

SENTRAL REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM	RM	RM	RM
Total income				
Gross revenue				
-Realised gross revenue	37,052,383	38,195,535	76,352,802	79,239,024
-Unrealised rental income (unbilled lease income receivable) (a)	(540,984)	(571,810)	(1,080,109)	(591,832)
	36,511,399	37,623,725	75,272,693	78,647,192
Property operating expenses	(8,574,914)	(8,583,145)	(16,826,880)	(18,197,899)
Net property income	27,936,485	29,040,580	58,445,813	60,449,293
Interest income	415,437	489,835	873,576	974,805
Change in fair value of investment properties				
-Unbilled lease income receivable (a)	540,984	571,810	1,080,109	591,832
Gain on divestment of investment property	-	3,754,026	-	3,754,026
	28,892,906	33,856,251	60,399,498	65,769,956
Total expenditure				
Manager's fees	(3,039,126)	(3,127,436)	(6,148,406)	(6,303,641)
Trustee's fee	(160,364)	(166,320)	(323,425)	(333,265)
Finance costs	(7,092,959)	(7,751,996)	(14,395,167)	(15,439,848)
Valuation fees	(78,970)	(87,863)	(157,940)	(175,946)
Auditors' remuneration	(37,338)	(31,024)	(74,676)	(68,578)
Tax agent's fee	(6,609)	(6,609)	(13,218)	(13,218)
Administrative expenses	(26,488)	(41,548)	(475,960)	(97,173)
	(10,441,854)	(11,212,796)	(21,588,792)	(22,431,669)
Income before taxation	18,451,052	22,643,455	38,810,706	43,338,287
Income tax expense	-	-	-	-
Income net of taxation	18,451,052	22,643,455	38,810,706	43,338,287
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	18,451,052	22,643,455	38,810,706	43,338,287
Income net of taxation for the year is made up as follows:				
Realised	18,451,052	22,643,455	38,810,706	43,338,287
Unrealised	-	-	-	-
EARNINGS PER UNIT (b)				
- after manager's fees (sen)	1.72	2.11	3.62	4.04
- before manager's fees (sen)	2.01	2.40	4.19	4.63
EARNINGS PER UNIT (REALISED) (c)				
- after manager's fees (sen)	1.72	2.11	3.62	4.04
- before manager's fees (sen)	2.01	2.40	4.19	4.63
INCOME DISTRIBUTION (d)				
Interim income distribution	36,440,622	36,762,157	36,440,622	36,762,157
	36,440,622	36,762,157	36,440,622	36,762,157
Income distribution per unit				
Gross (sen)				
-Interim income distribution	3.40	3.43	3.40	3.43
Total income distribution	3.40	3.43	3.40	3.43
Realised Net Income/ Distributable Income	18,451,052	22,643,455	38,810,706	43,338,287
DISTRIBUTABLE INCOME PER UNIT (e)	1.72	2.11	3.62	4.04

- (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 3.40 sen per unit being the distributable of income for the financial period 1 January 2022 to 30 June 2022 will be payable on 30 September 2022 to all unitholders as at book closure date on 6 September 2022. Please refer to Note B16 for further details of the distribution.
- (e) 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 2021 and the accompanying explanatory notes attached to the financial statements.

SENTRAL REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (UNAUDITED)

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
	30.06.2022 UNAUDITED RM	31.12.2021 AUDITED RM
NON-CURRENT ASSETS		
Plant and equipment	80,543	131,633
Investment properties	2,067,813,789	2,065,892,839
Investment properties-accrued rental income	14,027,052	15,107,161
Lease receivables	23,520	91,788
	<u>2,081,944,904</u>	<u>2,081,223,421</u>
CURRENT ASSETS		
Trade and other receivables	2,853,282	5,373,984
Lease receivables	164,397	240,915
Deposits with licensed financial institution	82,838,381	88,727,239
Cash and cash equivalents	4,853,705	4,810,668
	<u>90,709,765</u>	<u>99,152,806</u>
TOTAL ASSETS	<u>2,172,654,669</u>	<u>2,180,376,227</u>
NON-CURRENT LIABILITIES		
Borrowings	804,832,106	675,656,454
Security deposits	12,671,720	11,716,798
Other payables	1,108,964	1,108,964
Deferred tax liability	12,132,721	12,132,721
	<u>830,745,511</u>	<u>700,614,937</u>
CURRENT LIABILITIES		
Trade and other payables	20,207,542	19,200,716
Borrowings	-	129,992,582
Security deposits	7,682,104	12,702,222
	<u>27,889,646</u>	<u>161,895,520</u>
TOTAL LIABILITIES	<u>858,635,157</u>	<u>862,510,457</u>
NET ASSETS VALUE ("NAV")	<u>1,314,019,512</u>	<u>1,317,865,770</u>
UNITHOLDERS' FUNDS		
Unitholders' funds attributable to unitholders of SENTRAL		
Unitholders' capital	1,235,876,768	1,235,876,768
Undistributed and non-distributable income	78,142,744	81,989,002
Total unitholders' funds	<u>1,314,019,512</u>	<u>1,317,865,770</u>
NUMBER OF UNITS IN CIRCULATION	1,071,783,000	1,071,783,000
NET ASSET VALUE PER UNIT		
- before income distribution (i)	1.2260	1.2296
- after income distribution (ii)	1.1920	1.1898

(i) Net Asset Value per unit before the proposed interim distribution of 3.40 sen per unit.

(ii) Net Asset Value per unit after the proposed interim distribution of 3.40 sen per unit.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 JUNE 2022 (UNAUDITED)

		← Distributable →			
	Unitholders' Capital	Undistributed Income Realised	Undistributed Income Unrealised	Total Undistributed and Non-Distributable Income	Unitholders' Funds
	RM	RM	RM	RM	RM
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	-	38,810,706	-	38,810,706	38,810,706
	1,235,876,768	104,493,368	16,306,340	120,799,708	1,356,676,476
Unitholders' transactions					
Distribution to unitholders	-	(42,656,964)	-	(42,656,964)	(42,656,964)
As at 30 June 2022	1,235,876,768	61,836,404	16,306,340	78,142,744	1,314,019,512
As at 1 January 2021	1,235,876,768	57,078,942	30,546,044	87,624,986	1,323,501,754
Total Comprehensive Income for the financial year	-	43,338,287	-	43,338,287	43,338,287
	1,235,876,768	100,417,229	30,546,044	130,963,273	1,366,840,041
Unitholders' transactions					
Distribution to unitholders	-	(39,120,080)	-	(39,120,080)	(39,120,080)
As at 30 June 2021	1,235,876,768	61,297,149	30,546,044	91,843,193	1,327,719,961

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 2021 and the accompanying explanatory notes attached to the financial statements.

SENTRAL REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

	CURRENT YEAR TO DATE 30.06.2022 RM	PRECEDING YEAR TO DATE 30.06.2021 RM
OPERATING ACTIVITIES		
Income before tax	38,810,706	43,338,287
Adjustments for:		
Finance costs	14,395,167	15,439,848
Depreciation	55,755	90,650
Allowance for impairment of trade receivables	36,492	94,835
Reversal for impairment of trade receivables	(120,315)	(35,210)
Finance income	(873,576)	(974,805)
Gain on divestment of investment property	-	(3,754,026)
Operating cash flows before changes in working capital	52,304,229	54,199,579
Receivables	2,669,530	4,074,913
Payables	(3,438,690)	(7,010,524)
Cash flows from operations	51,535,069	51,263,968
Income tax paid	-	-
Net cash flows generated from operating activities	51,535,069	51,263,968
INVESTING ACTIVITIES		
Additions to investment properties	(840,841)	(540,531)
Proceed from divestment of QB5	-	45,000,000
Purchase of plant & equipment	(4,665)	-
Changes in deposits in financial institution	(946,213)	(2,725,096)
Interest received	953,357	1,083,605
Net cash flow generated from investing activities	(838,362)	42,817,978
FINANCING ACTIVITIES		
Distribution to unitholders	(42,656,964)	(39,120,080)
Finance costs paid	(13,938,642)	(15,009,049)
Proceeds from borrowings	207,000,000	-
Repayment of borrowings	(207,000,000)	-
Transaction costs paid	(893,135)	-
Cash flows used in financing activities	(57,488,741)	(54,129,129)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(6,792,034)	39,952,817
CASH AND CASH EQUIVALENTS AT 1 JANUARY	20,167,135	14,855,043
CASH AND CASH EQUIVALENTS AT 30 JUNE	13,375,101	54,807,860
Cash and cash equivalents at end of the year comprises:		
Deposits with licensed financial institutions	82,838,381	125,611,577
Cash on hand and at banks	4,853,705	2,027,098
Total deposits, cash and bank balances	87,692,086	127,638,675
Less: Deposits with licensed financial institution with maturity of more than 3 months	(72,100,381)	(69,240,781)
Debt service reserves accounts pledged	(2,216,604)	(3,590,034)
Cash and cash equivalents	13,375,101	54,807,860

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes to the financial statements.

SENTRAL REIT
EXPLANATORY NOTES FOR PERIOD ENDED 30 JUNE 2022

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 2021 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 2021.

A4 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2021

The audit report of the financial statements for the preceding year ended 31 December 2021 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 June 2022, there were no revaluation of investment properties.

A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 30 JUNE 2022

There are no significant events for the quarter ended 30 June 2022.

A13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 30 JUNE 2022

There are no significant events during the quarter ended 30 June 2022.

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 June 2022 are as follows:

	As at 30 June 2022
	RM
Approved and contracted for :	
Investment properties	<u>5,306,900</u>

B1 REVIEW OF PERFORMANCE

Quarter Results (2Q 2022 vs 2Q 2021)

SENTRAL recorded gross revenue of RM36.5 million in 2Q 2022, a decrease of approximately RM1.1 million or 3.0% compared to 2Q 2021. The decrease was mainly due to lower revenue generated from QB2-HSBC, Wisma Technip, QB3-BMW and Menara Shell.

Property operating expenses for 2Q 2022 were RM8.6 million, marginally lower by 0.1% compared to 2Q 2021, mainly due to lower operating expenses incurred for some of the properties under the portfolio.

These have resulted in lower net property income by 3.8% compared to 2Q 2021.

Manager's fees incurred for 2Q 2022 were RM3.0 million, marginally lower by 2.8% compared to 2Q 2021. Finance costs incurred for 2Q 2022 of RM7.1 million were lower by 8.5% compared to 2Q 2021, mainly due to lower interest on borrowings after the completion of refinancing exercise in Mar 2022.

As a result of all the above, net income after taxation for the current quarter under review of RM18.5 million was lower by RM4.2 million or 18.5% compared to 2Q 2021.

Financial Year-To-Date Results (YTD 2Q 2022 vs YTD 2Q 2021)

SENTRAL recorded gross revenue of RM75.3 million in YTD June 2022, a decrease of RM3.4 million or 4.3% over the previous financial period ended YTD June 2021. The decrease was mainly due to lower revenue generated from Wisma Technip, QB2-HSBC, Menara Shell and QB3-BMW.

Property operating expenses for YTD June 2022 were RM16.8 million, a decrease of RM1.4 million or 7.5% against the previous financial period. The decrease was mainly attributable to lower expenses incurred by some properties.

Overall, the net property income for YTD June 2022 decreased by RM2.0 million or 3.3% compared to YTD June 2021.

Manager's fees for YTD June 2022 were RM6.1 million, marginally lower by 2.5% compared to YTD June 2021. Finance costs incurred for YTD June 2022 amounted to RM14.4 million were 6.8% lower than YTD June 2021, mainly due to lower interest on borrowings after the completion of refinancing exercise in Mar 2022.

Overall, the income before taxation for YTD June 2022 of RM38.8 million was lower by RM4.5 million or 10.5% compared to YTD June 2021.

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 2021.

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 2021 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 current estimated supply of office space in KL city is 57.24 million sq ft, followed by KL fringe with 28.59 million sq ft and Selangor with 25.40 million sq ft, bringing the total to 111.23 million sq. ft.

A total of 10.07 million sq. ft of office space is currently under construction. KL city leads with 4.57 million sq. ft, followed by KL fringe with 3.37 million sq ft and Selangor with 2.13 million sq. ft. Knight Frank Malaysia projects an increase of 9.1% in office space.

During the quarter in review, office occupancy in KL city and KL Fringe remained resilient. Average occupancy rates in KL city and KL Fringe rose 0.9% to 67.1% and 0.95% to 86.%, respectively. The overall occupancy rate in Selangor as marginally lower at 74.3% in 1Q 2022 compared with 74.4% in 4Q 2021. Cyberjaya's occupancy rate drop from 73.6% in 4Q 2021 to 72.6% in 1Q 2022.

Average rental rates for Prime A+ and Grade A offices in KL city's new central business district (CBD) remained at RM10.17 per sq. ft and RM6.24 per sq. ft. in 1Q 2022. In KL fringe, some areas saw a q-o-q increase in average rental rates for Prime A+, Grade A and Grade B offices. Damansara Heights increased 0.2% to RM4.48 per sq. ft.; Mid Valley City /KL Eco City increased 0.1% to RM6.03 per sq. ft.; and Bangsar South/Kerinchi increased 1% to RM5.47 per sq. ft. KL Sentral remained the same at RM6.35 per sq. ft.

The rental and occupancy levels of office space in KL city are anticipated to see downward pressure, as a result of substantial incoming supply and low occupancy in office buildings this year. The occupancy level in KL fringe, however, is expected to remain relatively stable, driven by a wider pool of tenants/occupiers and high-quality decentralised offices, particularly in areas with ease of accessibility and adequate transport links.

(extracted from The Edge | Knight Frank Kuala Lumpur and Selangor Office Monitor (1Q2022))

Review of retail market - Klang Valley

In general, the retail sector is expected to improve due to the reopening of the economy and the easing of travel restrictions. However, caution will likely increase in light of the risk of new infection wave. With many retail spaces slated to open in 2022 e.g., The Exchange Mall, Mitsui Shopping Park LaLaport KL, these new malls can potentially attract footfall, as they are built with features or attractions which can cater to pent-up demand on retail experience.

Take-up rate in the new malls can be expected to partially come from strong, market-dominant multinational brands, as opposed to smaller/ domestic players, as risk of investment in these new malls can be higher than older, established malls. Nonetheless, the occupancy rate is expected to continue facing downward pressure due to the completion of new supplies amidst the market shifting towards e-commerce. Tenant retention and lease flexibility will continue to impact on the performance of malls in 2022. Rentals are to remain subdued following the persistent operational challenges faced by retailers.

(extracted from JLL 2022 Property Market Outlook – Greater Kuala Lumpur)

B4 PROSPECTS

In 2022, 28% of SENTRAL's total committed net lettable area ("NLA") or approximately 511,000 sq. ft. are due for renewal. Approximately 68% or 350,000 sq. ft. of these leases are due in 1H 2022, of which 15% have been successfully renewed. Negotiations are in progress for the balance of renewals due in 2H 2022.

The Klang Valley office and retail markets are expected to remain challenging. We will continue to focus on asset management and leasing strategies that are centred on cost optimisation and tenant retention to overcome the challenging 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 2022.

(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 JUNE 2022

As at 30 June 2022, SENTRAL's portfolio comprises nine buildings as follows:

Investment properties	Cost of Investment	Market Value/ Net Carrying amount as at 30 June 2022	Market value/ Net Carrying amount as % of NAV
	RM	RM	
<u>Commercial buildings</u>			
1 QB1 - DHL 1 & QB4 - DHL 2	109,100,000	135,000,000	10.27%
2 QB2 - HSBC	107,500,000	119,000,000	9.06%
3 QB3 - BMW	59,400,000	74,000,000	5.63%
4 Wisma Technip	125,000,000	170,000,000	12.94%
5 Part of Plaza Mont' Kiara	90,000,000	115,000,000	8.75%
6 Tesco Building Penang	132,000,000	140,000,000	10.65%
7 Platinum Sentral	740,000,000	670,000,000	50.99%
8 Menara Shell	640,000,000	658,840,841	50.14%
	<u>2,003,000,000</u>	<u>2,081,840,841</u>	

Capital expenditure of RM552,231 were incurred during the quarter. The NAV as at 30 June 2022 is RM1,314,019,512.

B14 BORROWINGS AND DEBT SECURITIES**As at 30 June 2022**
RM**NON-CURRENT LIABILITIES:**

(a) Fixed Rate Term Loan Facility of up to RM150 million ("RM150 million Term Loan")	-
(b) CPs/ MTNs Programme of up to RM450 million	340,669,011
(c) CPs/ MTNs Programme of up to RM3,000 million *	129,706,141
(d) CPs/ MTNs Programme of up to RM3,000 million **	334,456,954
TOTAL BORROWINGS	804,832,106

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

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

(a) Fixed Rate Term Loan Facility of up to RM150 million ("RM150 million Term Loan") under Trusmadi Capital Sdn. Bhd.

(i) <u>RM150 million Term Loan</u>	RM
Term Loan drawn down	77,000,000
Transaction cost b/f	(56,194)
	76,943,806
Amortisation of transaction costs during the period	56,194
Early redemption on 13 March 2022	(77,000,000)
	-

On 18 July 2013, SENTRAL through its SPE, Trusmadi Capital Sdn. Bhd. ("Trusmadi") established a RM150 million Fixed Rate Term Loan Facility agreement for five years ("RM150 million Term Loan").

On 13 September 2013, Tranche 1 of the Facility of the RM117 million at interest rate of 4.60% per annum was drawdown to repay the RM117 million MTN outstanding under the RM134 million CP/ MTN Programme which matured in September 2013. Tranche 2 will be used for capital expenditure and investments at the interest rate of Reference Malaysian Government Securities ("MGS") + 1.4% per annum.

On 13 September 2018, the term loan facility was extended for a further term of five (5) years from 13 September 2018 to 13 September 2023, at interest rate of 4.75% per annum.

On 13 September 2021, RM40 million term loan facility was redeemed early via the proceeds from the disposal of QB5.

On 14 March 2022, the balance RM77 million term loan facility had been early redeemed using the proceeds from the new issuance of RM77 million Medium Term Notes ("MTN") issued by Trusmadi (as disclosed in Note B14 (d) below).

As such, there was no outstanding balance under RM150 million Term Loan as at 30 June 2022.

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)

- (b) **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	(393,013)
Amortisation of transaction costs during the period	62,024
	<u>340,669,011</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.

- (c) **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>RM130 million in nominal value of MTN ("Issue 2") issued on 6 March 2017</u>	RM
Face value of MTN	130,000,000
Transaction costs b/f	(7,417)
Amortisation of transaction costs during the period	7,417
Full redemption on 13 March 2022	(130,000,000)
Total Issue 2	<u>-</u>

(ii) <u>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	(314,823)
Amortisation of transaction costs during the period	20,964
Total Issue 3	<u>129,706,141</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 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(d) 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)

- (d) **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	(41,912)
Transaction costs on MTNs issued	(804)
Amortisation of transaction costs during the period	4,352
	<u>19,961,636</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	(1,779,164)
Cash proceeds	238,220,836
Accretion of interest expenses	264,982
	<u>238,485,818</u>
Transaction costs b/f	(502,941)
Transaction costs on CPs issued	(9,661)
Amortisation of transaction costs during the period	52,223
	<u>238,025,439</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	(567,847)
Amortisation of transaction costs during the period	37,726
	<u>76,469,879</u>
Total Issue 1	<u>334,456,954</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

An interim income distribution of RM36,400,622 or 3.40 sen per unit is proposed, for the period 1 January 2022 to 30 June 2022. The proposed income distribution has been approved by the Board and the Trustee on 19 August 2022 and will be payable on 30 September 2022 to all existing 1,071,783,000 unitholders as at book closure date on 6 September 2022.

Distribution to Unitholders is from the following sources:-

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	30.6.2022 RM	30.6.2021 RM	30.6.2022 RM	30.6.2021 RM
Gross revenue	37,052,383	38,195,535	76,352,802	79,239,024
Interest income	415,437	489,835	873,576	974,805
Gain on divestment of investment property	-	3,754,026	-	3,754,026
	37,467,820	42,439,396	77,226,378	83,967,855
Total property and trust expenses	(19,016,768)	(19,795,941)	(38,415,672)	(40,629,568)
Total Realised Income/ Distributable Income	18,451,052	22,643,455	38,810,706	43,338,287
Previous year's undistributed realised income	43,385,352	38,653,694	23,025,698	17,958,862
Total realised income available for distribution	61,836,404	61,297,149	61,836,404	61,297,149
Proposed/ Declared income distribution	(36,440,622)	(36,762,157)	(36,440,622)	(36,762,157)
Balance undistributed realised income	25,395,782	24,534,992	25,395,782	24,534,992
Gross final income distribution (RM)		36,440,622		
of which		RM		
- taxable distribution		35,612,201	3.32 sen per unit	
- tax exempt distribution		828,421	0.08 sen per unit	
		36,440,622	3.40 sen per unit	

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 June 2022	As at 31 March 2022
	RM	RM
NAV before provision for income distribution	1,314,019,512	1,295,568,460
Provision for income distribution	(36,440,622)	(20,359,654)
NAV after provision for income distribution	1,277,578,890	1,275,208,806
Number of units in circulation (units)	1,071,783,000	1,071,783,000
NAV per unit (RM) (after provision for distribution)	1.1920	1.1898
Market price (RM)	0.960	0.945

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 June 2022 are :

	RM
Base fee	2,172,339
Performance fee	866,787
	<u>3,039,126</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 June 2022 amounted to RM160,364.

B20 UNITHOLDINGS BY THE MANAGER

As at 30 June 2022, the Manager held 2,857,000 units in SENTRAL.

B21 UNITHOLDINGS BY PARTIES RELATED TO THE MANAGER

	No. of units	Percentage of total units	Market Value as at 30 June 2022 RM
Malaysian Resources Corporation Berhad	298,297,000	27.83%	286,365,120
HLIB Nominee (Tempatan) Sdn. Bhd. for:			
-Quill Land Sdn. Bhd.	59,040,000	5.51%	56,678,400
Sentral REIT Management Sdn. Bhd.	2,857,000	0.27%	2,742,720
Quill Resources Holding Sdn. Bhd.	361,000	0.03%	346,560
Global Jejaka Sdn. Bhd.	185,000	0.02%	177,600
	360,740,000	33.66%	346,310,400

The Manager's directors' direct unitholding in SENTRAL:

	No. of units	Percentage of total units	Market Value as at 30 June 2022 RM
Dato' Dr. Low Moi Ing, J.P	50,000	0.005%	48,000
Dato' Michael Ong Leng Chun	55,000	0.005%	52,800
Kwan Joon Hoe	450,000	0.042%	432,000

The Manager's directors' indirect unitholding in SENTRAL:

	No. of units	Percentage of total units	Market Value as at 30 June 2022 RM
Dato' Dr. Low Moi Ing, J.P	59,401,000 (a)	5.54%	57,024,960
Dato' Michael Ong Leng Chun	59,401,000 (b)	5.54%	57,024,960
Tan Sri Saw Choo Boon	185,000 (c)	0.02%	177,600

(a) Deemed interest by virtue of her direct shareholding in Quill Land Sdn. Bhd., and Quill Resources Holding Sdn. Bhd.

(b) Deemed interest by virtue of his direct shareholding in Quill Land Sdn. Bhd., and Quill Resources Holding Sdn. Bhd.

(c) Deemed interest by way of his substantial shareholding in Morningale Sdn. Bhd. and 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 June 2022 of RM0.96 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	6,790,960	13,052,466
Interest expenses on term loan	-	721,479
Amortisation of transaction costs	132,700	300,386
Credit facility costs	169,299	320,836
Total finance costs	7,092,959	14,395,167

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 June 2022 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 19 August 2022.

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 : 19 August 2022