026,589	(8,710,120)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u>10,376,339</u>	<u>20,167,135</u>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<u><u>17,402,928</u></u>	<u><u>11,457,015</u></u>
<b>Cash and cash equivalents at end of the period comprises:</b>		
Deposits with licensed financial institutions	40,187,370	58,173,042
Cash on hand and at banks	<u>3,616,509</u>	<u>3,889,833</u>
Total deposits, cash and bank balances	43,803,879	62,062,875
Less: Deposits with licensed financial institution with maturity of more than 3 months	(25,295,123)	(49,586,408)
Debt service reserves accounts pledged	<u>(1,105,828)</u>	<u>(1,019,452)</u>
<b>Cash and cash equivalents</b>	<u><u>17,402,928</u></u>	<u><u>11,457,015</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes to the financial statements.

**SENTRAL REIT**  
**EXPLANATORY NOTES FOR PERIOD ENDED 30 SEPTEMBER 2023**

**A1 BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention except for investment properties and derivative financial instruments which are stated at fair value and presented in Ringgit Malaysia ("RM").

The financial statements comply with the Malaysian Financial Reporting Standards ("MFRS") : 134 "Interim Financial Reporting", provisions of the Trust Deed and the Securities Commission's Guidelines on Real Estate Investment Trusts and should be read in conjunction with Sentral REIT's ("SENTRAL") audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these unaudited condensed consolidated financial statements.

**A2 BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of SENTRAL and its special purpose entities ("SPEs"). The SPEs were established for the specific purpose of raising financing on behalf of SENTRAL. A SPE is consolidated if, based on an evaluation of the substance of its relationship with SENTRAL and the SPE's risks and rewards, SENTRAL concludes that it controls the SPE. SPEs controlled by SENTRAL were established under terms that impose strict limitations on the decision-making powers of the SPE's management resulting in SENTRAL receiving all of the benefits related to the SPE's operations and net assets.

**A3 CHANGES IN ACCOUNTING POLICIES**

The significant accounting policies adopted in the interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2022.

**A4 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The audit report of the financial statements for the preceding year ended 31 December 2022 was unqualified.

**A5 SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business operations of SENTRAL were not materially affected by seasonal or cyclical factors during the current quarter. Seasonal or cyclical factors include but are not limited to changes in rental demand and supply of properties which depend on market conditions, economic cycle, financial performance of its tenants, availability of credit facilities and interest rate environment.

**A6 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

During the current quarter under review, there were no unusual items due to their nature, size or incidence that affects the assets, liabilities, equity, net income or cash flows of SENTRAL.

**A7 CHANGES IN ESTIMATES OF AMOUNTS REPORTED**

There were no changes in the estimates of amounts reported during the current quarter.

**A8 CHANGES IN DEBT AND EQUITY**

Saved as disclosed in B14, there were no repurchase, resale and repayment of debt and equity instruments in the current quarter.

## A9 INCOME DISTRIBUTION POLICY

In line with the Restated Trust Deed dated 2 December 2019 and Supplemental Trust Deed dated 24 December 2020, SENTRAL intends to distribute at least 90% (or any other lower percentage at the discretion of the Manager) of its distributable income at least semi-annually, or at such other intervals as the Manager may determine.

## A10 SEGMENT REPORTING

No segment information is prepared as SENTRAL's activities are predominantly in one industry segment and situated predominantly in Malaysia.

## A11 VALUATION OF INVESTMENT PROPERTIES

The investment properties are valued by independent registered valuers and the differences between the valuations and the book values of the respective properties are charged or credited to the profit or loss in the statement of comprehensive income.

For the quarter ended 30 September 2023, there were no revaluation of investment properties.

## A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 30 SEPTEMBER 2023

- (I) Proposed acquisition of Menara CelcomDigi ("Property") by Maybank Trustees Berhad, acting solely in the capacity as Trustee for SENTRAL ("Trustee"), from Puncak Wangi Sdn Bhd ("Puncak Wangi" or "Vendor"), a wholly-owned subsidiary of MRCB, for a purchase consideration of RM450.0 million to be satisfied entirely in cash ("Proposed Acquisition");
  - (II) Proposed placement of up to 123,720,000 new Units in SENTRAL ("Units") ("Placement Units"), representing up to approximately 11.5% of the existing total units in issue, at an issue price to be determined later by way of bookbuilding ("Proposed Placement"); and
  - (III) Proposed placement of up to 34,568,734 new Units to MRCB, being a major unitholder of SENTRAL, pursuant to the Proposed Placement ("Proposed Placement to MRCB").
- (Collectively referred to as the "Proposals")

On behalf of the board of directors of Sentral REIT Management Sdn Bhd, the management company of SENTRAL, CIMB Investment Bank Berhad and Maybank Investment Bank Berhad announced that the Trustee, had on 25 July 2023 entered into a conditional sale and purchase agreement with Puncak Wangi Sdn Bhd, a wholly-owned subsidiary of MRCB, for the proposed acquisition of Menara CelcomDigi for a total purchase consideration of RM450.0 million to be satisfied entirely in cash ("**Purchase Consideration**").

In conjunction with the Proposed Acquisition, the Board also proposes to undertake the Proposed Placement, including the Proposed Placement to MRCB, to partly fund the Purchase Consideration and the expenses relating to the Proposals.

On 1 August 2023, on behalf of the Board, CIMB Investment Bank Berhad and Maybank Investment Berhad announced that the valuation report together with the valuation certificate dated 20 July 2023 prepared by CBRE WTW Valuation & Advisory Sdn Bhd in respect of the Property, have been submitted to Bursa Securities on 1 August 2023.

On 7 September 2023, on behalf of the Board, CIMB Investment Bank Berhad and Maybank Investment Berhad announced that an application for the listing and quotation of new Units to be issued pursuant to the Proposed Placement on the Main Market of Bursa Securities, has been submitted to Bursa Securities on 7 September 2023.

### **A13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 30 SEPTEMBER 2023**

On 16 October 2023, on behalf of the Board, CIMB Investment Bank Berhad and Maybank Investment Bank Berhad ("CIMB") and ("Maybank IB") announced that Bursa Securities had vide its letter dated 13 October 2023, resolved to approve the listing and quotation of up to 123,720,000 Placement Units to be issued pursuant to the Proposed Placement. The approval by Bursa Securities is subject to the following conditions:

- (i) SENTRAL, CIMB and Maybank IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Placement;
- (ii) CIMB and Maybank IB to inform Bursa Securities upon the completion of the Proposed Placement;
- (iii) SENTRAL/CIMB/Maybank IB to furnish Bursa Securities a certified true copy of the resolution passed by the Unitholders approving the Proposed Acquisition, Proposed Placement and Proposed Placement to MRCB; and
- (iv) SENTRAL, CIMB and Maybank IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Placement is completed.

### **A14 CHANGES IN CONTINGENT LIABILITIES**

There are no contingent liabilities to be disclosed.

### **A15 CAPITAL COMMITMENTS**

The amount of capital commitment not provided for in the condensed consolidated financial statements as at 30 September 2023 are as follows:

	RM
Approved and contracted for :	
Investment properties	<u>1,449,694</u>



## **B1 REVIEW OF PERFORMANCE**

### **Quarter Results (3Q 2023 vs 3Q 2022)**

SENTRAL recorded gross revenue of RM39.8 million in 3Q 2023, an increase of approximately RM4.1 million or 11.5% compared to 3Q 2022. The increase was mainly due to higher revenue generated from Platinum Sentral, Menara Shell and Sentral Building 3 (formerly known as ("fka") QB3), partially offset by the decrease in revenue from PMK.

Property operating expenses for 3Q 2023 were RM9.7 million, higher by 32.5% compared to 3Q 2022, mainly due to higher operating expenses incurred in relation to the higher utilities expenses for some of the properties under the portfolio.

Notwithstanding, these have resulted in higher net property income by RM1.7 million or 6.1% compared to 3Q 2022.

Manager's fees incurred for 3Q 2023 were RM3.1 million, marginally increased by 1.2% compared to 3Q 2022. Finance costs incurred for 3Q 2023 of RM9.1 million were higher by 19.4% compared to 3Q 2022, mainly due to higher KLIBOR rate in 3Q 2023 compared to 3Q 2022.

As a result of all the above, net income before taxation for the current quarter under review of RM18.2 million was marginally lower by 0.03% compared to 3Q 2022.

### **Financial Year-To-Date Results (YTD September 2023 vs YTD September 2022)**

SENTRAL recorded gross revenue of RM115.4 million in YTD September 2023, an increase of approximately RM4.5 million or 4.0% compared to YTD September 2022. The increase was mainly due to higher revenue generated from Menara Shell and Platinum Sentral, and the impact of revenue straight-lining over the lease term pursuant to requirements of MFRS 16 Leases; net off the decrease in gross revenue generated from Wisma Sentral Inai (fka Wisma Technip) and Sentral Building 4 (fka as QB2).

Property operating expenses for YTD September 2023 were RM26.8 million, higher by 11.3% compared to YTD September 2022, mainly due to higher operating expenses incurred in relation to the higher utilities expenses for some of the properties under the portfolio.

Overall, the net property income for YTD September 2023 increased by RM1.8 million or 2.0% compared to YTD September 2022.

Manager's fees incurred for YTD September 2023 were RM9.2 million, reduced marginally by 0.3% compared to YTD September 2022. Finance costs incurred for YTD September 2023 of RM27.4 million were higher by 24.6% compared to YTD September 2022, mainly due to higher KLIBOR rate in YTD September 2023 compared to YTD September 2022.

As a result of all the above, net income before taxation for YTD September 2023 of RM53.5 million was lower by RM3.5 million or 6.2% compared to YTD September 2022.

### **Current Quarter vs Immediate Preceding Quarter (3Q 2023 vs 2Q 2023)**

As compared with the immediate preceding quarter ("2Q 2023"), gross revenue in 3Q 2023 of RM39.8 million was higher by 4.2%, as compared to 2Q 2023 of RM38.2 million. The property operating expenses for 3Q 2023 has increased by RM0.7 million or 7.5% as compared to 2Q 2023, mainly due to higher property operating expenses incurred for some of the properties under the portfolio. This has resulted in net property income increased by RM0.9 million or 3.1%. Finance costs were marginally lower in 3Q 2023 by 1.1% mainly due to slightly lower KLIBOR Rate in 3Q 2023. Overall, realised net income before taxation of RM18.2 million were higher by RM0.6 million or 3.2% compared to 2Q 2023.

## **B2 INVESTMENT OBJECTIVES 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 to achieve long-term growth in the net asset value per unit. There has been no change in the investment objective of SENTRAL since the date of the Annual Report for 2022.

## **B2 INVESTMENT OBJECTIVES AND STRATEGIES (cont'd)**

The Manager will continue to focus on its portfolio management and acquisition growth strategy, active asset management strategy and capital management strategy to achieve the objective of SENTRAL. There has been no change in the strategies employed by the Manager since the date of the Annual Report for 2022 as they remain relevant in the current market conditions.

## **B3 REVIEW OF THE MARKETS IN WHICH SENTRAL INVESTS IN DURING THE PERIOD AND GENERAL ASSESSMENT OF THE FUTURE PROSPECTS OF THESE MARKETS**

### **Review of office market - Klang Valley**

The cumulative supply of office space in Klang Valley stood at circa 114.7 million sq ft as of 1H2023 following the completion of two buildings (0.7 million sq ft). The overall occupancy rate of purpose-built office space in KL City improved to 67.7% during 1H2023(projected) (2H2022: 67.5%). In contrast, the occupational demand in KL Fringe was lower at 85.4% due to influx of new supply introduced into the market (2H2022: 86.1%). Meanwhile, the overall occupancy rate in Selangor was resilient to record at 73.4% (2H2022: 73.2%) during the review period.

In terms of rental rates, average rental rates in KL City, remained subdued at RM6.40 per sq ft per month. In KL Fringe, however, the average office rent recorded an improvement to RM5.67 per sq ft per month. Similarly, Selangor witnessed an increase in average rental at RM4.14 per sq ft per month.

Market demand for office spaces in KL Fringe remains steady, displaying healthy rental and occupancy level. KL Fringe's demand is attributed to its established location and premium infrastructure. Coupled with a tight supply of Grade A offices, some MNC occupiers are prepared to accept a slight premium to enjoy the benefits of this locality. Meanwhile, in Selangor, Grade A offices, especially in well-connected locations that also offer a wide array of amenities, are witnessing good take-ups amid steady rental level. Good quality decentralized office space with attractive rental packages remains favorable to capture market demand.

(extracted from the Real Estate Highlight 1H 2023 by Knight Frank Malaysia Sdn Bhd)

### **Review of retail market - Klang Valley**

The cumulative supply of retails space in Klang Valley to circa 68.37 million sq ft as of 1H2023. The next half of the year (2H2023) will see the scheduled completions/openings of The Exchange TRX and Pavilion Damansara Heights; with a collective additional retail space of circa 1.83 million sq ft.

The retail sector is expected to moderate in 2023, as slowdown in the global economy filter through and pent-up consumer demand eases. Amid the increasing supply of retail space, occupancy levels and rental rates are expected to stabilise with minimal upward adjustment in the short to medium term.

(extracted from the Real Estate Highlight 1H 2023 by Knight Frank Malaysia Sdn Bhd)

## **B4 PROSPECTS**

In 2023, approximately 162,000 sq. ft. or 10% of SENTRAL's total committed net lettable area ("NLA") is up for renewal. 54% or approximately 87,500 sq. ft. of the aforementioned 162,000 sq. ft committed NLA were due for renewal in YTD 3Q 2023. The Manager is pleased to report that approximately 82,800 sq. ft. or 95% of committed NLA due in YTD 3Q 2023 were successfully renewed. In addition, SENTRAL successfully secured a new tenant to occupy the entire NLA of Sentral Building 4 (fka Quill Building 2) of approximately 185,000 sq. ft. with effect from August 2023. Correspondingly, SENTRAL recorded an improvement in its portfolio occupancy of 86% in 3Q 2023, compared to portfolio occupancy of 77% recorded in the previous quarter.

The Klang Valley office and retail markets are expected to remain challenging. SENTRAL will continue to focus on asset management and leasing strategies that are centred on cost optimisation and tenant retention in the current operating environment. Efforts will be intensified to market the available office spaces under the portfolio with the focus on bringing in new tenants from the IT, e-commerce, serviced office and shared services sectors.

## **B5 REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to SENTRAL and the revenue can be reliably measured.

Revenues from the rental of investment properties, service charges, car park income and utilities recovery are recognised on an accrual basis.

## **B6 PROFIT FORECAST/ PROFIT GUARANTEE VARIANCE**

### **(a) Profit forecast**

There has been no profit forecast issued by SENTRAL for the financial year 2023.

### **(b) Profit guarantee**

SENTRAL is not involved in any arrangement whereby it provides profit guarantee.

## **B7 TAXATION**

Under Section 61A of the Income Tax Act 1967, the undistributed income of a REIT are exempted from income tax provided that the REIT distributes 90% or more of its total income for the year. If the REIT is unable to meet the 90% distribution criteria, the entire taxable income of the REIT for the year would be subject to income tax.

As SENTRAL intends to distribute at least 90% of its total income for the year to its unitholders, no provision for tax has been made in the current quarter.

## **B8 PROFIT ON SALE OF INVESTMENTS IN UNQUOTED SECURITIES/ PROPERTIES**

There were no disposals of investments in unquoted securities/ properties during the current quarter.

## B9 PARTICULARS OF PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES

There were no purchases or disposals of investments in quoted securities during the current quarter.

## B10 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals during the current quarter.

## B11 UTILISATION OF PROCEEDS RAISED FROM ANY NEW ISSUANCE

There were no issuance of new units during the current quarter.

## B12 CIRCUMSTANCES WHICH MATERIALLY AFFECT ANY INTEREST OF THE UNITHOLDERS

As at the date of this report, the directors of the Manager are not aware of any circumstances not otherwise disclosed in this report which would materially affect the interest of the unitholders.

## B13 COMPOSITION OF INVESTMENT PORTFOLIO AS AT 30 SEPTEMBER 2023

As at 30 September 2023, SENTRAL's portfolio comprises nine buildings as follows:

Investment properties	Cost of Investment	Market Value/ Net Carrying amount as at 30 September 2023	Market value/ Net Carrying amount as % of NAV
	RM	RM	
<u>Commercial buildings</u>			
1 Sentral Building 1 (fka QB1 - DHL 1) & Sentral Building 2 (fka QB4 - DHL 2)	109,100,000	135,415,000	10.63%
2 Sentral Building 4 (fka QB2)	107,500,000	108,000,000	8.48%
3 Sentral Building 3 (fka QB3 - BMW)	59,400,000	71,000,000	5.57%
4 Wisma Sentral Inai (fka Wisma Technip)	125,000,000	153,700,000	12.07%
5 Part of Plaza Mont' Kiara	90,000,000	113,000,000	8.87%
6 Tesco Building Penang	132,000,000	140,000,000	10.99%
7 Platinum Sentral	740,000,000	673,260,875	52.86%
8 Menara Shell	640,000,000	672,158,173	52.77%
	<u>2,003,000,000</u>	<u>2,066,534,048</u>	

Capital expenditure of RM327,045 were incurred during the quarter. The NAV as at 30 September 2023 is RM1,273,692,968.

**B14 BORROWINGS AND DEBT SECURITIES**As at 30 September  
2023

RM

**NON-CURRENT LIABILITIES:**

(a) CPs/ MTNs Programme of up to RM450 million	340,824,122
(b) CPs/ MTNs Programme of up to RM3,000 million *	129,784,788
(c) CPs/ MTNs Programme of up to RM3,000 million **	334,149,673
<b>TOTAL BORROWINGS</b>	<b>804,758,583</b>

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

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

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

<b>(i) <u>RM341 million in nominal value of MTN</u></b>	<b>RM</b>
Face value of MTNs issued	341,000,000
Transaction costs b/f	(268,953)
Amortisation of transaction costs during the period	93,075
	<u>340,824,122</u>

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 legal 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 due on 30 March 2020, and the balance is for working capital purposes.

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

**(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.**

<b>(i) <u>RM130 million in nominal value of MTN (Issue 3") issued on 4 March 2022</u></b>	<b>RM</b>
Face value of MTNs	130,000,000
Transaction costs on MTN issued	(262,406)
Amortisation of transaction costs during the period	47,194
<b>Total Issue 3</b>	<u>129,784,788</u>

On 6 March 2017, RM40 million in nominal value of CPs and RM130 million nominal value of MTNs from the CP/ MTN Programme were issued (Issue 2) at the interest rate of 4.14% per annum and 4.40% per annum respectively. The proceeds raised from this issuance were utilised 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 were 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 B14(c) below).

On 4 March 2022, the proceed from the new issuance of RM130 million MTN issued by Kinabalu under Issue 3 was utilised to fully redeem the Issue 2 of RM130 million in nominal value of MTN matured on the same day.

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

**B14 BORROWINGS AND DEBT SECURITIES (cont'd)**

- (c) **Medium Term Notes (“MTNs”) Programme of RM3,000 million in nominal value (“MTN Programme”), and the Commercial Papers (“CPs”) Programme of RM300.0 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) **RM20 million in nominal value of MTN (“Issue 1”) issued on 17 December 2021**

	<b>RM</b>
Face value of MTNs	20,000,000
Transaction costs b/f	(34,025)
Amortisation of transaction costs during the period	6,511
	<u>19,972,486</u>

(ii) **RM240 million in nominal value of CP (“Issue 1”) issued on 17 December 2021**

	<b>RM</b>
Face value of CPs	240,000,000
Discount	(2,546,878)
Cash proceeds	<u>237,453,122</u>
Accretion of interest expenses	447,802
	<u>237,900,924</u>
Transaction costs b/f	(408,304)
Amortisation of transaction costs during the period	78,132
	<u>237,570,752</u>

(iii) **RM77 million in nominal value of MTN issued on 14 March 2022**

	<b>RM</b>
Face value of MTNs issued	77,000,000
Transaction costs on MTN issued	(479,688)
Amortisation of transaction costs during the period	86,123
	<u>76,606,435</u>
<b>Total Issue 1</b>	<u><b>334,149,673</b></u>

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").

On 17 December 2021, 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 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.

On 14 March 2022, RM77 million in nominal value of MTNs were issued to repay the Trusmadi outstanding RM77 million term loan which was due on the same day.

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

## **B15 CHANGES IN MATERIAL LITIGATION**

The Manager is not aware of any pending material litigation as at the date of issuance of this report.

## **B16 INCOME DISTRIBUTION**

SENTRAL intends to distribute at least 90% of its distributable income at least semi-annually, or at such other intervals as the Manager may determine.

An interim income distribution of RM34,189,878 or 3.19 sen per unit, being approximately 96.9% of the distributable income for the period 1 January 2023 to 30 June 2023 was made on 18 September 2023.

No income distribution is proposed for the quarter ended 30 September 2023.

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:

Resident and non-resident individuals	10%
Resident and non-resident institutional investors	10%
Resident companies (flow through)	0%
Non-resident companies	24%

**B17 CHANGES IN NAV AND MARKET PRICE SINCE THE LAST REPORTING DATE**

	As at 30 September 2023	As at 30 June 2023
	RM	RM
NAV before provision for income distribution	1,273,692,968	1,289,683,416
Provision for income distribution	(18,199,430)	(34,189,878)
NAV after provision for income distribution	1,255,493,538	1,255,493,538
Number of units in circulation (units)	1,071,783,000	1,071,783,000
NAV per unit (RM) (after provision for distribution)	1.1714	1.1714
Market price (RM)	0.825	0.815

NAV per unit is arrived at by dividing the NAV with the number of units in circulation as at the date of reporting.

The Manager believes that the movement in market price is due mainly to changes in market sentiment.

**B18 MANAGER'S FEE AND SOFT COMMISSION**

Pursuant to the Trust Deed, the Manager is entitled to receive from SENTRAL the following fees:

- (i) Base fee of 0.4% per annum of the gross asset value, payable monthly in arrears;
- (ii) Performance fee of 3% per annum on the net investment income, payable semi-annually in arrears;
- (iii) Acquisition fee of 1% of the acquisition value of any asset, being authorised investments, acquired by SENTRAL; and
- (iv) Divestment fee of 0.5% of the disposal value of any asset divested by SENTRAL.

Total fees accrued to the Manager for the quarter ended 30 September 2023 are :

	RM
Base fee	2,153,088
Performance fee	935,966
	<u>3,089,054</u>

During the quarter, the Manager did not receive any soft commission from its brokers/dealers, by virtue of transaction conducted for SENTRAL.



**B19 TRUSTEE'S FEE**

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

Trustee's fee accrued to the Trustee for the quarter ended 30 September 2023 amounted to RM161,858.

**B20 UNITHOLDINGS BY THE MANAGER**

As at 30 September 2023, the Manager does not have any unitholdings in SENTRAL.

**B21 UNITHOLDINGS BY PARTIES RELATED TO THE MANAGER**

	No. of units	Percentage of total units	Market Value as at 30 September 2023 RM
Malaysian Resources Corporation Berhad	299,468,000	27.94%	247,061,100
Global Jejaka Sdn. Bhd.	757,000	0.07%	624,525
	300,225,000	28.01%	247,685,625

The Manager's directors' direct unitholding in SENTRAL:

	No. of units	Percentage of total units	Market Value as at 30 September 2023 RM
Kwan Joon Hoe	450,000	0.042%	371,250
Po Yih Ming	20,000	0.002%	16,500

The Manager's directors' indirect unitholding in SENTRAL:

	No. of units	Percentage of total units	Market Value as at 30 September 2023 RM
Tan Sri Saw Choo Boon	757,000 (a)	0.07%	624,525

(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.

The market value of the units is computed based on the closing price as of 30 September 2023 of RM0.825 per unit.

**B22 UNITHOLDERS CAPITAL**

	No. of units	
	Current Quarter	Preceding Quarter
Approved fund size	1,100,000,000	1,100,000,000
Issued and fully paid	1,071,783,000	1,071,783,000

**B23 FINANCE COSTS INCURRED DURING THE QUARTER**

	Current Quarter	Cumulative Quarter
	RM	RM
Interest expenses on CPMTN	8,834,239	26,614,263
Amortisation of transaction costs	130,492	391,420
Credit facility costs	150,652	441,428
Total finance costs	9,115,383	27,447,111

**B24 RESPONSIBILITY STATEMENT AND STATEMENT BY THE DIRECTORS OF THE MANAGER**

The Manager is responsible for the preparation of the quarterly report.

In the opinion of the directors of the Manager, the quarterly report has been prepared in accordance with MFRS 134: Interim Financial reporting and Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of SENTRAL as at 30 September 2023 and of its financial performance and cash flows for the quarter ended on that date and duly authorised for release by the Board of Directors of the Manager on 9 November 2023.

**BY ORDER OF THE BOARD**

**MOHAMED NOOR RAHIM YAHAYA**  
**COMPANY SECRETARY (MAICSA No. 0866820)**  
**HO NGAN CHUI**  
**COMPANY SECRETARY (MAICSA No. 7014785)**  
**SENTRAL REIT MANAGEMENT SDN. BHD.**  
**(Company No: 200601017500 (737252-X))**  
**As the Manager of SENTRAL REIT**  
**Kuala Lumpur**

**Date : 9 November 2023**