

SENTRAL REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2023 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Total income				
Gross revenue				
-Realised gross revenue	44,889,881	36,629,930	161,151,227	148,931,357
-Unrealised rental income (unbilled lease income receivable) (a)	1,772,670	(242,971)	954,156	(1,581,592)
	<u>46,662,551</u>	<u>36,386,959</u>	<u>162,105,383</u>	<u>147,349,765</u>
Property operating expenses	(10,404,909)	(8,541,229)	(37,238,756)	(32,653,512)
Net property income	<u>36,257,642</u>	<u>27,845,730</u>	<u>124,866,627</u>	<u>114,696,253</u>
Finance income	1,047,252	935,853	2,978,081	2,364,017
Change in fair value of investment properties				
-As per valuation	(1,009,737)	(23,907,864)	(1,009,737)	(23,907,864)
-Unbilled lease income receivable (a)	(1,772,670)	242,971	(954,156)	1,581,592
	<u>34,522,487</u>	<u>5,116,690</u>	<u>125,880,815</u>	<u>94,733,998</u>
Total expenditure				
Manager's fees	(3,355,007)	(3,018,798)	(12,532,231)	(12,220,533)
Trustee's fee	(171,545)	(162,134)	(654,678)	(649,354)
Finance costs	(10,627,527)	(8,809,313)	(38,074,638)	(30,839,995)
Valuation fees	(76,850)	(60,710)	(296,300)	(297,620)
Auditors' remuneration	(47,011)	(46,058)	(160,141)	(158,072)
Tax agent's fee	(7,684)	(6,595)	(47,736)	(26,422)
Administrative expenses	(501,738)	(336,369)	(884,036)	(849,992)
	<u>(14,787,362)</u>	<u>(12,439,977)</u>	<u>(52,649,760)</u>	<u>(45,041,988)</u>
Income/(Loss) before taxation	19,735,125	(7,323,287)	73,231,055	49,692,010
Income tax (expense)/ Income tax credit (b)	(522,683)	2,581,701	(522,683)	2,581,701
Income/(Loss) net of taxation	19,212,442	(4,741,586)	72,708,372	52,273,711
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	19,212,442	(4,741,586)	72,708,372	52,273,711
Income net of taxation for the year is made up as follows:				
Realised	20,725,553	16,609,941	74,221,483	73,625,238
Unrealised				
- Unrealised rental income (in relation to unbilled lease income receivable)	1,772,670	(242,971)	954,156	(1,581,592)
- Changes in fair value of investment properties				
-as per valuation	(1,009,737)	(23,907,864)	(1,009,737)	(23,907,864)
-unbilled lease income receivable	(1,772,670)	242,971	(954,156)	1,581,592
- Amortisation of deferred lease income	461,225	389,351	461,225	389,351
- Unwinding of discount on security deposits	(441,916)	(414,715)	(441,916)	(414,715)
- Deferred tax on Real Property Gains Tax on investment	(522,683)	2,581,701	(522,683)	2,581,701
	<u>(1,513,111)</u>	<u>(21,351,527)</u>	<u>(1,513,111)</u>	<u>(21,351,527)</u>
Income/(Loss) net of taxation	19,212,442	(4,741,586)	72,708,372	52,273,711
EARNINGS/(LOSS) PER UNIT (c)				
- after manager's fees (sen)	1.75	(0.44)	6.74	4.88
- before manager's fees (sen)	2.05	(0.16)	7.90	6.02
EARNINGS PER UNIT (REALISED) (d)				
- after manager's fees (sen)	1.88	1.55	6.88	6.87
- before manager's fees (sen)	2.19	1.83	8.04	8.01
Realised Net Income/ Distributable Income	20,725,553	16,609,941	74,221,483	73,625,238
Weighted Average No of Units/ No of Units in Circulation	1,100,023,435	1,071,783,000	1,078,901,137	1,071,783,000
DISTRIBUTABLE INCOME PER UNIT (e)	1.88	1.55	6.88	6.87

INCOME DISTRIBUTION					
Interim income distribution	(f) (g)	34,189,878	36,440,622	34,189,878	36,440,622
Advance income distribution	(h)	30,117,102	-	30,117,102	-
Final income distribution	(i)	8,129,421	36,654,979	8,129,421	36,654,979
Total income distribution		<u>72,436,401</u>	<u>73,095,601</u>	<u>72,436,401</u>	<u>73,095,601</u>
Income distribution per unit					
Gross (sen)					
Interim income distribution	(f) (g)	3.19	3.40	3.19	3.40
Advance income distribution	(h)	2.81	-	2.81	-
Final income distribution	(i)	0.68	3.42	0.68	3.42
Total income distribution per unit		<u>6.68</u>	<u>6.82</u>	<u>6.68</u>	<u>6.82</u>

- (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) Tax expenses relates to deferred tax expenses recognised in the provision of deferred tax liabilities on Real Property Gains Tax ("RPGT") on the fair value gain in the investment properties.
- (c) Earnings Per Unit ("EPU") for the current quarter/ period is computed based on the net income for the quarter/ period divided by weighted average units in circulation of 1,100,023,435/ 1,078,901,137 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.
- (d) Earnings Per Unit (Realised) for the current quarter/ period is computed based on the realised net income for the quarter/ period divided by weighted average units in circulation of 1,100,023,435/ 1,078,901,137 units during the quarter/ period. EPU (Realised) for the preceding year corresponding quarter/ period is based on the units in circulation of 1,071,783,000.
- (e) Distributable income per unit for the current quarter/ period is computed based on weighted average units in circulation of 1,100,023,435/ 1,078,901,137 units during the quarter/ period. Distributable income per unit for the preceding year corresponding quarter/ period is based on the units in circulation of 1,071,783,000.
- (f) Income distribution of RM34,189,878 or 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.
- (g) Income distribution of RM36,440,622 or 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.
- (h) An advance income distribution of RM30,117,102 or 2.81 sen per unit being the distributable of income for the financial period 1 July 2023 to 6 December 2023 was paid on 4 January 2024.
- (i) Proposed final gross income distribution of 0.68 sen per unit relates to the distributable income for the financial period 7 December 2023 to 31 December 2023, will be payable on 29 February 2024 to all existing 1,195,503,000 unitholders as at book closure date on 9 February 2024. Please refer to Note B16 for details of the distribution.

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 31 DECEMBER 2023 (UNAUDITED)

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
	31.12.2023	31.12.2022
	UNAUDITED	AUDITED
	RM	RM
NON-CURRENT ASSETS		
Plant and equipment	11,877	36,548
Investment properties	2,507,020,275	2,047,174,431
Investment properties-accrued rental income	14,479,725	13,525,569
	<u>2,521,511,877</u>	<u>2,060,736,548</u>
CURRENT ASSETS		
Trade and other receivables	7,092,787	6,128,944
Lease receivables	-	91,788
Deposits with licensed financial institution	53,710,756	74,415,886
Cash and cash equivalents	33,729,230	5,343,980
	<u>94,532,773</u>	<u>85,980,598</u>
TOTAL ASSETS	<u>2,616,044,650</u>	<u>2,146,717,146</u>
NON-CURRENT LIABILITIES		
Borrowings	1,165,131,596	804,493,923
Security deposits	31,096,778	14,832,962
Other payables	1,751,724	907,693
Deferred tax liability	10,073,703	9,551,020
	<u>1,208,053,801</u>	<u>829,785,598</u>
CURRENT LIABILITIES		
Trade and other payables	49,043,244	20,579,440
Security deposits	5,466,254	5,310,213
	<u>54,509,498</u>	<u>25,889,653</u>
TOTAL LIABILITIES	<u>1,262,563,299</u>	<u>855,675,251</u>
NET ASSETS VALUE ("NAV")	<u>1,353,481,351</u>	<u>1,291,041,895</u>
UNITHOLDERS' FUNDS		
Unitholders' funds attributable to unitholders of SENTRAL		
Unitholders' capital	1,326,569,811	1,235,876,768
Undistributed and non-distributable income	26,911,540	55,165,127
Total unitholders' funds	<u>1,353,481,351</u>	<u>1,291,041,895</u>
NUMBER OF UNITS IN CIRCULATION	1,195,503,000	1,071,783,000
NET ASSET VALUE PER UNIT		
- before income distribution (i)	1.1321	1.2046
- after income distribution (ii)	1.1253	1.1704

(i) Net Asset Value per unit before the proposed final gross income distribution of 0.68 sen per unit for Financial Year 2023 ("FY 2023").

(ii) Net Asset Value per unit after the proposed final gross income distribution of 0.68 sen per unit for FY 2023.

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 31 DECEMBER 2023 (UNAUDITED)

	Unitholders' Capital	Distributable		Total Undistributed and Non-Distributable Income	Unitholders' Funds
		Undistributed Income Realised	Undistributed Loss Unrealised		
	RM	RM	RM	RM	RM
As 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 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
Unitholders' transactions					
Distribution to unitholders	-	(100,961,959)	-	(100,961,959)	(100,961,959)
As at 31 December 2023	1,326,569,811	33,469,838	(6,558,298)	26,911,540	1,353,481,351
As at 1 January 2022	1,235,876,768	65,682,662	16,306,340	81,989,002	1,317,865,770
Total Comprehensive Income for 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
Unitholders' transactions					
Distribution to unitholders	-	(79,097,586)	-	(79,097,586)	(79,097,586)
As at 31 December 2022	1,235,876,768	60,210,314	(5,045,187)	55,165,127	1,291,041,895

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 31 DECEMBER 2023 (UNAUDITED)**

	CURRENT YEAR TO DATE 31.12.2023 RM	PRECEDING YEAR TO DATE 31.12.2022 RM
OPERATING ACTIVITIES		
Income before tax	73,231,055	49,692,010
Adjustments for:		
Finance costs	38,074,638	30,839,995
Depreciation	24,671	99,750
Fair value adjustments	1,963,893	22,326,272
Unbilled lease income	(954,156)	1,581,592
Allowance for impairment of trade receivables	5,839	43,264
Reversal for impairment of trade receivables	(5,839)	(146,466)
Finance income	(2,978,081)	(2,364,017)
Operating cash flows before changes in working capital	<u>109,362,020</u>	<u>102,072,400</u>
Receivables	(1,271,005)	(308,992)
Payables	14,928,919	(3,833,286)
Cash flows from operations	<u>123,019,934</u>	<u>97,930,122</u>
Income tax paid	-	-
Net cash flows generated from operating activities	<u>123,019,934</u>	<u>97,930,122</u>
INVESTING ACTIVITIES		
Additions to investment properties	(461,809,737)	(3,607,864)
Additions to plant & equipment	-	(4,665)
Changes in deposits in financial institution	35,252,506	3,987,245
Interest received	2,915,806	1,872,815
Net cash flow generated from investing activities	<u>(423,641,425)</u>	<u>2,247,531</u>
FINANCING ACTIVITIES		
Distribution to unitholders	(70,844,857)	(79,097,586)
Drawdown of borrowings	362,000,000	207,000,000
Repayment of borrowings	-	(207,000,000)
Proceeds from issuance/ placements of new units	92,790,000	
Expenses paid on issuance/ placements of new units	(2,096,957)	
Finance costs paid	(36,599,653)	(29,970,308)
Transaction costs paid	(1,694,416)	(900,555)
Cash flows used in financing activities	<u>343,554,117</u>	<u>(109,968,449)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,932,626	(9,790,796)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>10,376,339</u>	<u>20,167,135</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>53,308,965</u>	<u>10,376,339</u>
Cash and cash equivalents at end of the period comprises:		
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	<u>87,439,986</u>	<u>79,759,866</u>
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	<u>53,308,965</u>	<u>10,376,339</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 31 DECEMBER 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

Private placement of 123,720,000 units was completed via the bookbuilding exercise with issued price of RM0.75 per unit, with the gross proceeds of RM92,790,000 were raised to part finance the purchase consideration for 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.

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 and financial year ended 31 December 2023, the investment properties were valued based on valuation performed by 4 independent registered valuers, i.e. Nawawi Tie Leung Property Consultants Sdn. Bhd., Knight Frank Malaysia Sdn. Bhd., IVPS Property Consultant Sdn. Bhd. and C H Williams Talhar & Wong Sdn. Bhd. on 31 December 2023. Total deficit on revaluation amounted to RM1,009,737 were charged to the statement of comprehensive income and is unrealised in nature.

A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 31 DECEMBER 2023

- (a) (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 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.

On 22 November 2023, on behalf of the Board, CIMB Investment Bank Berhad and Maybank Investment Bank Berhad ("CIMB") and ("Maybank IB")) announced that the bookbuilding exercise for the Placement, the Manager had on 22 November 2023 fixed the issue price for the Placement at RM0.75 per Placement Unit, which represents a discount of approximately 9% to the 5-day VWAP of the Units up to and including 22 November 2023 of RM0.8261. The Placement Units were fully subscribed.

Pursuant to the Placement, 89,151,300 Placement Units were allocated to successfully identified placees and 34,568,700 Placement Units were allocated to MRCB. Accordingly, the Placement raised gross proceeds of RM92.8 million.

On 29 November 2023, on behalf of the Manager, CIMB and Maybank IB announced that all the conditions precedent as set out in the SPAs have been fulfilled. Accordingly, the SPA has become unconditional as at 29 November 2023.

On 7 December 2023, private placement of 123,720,000 new units at the bookbuilding price of RM0.75 per unit been completed and quoted in the Main Market of Bursa Malaysia on 8 December 2023.

On 11 December 2023, on behalf of the Manager, CIMB and Maybank IB announced that:

- (i) the Placement was completed following the listing and quotation of 123,720,000 Placement Units on the Main Market of Bursa Securities on 8 December 2023; and
- (ii) the Acquisition has been completed following the settlement of the Purchase Consideration of RM450 million in cash.

(b) Advance Gross Income Distribution

As announced on 22 November 2023, an Advance Gross Income Distribution of 2.81 sen per unit (of which, taxable income is 2.71 sen per unit and tax exempt income is 0.10 sen per unit), covering period from 1 July 2023 to 6 December 2023 at the entitlement date on 6 December 2023 was proposed; and the income distribution was paid on 4 January 2024.

A13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 31 DECEMBER 2023

There is no significant event subsequent to the quarter ended 31 December 2023.

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 31 December 2023 are as follows:

	RM
Approved and contracted for :	
Investment properties	<u><u>2,779,880</u></u>

B1 REVIEW OF PERFORMANCE

Quarter Results (4Q 2023 vs 4Q 2022)

SENTRAL recorded gross revenue of RM46.7 million in 4Q 2023, an increase of approximately RM10.3 million or 28.2% compared to 4Q 2022. The increase was mainly due to higher revenue generated from Platinum Sentral, Menara CelcomDigi and Menara Shell; and impact of revenue straight-lining over the lease term pursuant to requirements of MFRS 16 Leases.

Property operating expenses for 4Q 2023 were RM10.4 million, higher by 21.8% compared to 4Q 2022, mainly due to higher operating expenses incurred in relation to the higher utilities expenses for some of the properties under the portfolio and the inclusion of operating expenses for newly acquired Menara CelcomDigi.

Overall, these have resulted in higher net property income by RM8.4 million or 30.2% compared to 4Q 2022.

Manager's fees incurred for 4Q 2023 were RM3.4 million, increased by 11.1% compared to 4Q 2022. Finance costs incurred for 4Q 2023 of RM10.6 million were higher by 20.6% compared to 4Q 2022, mainly due to higher KLIBOR rate in 4Q 2023 compared to 4Q 2022, and drawdown on the RM362 million MTN programme to part finance the acquisition of Menara CelcomDigi on 11 Dec 2023.

SENTRAL recorded a net income after tax of RM19.2 million in 4Q 2023 (net loss of 4Q 2022: RM4.7 million), which consist of realised income of RM20.7 million (4Q 2022: RM16.6 million); and unrealised loss amounted to RM1.5 million in 4Q 2023 (4Q 2022: RM21.4 million) mainly due to fair value adjustments on investment properties.

Financial Year-To-Date Results (YTD December 2023 vs YTD December 2022)

SENTRAL recorded gross revenue of RM162 million in YTD December 2023, an increase of approximately RM14.8 million or 10.0% compared to YTD December 2022. The increase was mainly due to higher revenue generated from Platinum Sentral, Menara Shell and Menara CelcomDigi (which was included to the portfolio since 11 December 2023) 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).

Property operating expenses for YTD December 2023 were RM37.2 million, higher by 14.0% compared to YTD December 2022, mainly due to higher operating expenses incurred for some of the properties under the portfolio.

Overall, the net property income for YTD December 2023 increased by RM10.2 million or 8.9% compared to YTD December 2022.

Manager's fees incurred for YTD December 2023 were RM12.5 million, increased by 2.6% compared to YTD December 2022. Finance costs incurred for YTD December 2023 of RM38.1 million were higher by 23.5% compared to YTD December 2022, mainly due to higher KLIBOR rate in YTD December 2023 and draw down on the RM362 million MTN Programme to part finance to acquisition of Menara CelcomDigi on 11 December 2023.

SENTRAL recorded a net income after tax of RM72.7 million in YTD December 2023 (YTD December 2022: RM52.3 million), which consist of realised income of RM74.2 million (YTD December 2022 : RM73.6 million) and an unrealised loss amounted to RM1.5 million (YTD December 2022: RM21.3 million) mainly due to fair value adjustments on investment properties.

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.

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 Greater Kuala Lumpur/ Klang Valley stood at circa 117.7 million sq ft as of end 2023 with a further 1.7 million sq ft of supply scheduled to come on-stream by end 2024. The overall occupancy rate of purpose-built office space in Greater Kuala Lumpur stood at 73.2% with Kuala Lumpur recorded a decline to 73.0% in 2023 (2022: 73.9%). In contrast, the occupancy rate in Selangor improved to 73.8% (2022: 73.6%).

The average rental rate of office space in Kuala Lumpur was marginally higher at RM6.19 per sq ft per month in 2023 (2022: RM6.15 per sq ft per month). Similarly, the average office rent in Selangor was also higher at RM4.15 per sq ft per month during the review period (2022: RM4.09 per sq ft per month).

KL City office market is expected to remain tenant-led due to the supply and demand imbalance. The combination of high incoming supply and the prevailing "flight to quality" trend will continue to exert downward pressure on both occupancy and rental levels. Market demand for office space in KL Fringe is anticipated to remain stable for the remaining part of 2023 and beyond, attributed to its established location, comprehensive infrastructure and limited incoming supply of Grade A offices. Selected decentralised office locations in Selangor continue to grow in popularity due to the availability of good-grade office space at attractive rental rates coupled with improved infrastructure providing easy accessibility and good connectivity.

(extracted from the Property Market Overview 2023 prepared by Knight Frank Malaysia Sdn Bhd for Sentral REIT)

Review of retail market - Klang Valley

As at the end of 2023, the cumulative supply of retail space in Kuala Lumpur stands at circa 33.81 million sq ft. More than half (18.91 million sq ft or 55.9%) of the existing retail supply comes from KL Fringe while KL City accounts for the remaining 14.90 million sq ft (44.1%) of space. Meanwhile, the cumulative supply of retail space in Selangor stands at circa 36.40 million sq ft. Looking ahead, three more retail developments with total NLA of circa 1.74 million sq ft are anticipated to enter the Klang Valley retail market in 2024.

The average occupancy rate of shopping centres in Kuala Lumpur and Selangor has continued to hover close to the 80.0% threshold despite the high supply pipeline of retail space and the challenging business landscape. The normalisation of economic activities coupled with the full reopening of the country's international borders supported recovery of the retail sector, with the overall occupancy rate of shopping centres in Kuala Lumpur and Selangor improving to 79.3% and 83.1% in 3Q2023 respectively.

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

(extracted from the Property Market Overview 2023 prepared by Knight Frank Malaysia Sdn Bhd for Sentral REIT)

B4 PROSPECTS

In 2023, approximately 162,000 sq. ft. or 10% of SENTRAL's total committed net lettable area ("NLA") were up for renewal. The Manager is pleased to report that approximately 133,000 sq. ft. or 82% of committed NLA due in 2023 were successfully renewed. In addition, SENTRAL successfully secured new leases of approximately 285,000 sq. ft. in 2023. Correspondingly, with the inclusion of Menara CelcomDigi into its portfolio, SENTRAL recorded an improvement in its portfolio occupancy of 89% as at 31 December 2023, compared to portfolio occupancy of 86% 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

The corporate proposals were completed as announced on 11 December 2023, which has been disclosed in Note A12.

B11 UTILISATION OF PROCEEDS RAISED FROM ANY NEW ISSUANCE

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

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 31 DECEMBER 2023

As at 31 December 2023, SENTRAL's portfolio comprises ten buildings as follows:

Investment properties	Cost of Investment	Market Value/ Net Carrying amount as at 31 December 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	135,000,000	9.97%
2 Sentral Building 4 (fka QB2)	107,500,000	108,000,000	7.98%
3 Sentral Building 3 (fka QB3 - BMW)	59,400,000	71,000,000	5.25%
4 Wisma Sentral Inai (fka Wisma Technip)	125,000,000	154,000,000	11.38%
5 Part of Plaza Mont' Kiara	90,000,000	113,000,000	8.35%
6 Tesco Building Penang	132,000,000	145,000,000	10.71%
7 Platinum Sentral	740,000,000	673,000,000	49.72%
8 Menara Shell	640,000,000	672,500,000	49.69%
9 Menara CelcomDigi	450,000,000	450,000,000	33.25%
	<u>2,453,000,000</u>	<u>2,521,500,000</u>	

Capital expenditure of RM5,975,689 were incurred during the quarter. The NAV as at 31 December 2023 is RM1,353,481,351.

B14 BORROWINGS AND DEBT SECURITIES

As at 31 December
2023

RM

NON-CURRENT LIABILITIES:

(a) CPs/ MTNs Programme of up to RM450 million	340,855,153
(b) CPs/ MTNs Programme of up to RM3,000 million *	490,134,282
(c) CPs/ MTNs Programme of up to RM3,000 million **	334,142,161
TOTAL BORROWINGS	1,165,131,596

* 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.

(i) <u>RM341 million in nominal value of MTN</u>	RM
Face value of MTNs issued	341,000,000
Transaction costs b/f	(268,953)
Amortisation of transaction costs during the year	124,106
	340,855,153

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.

(i) <u>Issue 3 - RM130 million in nominal value of MTN (Issue 3") issued on 4 March 2022</u>	RM
Face value of MTNs	130,000,000
Transaction costs on MTN issued	(262,406)
Amortisation of transaction costs during the year	62,929
Total Issue 3	129,800,523

(ii) <u>Issue 4 - RM362 million in nominal value of MTN (Issue 4") issued on 11 December 2023</u>	RM
Face value of MTNs	362,000,000
Transaction costs on MTN issued	(1,694,416)
Amortisation of transaction costs during the year	28,175
Total Issue 4	360,333,759

Total Issue 3 and 4 under Kinabalu Capital Sdn Bhd	490,134,282
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B14 BORROWINGS AND DEBT SECURITIES (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)**

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.

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

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

(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**

	RM
Face value of MTNs	20,000,000
Transaction costs b/f	(34,025)
Amortisation of transaction costs during the period	8,682
	<u>19,974,657</u>

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

	RM
Face value of CPs	240,000,000
Discount	(2,660,566)
Cash proceeds	237,339,434
Accretion of interest expenses	497,029
	<u>237,836,463</u>
Transaction costs b/f	(408,305)
Amortisation of transaction costs during the period	104,182
	<u>237,532,340</u>

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

	RM
Face value of MTNs issued	77,000,000
Transaction costs on MTN issued	(479,688)
Amortisation of transaction costs during the period	114,852
	<u>76,635,164</u>
Total Issue 1	<u>334,142,161</u>

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. (cont'd)**
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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 from 1 January 2023 to 30 June 2023 was made on 18 September 2023 to all 1,071,783,000 unitholders at book closure date on 25 August 2023.

An advance income distribution of RM30,117,102 or 2.81 sen per unit, being the income distribution for the period from 1 July 2023 to 6 December 2023 was made on 4 January 2024 to all 1,071,783,000 unitholders at book closure date on 6 December 2023.

A final income distribution of RM8,129,421 or 0.68 sen per unit is proposed, for the income distribution for the period 7 December 2023 to 31 December 2023. The proposed final income distribution has been approved by the Board and the Trustee on 23 January 2024 and will be payable on 29 February 2024 to all existing 1,195,503,000 unitholders as at book closure date on 9 February 2024.

Distribution to Unitholders is from the following sources:-

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Gross revenue	44,889,881	36,629,930	161,151,227	148,931,357
Interest income	586,027	546,502	2,516,856	1,974,666
	<u>45,475,908</u>	<u>37,176,432</u>	<u>163,668,083</u>	<u>150,906,023</u>
Total property and trust expenses	(24,750,355)	(20,566,491)	(89,446,600)	(77,280,785)
Total Realised Income/ Distributable Income	20,725,553	16,609,941	74,221,483	73,625,238
Previous year's undistributed realised income	42,861,387	43,600,373	23,555,335	23,025,698
Total realised income available for distribution	63,586,940	60,210,314	97,776,818	96,650,936
Proposed/ Declared income distribution	(38,246,523)	(36,654,979)	(72,436,401)	(73,095,601)
Balance undistributed realised income	<u>25,340,417</u>	<u>23,555,335</u>	<u>25,340,417</u>	<u>23,555,335</u>
Gross final income distribution (RM)	8,129,421			
of which	RM			
- taxable distribution	7,963,041	0.67 sen per unit		
- tax exempt distribution	166,380	0.01 sen per unit		
	<u>8,129,421</u>	<u>0.68 sen per unit</u>		

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 31 December 2023	As at 30 September 2023
	RM	RM
NAV before provision for income distribution	1,353,481,351	1,273,692,968
Provision for income distribution	(8,129,421)	(18,199,430)
NAV after provision for income distribution	1,345,351,930	1,255,493,538
Number of units in circulation (units)	1,195,503,000	1,071,783,000
NAV per unit (RM) (after provision for distribution)	1.1253	1.1714
Market price (RM)	0.785	0.825

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

The changes in NAV per unit is mainly due to increase in number of units issued in the current quarter.

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 31 December 2023 are :

	RM
Base fee	2,302,877
Performance fee	1,052,130
	<u>3,355,007</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 31 December 2023 amounted to RM171,545.

B20 UNITHOLDINGS BY THE MANAGER

As at 31 December 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 31 December 2023 RM
Malaysian Resources Corporation Berhad	334,036,700	27.94%	262,218,810
Global Jejaka Sdn. Bhd.	757,000	0.06%	594,245
	334,793,700	28.00%	262,813,055

The Manager's directors' direct unitholding in SENTRAL:

	No. of units	Percentage of total units	Market Value as at 31 December 2023 RM
Kwan Joon Hoe	450,000	0.038%	353,250
Po Yih Ming	20,000	0.002%	15,700

The Manager's directors' indirect unitholding in SENTRAL:

	No. of units	Percentage of total units	Market Value as at 31 December 2023 RM
Tan Sri Saw Choo Boon	757,000 (a)	0.06%	594,245

(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 31 December 2023 of RM0.785 per unit.

B22 UNITHOLDERS CAPITAL

	No. of units	RM
At 1 January 2023	1,071,783,000	1,235,876,768
Private placements of new units on 11 December 2023	123,720,000	92,790,000
Expenses on issuance of new units	-	(2,096,957)
As 31 December 2023	1,195,503,000	1,326,569,811

B23 FINANCE COSTS INCURRED DURING THE QUARTER

	Current Quarter RM	Cumulative Quarter RM
<u>Realised:</u>		
Interest expenses on CPMTN	9,874,553	36,488,816
Amortisation of transaction costs	158,409	549,829
Credit facility costs	152,649	594,077
<u>Unrealised:</u>		
Interest expenses on unwinding of discount on rental deposits	441,916	441,916
Total finance costs	10,627,527	38,074,638

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 31 December 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 23 January 2024.

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 : 23 January 2024